



Quarterly report on consolidated results for the second quarter ended
30 June 2010

(a) Unaudited Condensed Consolidated Statements of Comprehensive Income

	Current Quarter Ended 30/06/2010 RM'000	Comparative Quarter Ended 30/06/2009 RM'000	6 months Cumulative Ended 30/06/2010 RM'000	6 months Cumulative Ended 30/06/2009 RM'000
Revenue	80,194	84,751	155,024	164,269
Other Operating Income	1,255	1,362	3,689	2,782
Changes in inventories of finished goods and work-in-progress	2,347	(859)	4,422	(810)
Raw materials and consumables used	(26,394)	(25,842)	(50,158)	(56,806)
Vendors' commissions	(11,064)	(10,828)	(22,143)	(22,023)
Transportation costs	(3,272)	(3,257)	(6,323)	(6,607)
Staff costs	(29,240)	(25,701)	(58,173)	(50,357)
Depreciation and amortisation	(6,611)	(7,086)	(13,226)	(14,143)
Other operating expenses	(12,183)	(11,466)	(23,461)	(22,693)
Finance Costs	(1,529)	(1,753)	(2,967)	(3,610)
Share of results of associates	603	937	898	1,577
(Loss)/Profit before taxation	(5,894)	258	(12,418)	(8,421)
Taxation	822	84	1,301	1,298
Net (loss)/profit after taxation	(5,072)	342	(11,117)	(7,123)
Other comprehensive income:				
- fair value adjustment for available for sale financial assets	(173)	-	1,118	-
- foreign currency translation	48	(335)	97	(352)
Total comprehensive income	(5,197)	7	(9,902)	(7,475)

(a) Unaudited Condensed Consolidated Statements of Comprehensive Income (contd)

	Current Quarter Ended 30/06/2010 RM'000	Comparative Quarter Ended 30/06/2009 RM'000	6 months Cumulative Ended 30/06/2010 RM'000	6 months Cumulative Ended 30/06/2009 RM'000
Attributable to:				
Equity holders of the parent	(5,072)	342	(11,117)	(7,123)
Total comprehensive income attributable to:				
Equity holders of the parents	(5,197)	7	(9,902)	(7,475)
Earnings per share attributable to equity holders of the parent :				
Basic	(4.58)	0.31	(10.04)	(6.43)
Diluted	(4.58)	0.31	(10.04)	(6.43)

(The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

**(b) Unaudited Condensed Consolidated Statement of Financial Position
As At 30 June 2010**

	As at 30/06/10 RM'000	As at 31/12/09 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	235,655	244,602
Investment properties	4,884	4,904
Prepaid lease payments	-	-
Intangible Assets	2,743	4,056
Goodwill	50	-
Investments in Associates	23,940	23,045
Marketable Securities available for sale	9,487	-
Other Investments	1,379	2,661
Long Term Receivables	446	458
Deferred Tax Assets	933	1,022
	<u>279,517</u>	<u>280,748</u>
Current Assets		
Inventories	86,314	62,092
Trade Debtors	54,574	54,544
Other Debtors	21,459	14,666
Marketable Securities held for trading	1,348	11,948
Cash & Cash Equivalents	46,731	58,747
	<u>210,426</u>	<u>201,997</u>
TOTAL ASSETS	<u><u>489,943</u></u>	<u><u>482,745</u></u>
EQUITY AND LIABILITIES		
Share Capital	110,734	110,734
Reserves	165,441	174,126
	<u>276,175</u>	<u>284,860</u>
Total equity	<u><u>276,175</u></u>	<u><u>284,860</u></u>

**(b) Unaudited Condensed Consolidated Statement of Financial Position
As At 30 June 2010 (contd)**

	As at 30/06/10 RM'000	As at 31/12/09 RM'000
Non Current Liabilities		
Retirement Benefits	5,588	6,089
Borrowings	85,449	91,511
Deferred Tax Liability	16,968	18,719
	108,005	116,319
Current Liabilities		
Retirement Benefits	723	788
Overdraft & Short Term Borrowings	46,712	34,796
Trade Payables	6,338	5,396
Other Payables	51,651	40,182
Taxation	339	404
	105,763	81,566
Total liabilities	213,768	197,885
TOTAL EQUITY AND LIABILITIES	489,943	482,745

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

(c) Unaudited Condensed Consolidated Statement of Cash Flow

	2010	2009
	6 months ended 30 June (RM'000)	6 months ended 30 June (RM'000)
Loss before tax	(12,418)	(8,421)
Adjustment for non-cash flow:-		
Non-cash items	14,253	14,969
Operating profit before changes in working capital	<u>1,835</u>	<u>6,548</u>
Changes in working capital		
Net Change in Current Assets	(29,114)	18,498
Net Change in Current Liabilities	9,816	(1,412)
Tax paid/refund & Zakat paid	(854)	177
Interest paid	(2,669)	(3,404)
Net cash flows from operating activities	<u>(20,986)</u>	<u>20,407</u>
Investing Activities		
- Equity/Other Investments	5,824	293
- (Purchase)/Disposal of property, plant and equipment	(1,922)	(2,429)
- Net dividends received	185	491
	<u>4,087</u>	<u>(1,645)</u>
Financing Activities		
- Retirement Benefits	(1,071)	(718)
- Placement of Pledged Fixed Deposit	-	-
- Bank Borrowings	5,609	(15,870)
- Net dividends paid	-	-
	<u>4,538</u>	<u>(16,588)</u>
Net Change in Cash & Cash Equivalents	(12,361)	2,174
Cash & Cash Equivalents at beginning of year	56,752	58,578
Effect of change in exchange rate	100	(365)
Cash & Cash Equivalents at end of period	<u>44,491</u>	<u>60,387</u>

