

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

Announcement

The Board of Directors of MEASAT Global Berhad ("MEASAT Global" or "Company") hereby announces the following unaudited consolidated results for the first quarter ended 31 March 2005.

Unaudited Condensed Consolidated Income Statements

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER	QUARTER	PERIOD	PERIOD
		ENDED	ENDED	ENDED	ENDED
		31.3.2005	31.3.2004	31.3.2005	31.3.2004
		RM'000	RM'000	RM'000	RM'000
Revenue	8	31,916	32,140	31,916	32,140
Cost of services		(16,151)	(18,825)	(16,151)	(18,825)
Gross profit		15,765	13,315	15,765	13,315
Other operating income		521	360	521	360
Selling and administrative expenses		(9,109)	(7,759)	(9,109)	(7,759)
Profit from operations	8	7,177	5,916	7,177	5,916
Finance cost		(3,831)	(3,016)	(3,831)	(3,016)
Profit from ordinary activities before taxation		3,346	2,900	3,346	2,900
Taxation	17	(59)	(1,019)	(59)	(1,019)
Net profit		3,287	1,881	3,287	1,881
Earnings per share (sen):	25				
- Basic		0.84	0.48	0.84	0.48

The unaudited condensed consolidated income statement should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2004.

MEASAT GLOBAL BERHAD
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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

Unaudited Condensed Consolidated Balance Sheet

	AS AT 31.3.2005 (Unaudited) RM'000	AS AT 31.12.2004 (Audited) RM'000
Non-Current Assets		
Property, Plant and Equipment	883,492	860,197
Goodwill on Consolidation	<u>1,186,589</u>	<u>1,186,589</u>
	<u>2,070,081</u>	<u>2,046,786</u>
Current Assets		
Trade and Other Receivables	26,951	20,559
Deposits with Licensed Banks	50,682	60,147
Cash and Bank Balances	<u>22,262</u>	<u>16,439</u>
	<u>99,895</u>	<u>97,145</u>
Current Liabilities		
Trade and Other Payables	24,804	17,124
Taxation	<u>620</u>	<u>619</u>
	<u>25,424</u>	<u>17,743</u>
Net Current Assets	74,471	79,402
Non-Current Liabilities		
Borrowings	21 623,684	608,628
Deferred Tax Liability	17 40,921	40,900
	<u>664,605</u>	<u>649,528</u>
	<u>1,479,947</u>	<u>1,476,660</u>
Capital and Reserves		
Share Capital	304,148	304,148
Reserves		
- General Reserves	15,899	15,899
- Merger Reserve	554,802	554,802
- Retained Earnings	<u>605,098</u>	<u>601,811</u>
	<u>1,479,947</u>	<u>1,476,660</u>
	RM	RM
Net Tangible Assets per Share (NTA)	<u>0.75</u>	<u>0.74</u>

The unaudited condensed consolidated balance sheet should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2004.

MEASAT GLOBAL BERHAD
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INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

Unaudited Condensed Consolidated Statement of Changes in Equity

	Issued and fully paid ordinary shares of RM0.78		Non-distributable	Distributable		Total
	Number of shares	Nominal value	Merger reserve	General reserves	Retained earnings	
	('000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Period ended 31/3/2005						
Balance as at 1 January 2005	389,933	304,148	554,802	15,899	601,811	1,476,660
-Net profit for the period	-	-	-	-	3,287	3,287
Balance as at 31 March 2005	389,933	304,148	554,802	15,899	605,098	1,479,947
Period ended 31/3/2004						
Balance as at 1 January 2004	389,933	304,148	554,802	15,899	587,765	1,462,614
-Net profit for the period	-	-	-	-	1,881	1,881
Balance as at 31 March 2004	389,933	304,148	554,802	15,899	589,646	1,464,495

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2004.

MEASAT GLOBAL BERHAD
(2866-T)
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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

Unaudited Condensed Consolidated Cash Flow Statement

	CUMULATIVE QUARTER	
	Period Ended 31.3.2005	Period Ended 31.3.2004
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	3,287	1,881
Adjustments for :		
- Depreciation of property, plant and equipment	14,387	14,122
- Write down of fixed assets	435	0
- Taxation	59	1,019
- Interest income	(515)	(354)
- Finance cost	3,831	3,016
	21,484	19,684
Increase in trade and other receivables	(6,331)	(5,086)
Decrease in long term trade receivable	-	2,423
Increase/(decrease) in trade and other payables	2,408	(294)
Net cash from operations	17,561	16,727
-Interest income received	467	342
-Interest expense paid	(8,540)	(4,539)
-Taxes paid	(254)	(1)
Net cash flow from operating activities	9,234	12,529
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26,736)	(23,112)
Net cash flow from investing activities	(26,736)	(23,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from drawdown of borrowings	13,860	22,800
Net cash flow from financing activities	13,860	22,800
Net (decrease)/increase in cash and cash equivalents	(3,642)	12,217
Cash and cash equivalents at beginning of the period	76,586	67,118
Cash and cash equivalents at end of the period	72,944	79,335

The unaudited condensed consolidated cash flow statement should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2004.

