

UTUSAN MELAYU (MALAYSIA) BERHAD
Quarterly report on consolidated results for the second quarter ended
30 June 2006

The figures have not been audited

(a) Condensed Consolidated Income Statement

	Current Quarter Ended 30/06/2006 RM'000	Comparative Quarter Ended 30/06/2005 RM'000	6 months Cumulative Ended 30/06/2006 RM'000	6 months Cumulative Ended 30/06/2005 RM'000
Revenue	94,484	90,369	180,844	179,839
Other Operating Income	2,397	1,485	4,012	2,732
Changes in inventories of finished goods and work-in-progress	292	583	972	(602)
Raw materials and consumables used	(34,271)	(30,198)	(66,701)	(58,485)
Vendors' commissions	(12,211)	(10,644)	(23,880)	(21,761)
Transportation costs	(3,286)	(2,728)	(6,117)	(5,088)
Staff costs	(25,046)	(23,771)	(49,540)	(47,487)
Depreciation and amortisation	(5,295)	(5,969)	(11,333)	(11,664)
Other operating expenses	(12,602)	(11,891)	(25,564)	(25,053)
Finance Costs	(1,850)	(2,057)	(3,692)	(4,276)
Share of results of associates	353	441	468	603
Profit/(Loss) before taxation	2,965	5,620	(531)	8,758
Taxation	(589)	(557)	73	(735)
Net profit after taxation	2,376	5,063	(458)	8,023
Attributable to:				
Equity holders of the parent	2,376	5,120	(382)	8,173
Minority interest	-	(57)	(76)	(150)
	2,376	5,063	(458)	8,023
Earnings per share attributable to equity holders of the parent :				
Basic	2.18	4.69	(0.35)	7.48
Diluted	2.16	4.69	(0.35)	7.48

(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

(b) Condensed Consolidated Balance Sheet

	As at 30/06/06 RM'000	As at 31/12/05 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	256,267	225,159
Investments in Associates	12,431	11,816
Other Investments	2,820	2,820
Long Term Receivables	357	402
Deferred Tax Assets	2,009	1,753
	<u>273,884</u>	<u>241,950</u>
Current Assets		
Inventories	102,076	103,536
Trade Debtors	49,594	57,176
Other Debtors	32,956	59,409
Marketable Securities	5,110	5,107
Cash & Cash Equivalents	42,150	41,528
	<u>231,886</u>	<u>266,756</u>
TOTAL ASSETS	<u><u>505,770</u></u>	<u><u>508,706</u></u>
EQUITY AND LIABILITIES		
Share Capital	109,224	109,224
Reserves	116,590	116,986
	225,814	226,210
Minority Interest	-	1,351
Total equity	<u>225,814</u>	<u>227,561</u>

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

(b) Condensed Consolidated Balance Sheet (Cont'd)

	As at 30/06/06	As at 31/12/05
	RM'000	RM'000
Non Current Liabilities		
Retirement Benefits	9,969	11,679
Borrowings	102,978	100,731
Deferred Tax Liability	12,029	13,156
	124,976	125,566
Current Liabilities		
Retirement Benefits	570	1,044
Overdraft & Short Term Borrowings	93,494	92,213
Trade Payables	10,421	14,459
Other Payables	48,851	46,191
Taxation	1,644	1,672
	154,980	155,579
Total liabilities	279,956	281,145
TOTAL EQUITY AND LIABILITIES	505,770	508,706

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

(c) Condensed Consolidated Cash Flow Statement

	2006	2005
	6 months ended 30 June (RM'000)	6 months ended 30 June (RM'000)
Profit before tax	(531)	8,758
Adjustment for non-cash flow:-		
Non-cash items	14,391	18,375
Operating profit before changes in working capital	13,860	27,133
Changes in working capital		
Net Change in Current Assets	34,246	(22,645)
Net Change in Current Liabilities	421	(6,115)
Tax paid	(1,350)	(1,348)
Interest paid	(3,024)	(3,280)
Net cash flows from operating activities	44,153	(6,255)
Investing Activities		
- Equity/Other Investments	67	(3,132)
- (Purchase)/Disposal of property, plant and equipment	(44,866)	(15,000)
- Net dividends received	160	-
	(44,639)	(18,132)
Financing Activities		
- Retirement Benefits	(2,379)	(797)
- Bank Borrowings	3,390	24,660
	1,011	23,863
Net Change in Cash & Cash Equivalents	525	(524)
Cash & Cash Equivalents at beginning of year	29,794	32,310
Effect of change in exchange rate	(41)	487
Cash & Cash Equivalents at end of year	30,278	32,273

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

(d) **Condensed Consolidated Statement of Changes in Equity**

	<----Attributable to Equity Holders of the Parent---->					Minority Interest (RM'000)	Total Equity (RM'000)
	<Non-Distributable>						
	Share Capital (RM'000)	Share Premium (RM'000)	Other Reserves (RM'000)	Retained Profits (RM'000)	Total (RM'000)		
<u>6 month - period ended 30 June 2005</u>							
At 1 January 2005	109,224	50,640	6,456	39,990	206,310	1,565	207,875
Current period's net profit	-	-	-	8,173	8,173	(150)	8,023
Currency Translation	-	-	487	-	487	-	487
Balance at end of period	<u>109,224</u>	<u>50,640</u>	<u>6,943</u>	<u>48,163</u>	<u>214,970</u>	<u>1,415</u>	<u>216,385</u>
<u>6 month - period ended 30 June 2006</u>							
At 1 January 2006	109,224	50,640	6,996	59,350	226,210	1,351	227,561
Current period's net profit	-	-	-	(382)	(382)	(76)	(458)
Disposal of Subsidiary/ Minority Interest	-	-	-	-	-	(1,275)	(1,275)
Currency Translation	-	-	(14)	-	(14)	-	(14)
Balance at end of period	<u>109,224</u>	<u>50,640</u>	<u>6,982</u>	<u>58,968</u>	<u>225,814</u>	<u>(0)</u>	<u>225,814</u>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements)

Notes to the accounts – 30 June 2006

A1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of freehold land included within property, plant and equipment and the following assets and liabilities that are stated at fair values: financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial instruments and investment properties.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2006:

FRS 2	Share based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

Notes to the accounts – 30 June 2006

A2. Changes in Accounting Policies (Cont'd)

The adoption of FRS 2, 3, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136, 138 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

Current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

A4. Segmental Reporting

	6 months ended 30/06/2006 RM'000	6 months ended 30/6/2005 RM'000
Segment Revenue		
Publishing, Distribution and Advertising	182,658	179,862
Printing	11,369	10,248
Investment Holdings & Mgt Services	607	586
Information Technology & Multimedia	1,992	3,499
Total revenue incl inter-segment sales	196,626	194,195
Elimination of inter-segment sales	(15,782)	(14,356)
Total	180,844	179,839
Segment Results		
Publishing, Distribution and Advertising	(1,573)	8,553
Printing	1,247	(276)
Investment Holdings & Mgt Services	860	582
Information Technology & Multimedia	(85)	101
Share of results of associates	468	603
Total revenue incl inter-segment sales	917	9,563
Eliminations	(1,448)	(805)
Total	(531)	8,758

Notes to the accounts – 30 June 2006

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the financial period under review.

A6. Material Changes in Estimates

There were no material changes in estimates for the financial period under review.

A7. Seasonal and Cyclical Factors

The Group was not significantly affected by any major seasonal or cyclical factors during the period under review.

A8. Dividend

The shareholders at the company's Annual General Meeting (AGM) held on 31 May 2006 had approved the first and final dividend of 2.5 sen less taxation of 28% on 109,224,337 ordinary shares for the year 2005 (2004: 2.5 sen less taxation of 28%). Payment has been made to the shareholders on 15 August 2006.

A9. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2005.

Notes to the accounts – 30 June 2006

A10. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review, other than as mentioned below:

Executives' Share Options Scheme (ESOS)

Details of share options movement during the period:

Options	Exercise price (RM)	Number of share (options)				As at 30/06/2006
		At 01/01/2006	granted	exercised	lapsed	
Option 1	2.13	1,060,700	-	-	67,800	992,900
Option 2	1.69	454,200	-	-	-	454,200
Option 3	1.00	8,978,000	-	-	194,600	8,783,400
Option 4	1.00	-	2,588,400	-	-	2,588,400
		10,492,900	2,588,400	-	262,400	12,818,900

On 1 June 2006, the Company had granted Option 4 and offered to eligible executives 2.6 million options at an exercise price of RM1.00 each. The options can be subscribed for ordinary shares until 6 July 2011. As at the end of the current financial period, there were no ESOS exercised.

A11. Changes In The Composition Of The Group

There were no changes in the composition of the Group in respect of business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing operations during the current financial period except for the following:

A Sale and Purchase of Shares Agreement between Advance Screen Sdn. Bhd. ("ASSB") and Classic Billboards (M) Sdn. Bhd. ("CBMSB") for the disposal of 510,000 units of ordinary shares of RM1.00 each (representing 51% of the issued and paid-up share capital) of ASSB for the sale consideration of RM1,020,000 (Ringgit Malaysia One Million and Twenty Thousand only) had been completed on 4 April 2006. The Group has recognised loss on disposal of ASSB shares amounting to RM0.2 million which was incorporated in the second quarter results of 2006.

Notes to the accounts – 30 June 2006

A12. Commitments and Contingent Liabilities/Assets

(i) Commitments	As at 30/06/06 RM'000
Capital Expenditure:-	
Approved and contracted for	2,716
Approved but not contracted for	-

(ii) Contingent Liabilities/Assets

There are no material changes to the contingent liabilities/assets since the last annual balance sheet date to the date of this announcement.