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

PART A – Explanatory Notes in Compliance with Financial Reporting Standards 134, Paragraph 16

1. Basis of preparation

The quarterly condensed financial report of MEASAT Global and its subsidiaries (the “Group”) has been prepared in accordance with Financial Reporting Standards (“FRS”) 134 - Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements. The quarterly condensed financial report should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2004.

The accounting policies adopted for the quarterly condensed financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2004.

2. Qualification of preceding annual financial statements

There was no audit qualification to the preceding annual audited financial statements of the Group.

3. Seasonal / cyclical factors

The operations of the Group were not affected by seasonality and cyclical factors during the quarter under review.

4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the quarter under review.

5. Material changes in estimates of amounts reported

There were no changes in estimates of amounts reported in prior financial years that had a material effect in the quarter under review.

6. Movements in debt and equity securities

During the quarter under review, there were no issuances, repurchases, resale and repayments of debt and equity securities.

7. Dividends paid

There were no dividends paid during the current quarter ended 31 March 2005.

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

PART A – Explanatory Notes in Compliance with Financial Reporting Standards 134, Paragraph 16

8. Segment results and reporting

The main business segment of the Group is the satellite network operations of a subsidiary company, MEASAT Satellite Systems Sdn Bhd (“MSS”) (formerly known as Binariang Satellite Systems Sdn Bhd) and investment holding. Segmental reporting for the current quarter is as follows:

<u>Business segments</u>	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>QUARTER ENDED 31.3.2005</u>	<u>QUARTER ENDED 31.3.2004</u>	<u>PERIOD ENDED 31.3.2005</u>	<u>PERIOD ENDED 31.3.2004</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Revenue</u>				
Satellite network operations	31,916	32,140	31,916	32,140
Other operations	-	-	-	-
	<u>31,916</u>	<u>32,140</u>	<u>31,916</u>	<u>32,140</u>
<u>Segment Results</u>				
Satellite network operations	6,901	5,758	6,901	5,758
Other operations	(239)	(196)	(239)	(196)
Segment total	<u>6,662</u>	<u>5,562</u>	<u>6,662</u>	<u>5,562</u>
Interest income	515	354	515	354
Inter segment elimination	-	-	-	-
Profit from operations	<u>7,177</u>	<u>5,916</u>	<u>7,177</u>	<u>5,916</u>

9. Valuations of property, plant and equipment

There were no revaluations of property, plant and equipment during the quarter ended 31 March 2005. As at 31 March 2005, all property, plant and equipment were stated at cost less accumulated depreciation.

10. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the quarter.

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

PART A – Explanatory Notes in Compliance with Financial Reporting Standards 134, Paragraph 16

11. Changes in the composition of the Group

On 18 February 2005 India Malaysia Satellite Company Private Limited was incorporated in India by MEASAT International (South Asia) Ltd (registered in Mauritius), the wholly owned subsidiary of the Company held through MSS.

Other than the above, there have been no changes in the composition of the Group during the quarter under review.

12. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at the date of this quarterly report.

13. Capital commitments

Capital commitments for property, plant and equipment not provided for in the financial statements as at 31 March 2005 are as follows:

	RM'000
Approved and contracted for	166,740
Approved but not contracted for	4,560
	<u>171,300</u>

MEASAT GLOBAL BERHAD
(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

**PART B – Explanatory Notes in Compliance with Listing Requirements of Bursa Malaysia Securities Berhad
Under Part A of Appendix 9B**

14. Review of Performance

(A) Review of performance of the current quarter (“1Q 2005”) against the immediate preceding quarter (“4Q 2004”).

The Group’s revenue for the quarter under review decreased from RM33.1 million in 4Q 2004 to RM31.9 million in 1Q 2005. The decrease in revenue was primarily a result of termination of capacity by a single customer who has ceased commercial operations. During the quarter under review, a number of major expiring contracts were renewed. The Group also signed new transponder leases with five customers in Vietnam, India, Singapore and Malaysia. With the new MEASAT Teleport and Broadcast Centre fully operational, the Group started marketing a range of Value Added Services (“VAS”) and has signed six new VAS customers to-date.

The Group’s profit from operations decreased from RM14.2 million in 4Q 2004 to RM7.2 million in 1Q 2005. The decrease of RM7.0 million was due to a reduction in revenue of RM1.2 million and a net increase in operating cost of RM0.8 million compared to the previous quarter, and to a one time write-back of the allowance for doubtful-debts of RM5.0 million made in 4Q 2004. The increase in operating cost of RM0.8 million was the result of relocation costs and increased travel due to MEASAT-3 and business development activities.

As a result of the above, the Group’s profit before taxation decreased from RM10.3 million in 4Q 2004 to RM3.3 million in 1Q 2005, while the Group’s profit after taxation decreased from RM7.5 million in 4Q 2004 to RM3.3 million in 1Q 2005.

(B) Review of performance of the current quarter (“1Q 2005”) against the corresponding preceding quarter (“1Q 2004”).