A13. Material Events Subsequent To The End of The Period

There are no material events as at the date of this announcement that will affect the financial results of the financial period under review.

ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B1. Review Of Current Performance

The Group registered higher revenue of RM94.5 million for the second quarter of 2006 as compared with RM90.4 million for the same quarter last year. However the Group recorded lower profit before taxation and minority interest (PBTMI) of RM3.0 million as compared with PBTMI of RM5.6 million for the corresponding quarter mainly due to higher raw material costs. Similarly, on a year-to-date basis, the Group registered higher revenue of RM180.8 million for the period ended 30 June 2006 as compared with RM179.8 million last year. Nevertheless, the Group recorded loss before taxation and minority interest (LBTMI) of RM0.5 million as compared with PBTMI of RM8.8 million last year mainly due to higher operating expenses.

In the opinion of the Directors, the results of the period under review have not been affected by any transaction or event of a material or unusual in nature.

B2. Explanatory Comment On The Result of The Current Quarter Against The Preceding Quarter

The Group registered higher revenue of RM94.5 million for the current quarter as compared with RM86.4 million in the preceding quarter ended 31 March 2006. This has resulted in a PBTMI of RM3.0 million in the current quarter as compared with LBTMI of RM3.5 million in the preceding quarter. PBTMI was higher by RM6.5 million mainly due to higher advertising revenue in the current quarter.

B3. Current Year Prospects

The remainder of the year 2006 will continue to be challenging for the Group given the continued increase in newsprint price, the uncertainty in the world oil price trend, the stiff competition in circulation market share and the softening advertising revenue in the Bahasa Melayu newspaper segment.

The Group will continue to focus on expanding the reach for Kosmo! throughout Peninsular Malaysia as a new source of revenue growth and strengthening Utusan Malaysia lead among Malay mainstream newspapers.

Barring unforeseen circumstances, the board of directors is of the view that the Group will remain profitable in 2006.

B4. Variance from Profit Forecast or Profit Guarantee

The Group has not provided any profit forecast in a public document.

ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B5. Taxation

The taxation charges for the period comprise the following:

	Current Quarter		Year-to-date	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000
Current year provision	846	566	1,310	761
Deferred Taxation	(257)	(9)	(1,383)	(26)
Total	589	557	(73)	735

The effective tax rates for the periods presented above are lower than statutory tax rate (28%) principally due to certain income which is not taxable and availability of reinvestment allowance.

B6. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments or properties for the period under review.

B7. Quoted Securities

There was no purchase or disposal of quoted securities for the current period under review.

The Group's investment in quoted securities as at the end of the reporting period was as follows:

	As at 30/06/2006 RM'000	As at 30/06/2005 RM'000
At cost	5,975	5,975
At book value	5,110	5,937
At market value	5,110	5,977

ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B8. Status of Corporate Proposal

There were no corporate proposals announced as at the date of this report.

B9. Group Borrowings

The Group's bank borrowings as at 30 June 2006 were as follows:

	As at 30/06/2006 RM'000	As at 30/06/2005 RM'000
Short term borrowings		
Secured	14,742	32,185
Unsecured	78,752	93,842
	93,494	126,027
Long term borrowings		
Secured	102,978	59,910
Unsecured	-	-
	102,978	59,910
	196,472	185,937

B10. Off Balance Sheet Risk

There were no financial instruments with off balance sheet risk as at the date of this report.

B11. Changes in Material Litigations

There are several libel suits which involve claims against the Group of which the outcome and compensation, if any, is currently indeterminable.

B12. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 30 June 2006 (30 June 2005: Nil).

ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B13. Earnings Per Share

Basic earnings per share of the Group are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares in issue during the period have been adjusted for the effects of dilutive potential ordinary shares from ESOS.

	Current quarter ended 30/06/2006 RM'000	Comparative quarter ended 30/06/2005 RM'000	6 months cumulative ended 30/06/2006 RM'000	6 months cumulative ended 30/06/2005 RM'000
a) Basic Earnings per share				
Net profit for equity holder of the parent	2,376	5,120	(382)	8,173
Weighted average number of ordinary shares in issue ('000)	109,224	109,224	109,224	109,224
Basic earnings per share (sen)	2.18	4.69	(0.35)	7.48
b) Diluted earnings per share				
Net profit for equity holder of the parent	2,376	5,120	(382)	8,173
Weighted average number of ordinary shares in issue ('000)	109,224	109,224	109,224	109,224
Adjustment for assumed exercise of share option ('000)	670	-	670	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	109,894	109,224	109,894	109,224
Diluted earnings per share (sen)	2.16	4.69	(0.35)	7.48

BY ORDER OF THE BOARD

Sharina Saidon
Company Secretary
Date : 30 August 2006