The Group’s performance for 1Q 2005 showed a marked improvement compared to the corresponding preceding quarter with a profit from operations of RM7.2 million in 1Q 2005 against RM5.9 million for 1Q 2004. The improvement was mainly due to a net decrease in operating expenses of RM1.5 million resulting from a reduction in direct costs of RM0.5 million and a reduction in insurance costs of RM2.1 million. These reductions were partially offset by an increase in other operating costs of RM1.1 million.

15. Prospects relating to financial year 2005

With high utilization rates on the MEASAT -1 and MEASAT-2 satellites over the remainder of the year the Group will focus on supporting the growth of its existing customers, improving the quality of its customer base, and controlling costs.

Barring any unforeseen circumstances, the Group’s results for 2005 are expected to be satisfactory.

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(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

**PART B – Explanatory Notes in Compliance with Listing Requirements of Bursa Malaysia Securities Berhad
Under Part A of Appendix 9B**

16. Variance to profit forecast

Not applicable.

17. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	31.3.2005	31.3.2004	31.3.2005	31.3.2004
	RM'000	RM'000	RM'000	RM'000
<u>In respect of current year:</u>				
- income tax	(38)	(37)	(38)	(37)
- deferred taxation	(21)	(982)	(21)	(982)
	(59)	(1,019)	(59)	(1,019)

The current income tax of the Group is in relation to a tax charge on rental income and interest income. There is no taxation charge in respect of business income due to the utilisation of unabsorbed capital allowances. The tax savings for the quarter ended 31 December 2004 arising from the utilisation of the unabsorbed capital allowances amounted to RM5.5 million.

The deferred tax liability is in respect of a subsidiary. The subsidiary has unutilised Investment Allowance (“IA”) estimated at RM688.1 million at the end of the current quarter, accorded by way of a tax incentive under Schedule 7B of the Income Tax Act, 1967. Such IA can be utilised against future statutory business income of the subsidiary arising from its existing satellites. As a consequence thereof, the RM40.9 million deferred taxation liability provided for in the Group as at 31 March 2005 will not materialise as the IA will be utilised against future statutory business income. Notwithstanding this, the amount of RM40.9 million has been taken up as deferred tax liability in the financial statements as FRS 112 - Income Taxes, does not allow the recognition of deferred tax benefits of IA.

18. Profit/(loss) on sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the quarter under review.

19. Quoted securities

There were no quoted securities acquired or disposed during the quarter under review.

20. Status of corporate proposal announced

There were no corporate proposals announced but not completed at the date of issue of this quarterly report.

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(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

**PART B – Explanatory Notes in Compliance with Listing Requirements of Bursa Malaysia Securities Berhad
Under Part A of Appendix 9B**

21. Group borrowings

The details of Group borrowings as at 31 March 2005 are as follows:

	AS AT 31.3.2005 RM'000	AS AT 31.12.2004 RM'000
<u>Non current liability</u>		
Syndicated Loan Facilities	623,684	608,628

The Syndicated Loan Facilities represent an equivalent sum of RM642.2 million drawdown from the total available funding of USD250 million (approximately RM950 million), less unamortised costs of RM18.5 million.

The Syndicated Loan Facilities are secured against assets of a subsidiary and a corporate guarantee from the Company.

22. Off balance sheet financial instruments

The Group manages its exposure to market rate movements on its financial liability through the use of the derivative financial instruments which includes interest rate and cross currency swap agreements.

The details of the derivative financial instruments that the Group has entered into are as follows:

Off-balance sheet instruments which were entered into by MSS based on the underlying liability of the Group's borrowings which consist of USD250 million Syndicated Loan Facilities:

a) Interest rate swap ("IRS")

IRS agreements with a total notional principal of USD95 million to mitigate the risks of interest rate fluctuations.

b) Cross currency swap ("CCS")

CCS agreements with total notional principal of RM130 million to hedge local currency borrowings to mitigate the foreign currency exchange risks.

All the above financial instruments were executed with creditworthy financial institutions with a view to limiting the credit risk exposure of the Group.

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(2866-T)
INCORPORATED IN MALAYSIA

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

**PART B – Explanatory Notes in Compliance with Listing Requirements of Bursa Malaysia Securities Berhad
Under Part A of Appendix 9B**

23. Changes in material litigation

There were no material litigation matters dealt with during the period or pending as at the date of this quarterly report.

24. Dividends

No dividends have been recommended or declared for the current quarter ended 31 March 2005.

25. Earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the current quarter by the number of ordinary shares in issue during the current quarter.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.3.2005	QUARTER ENDED 31.3.2004	PERIOD ENDED 31.3.2005	PERIOD ENDED 31.3.2004
Net profit for the quarter/year (RM'000)	3,287	1,881	3,287	1,881
Weighted average number of ordinary shares in issue ('000)	389,933	389,933	389,933	389,933
Basic earnings per share (sen)	<u>0.84</u>	<u>0.48</u>	<u>0.84</u>	<u>0.48</u>

By order of the Board

CHUA SOK MOOI
(MAICSA 0777524)
Company Secretary

27 May 2005
Kuala Lumpur