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

(d) Unaudited Condensed Consolidated Statement of Changes In Equity

	<Attributable to Equity Holders of the Parent>				
	<Non-Distributable>			Retained Profits	Total Equity
	Share Capital	Share Premium	Other Reserves		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Financial Period Ended 30 June 2009					
At 1 January 2009	110,734	50,703	7,117	112,591	281,145
Total comprehensive income for the period	-	-	(352)	(7,123)	(7,475)
As at 30 June 2009	110,734	50,703	6,765	105,468	273,670
Financial Period Ended 30 June 2010					
At 1 January 2010	110,734	50,703	10,674	112,749	284,860
Effect of adopting FRS	-	-	779	438	1,217
At 1 January 2010 (As restated)	110,734	50,703	11,453	113,187	286,077
Total comprehensive income for the period	-	-	1,215	(11,117)	(9,902)
As at 30 June 2010	110,734	50,703	12,668	102,070	276,175

(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 2009 and the accompanying explanatory notes attached to the interim financial statements)

Notes to the accounts – 30 June 2010

A1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standards, the Companies Act, 1965 in Malaysia and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. 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 2009.

A2. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 *Financial Instruments: Disclosures*
- FRS 8 *Operating Segments*
- FRS 101 *Presentation of Financial Statements (Revised)*
- FRS 123 *Borrowing Costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
- Amendments to FRS 117 *Leases*
- Amendments to FRS 132 *Financial Instruments: Presentation*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*
- Improvements to FRS issued in 2009
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13 *Customer Loyalty Programmes*
- IC Interpretation 14 *FRS119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Notes to the accounts – 30 June 2010

A2. Changes in Accounting Policies (Contd.)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. As this is a disclosure standard, there will be no impact on the financial position or results of the Group and Company for the period.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. As this is a disclosure standard, there will be no impact on the financial position or results of the Group and Company for the period.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income. In addition, the standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and Company.

FRS 117 Leases

The amendments requires entity with existing leases of land and building to reassess the classification of land as finance or operating lease. Following the amendments, the Group has reclassified the existing leasehold land to property, plant and equipment, with no effect on reported profit or equity. However, as a result of the adoption of the amendments, comparative balances as at 31 December 2009 has been restated as follows:

Notes to the accounts – 30 June 2010

A2. Changes in Accounting Policies (Contd.)

FRS 117 Leases (continued)

	As previously reported	Effects of adopting amendments to FRS 117	As restated
	RM'000	RM'000	RM'000
Property, plant and equipment	234,105	10,497	244,602
Prepaid lease payments	10,497	(10,497)	-

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

a. Equity instruments

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, whose fair value cannot be reliably measured at 1 January 2010 continued to be carried at cost less impairment losses.

Prior to 1 January 2010, the Group classified its investments in quoted equity instruments as marketable securities under current assets. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon the adoption of FRS 139, these investments at 1 January 2010 are reclassified under:

- Fair value through profit or loss
these equity instruments are held for trading and reflected in the statement of financial position under current assets and are stated at their fair values, amounting to RM5,223,513.
- Available for sale
these equity instruments are not held for trading and reflected in the statement of financial position under non current assets and are stated at their fair values, amounting to RM8,363,635.

The adjustments to the carrying amounts of both assets are reflected in the opening balance of retained earnings and other reserves as at 1 January 2010.

Notes to the accounts – 30 June 2010

A2. Changes in Accounting Policies (Contd.)

FRS 139 Financial Instruments: Recognition and Measurement (continued)

b. Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease) As at 1 January 2010
Statements of financial position	
Group	
Marketable Securities available for sale	8,364
Marketable Securities held for trading	(6,725)
Trade receivables	(422)
Retained earnings	(438)
Other reserves-fair value adjustment	(779)
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Company	
Marketable Securities available for sale	2,281
Marketable Securities held for trading	(2,281)
Trade receivables	(255)
Retained earnings	255
Other reserves-fair value adjustment	-
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Notes to the accounts – 30 June 2010

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

A4. Segmental Reporting

Segment Revenue	30/06/2010 RM'000	30/06/2009 RM'000
Publishing, Distribution and Advertising	155,637	165,532
Printing	8,459	10,281
Investment Holdings & Mgt Services	1,214	1,151
Information Technology & Multimedia	1,456	1,349
Total revenue incl inter-segment sales	<u>166,766</u>	<u>178,313</u>
Elimination of inter-segment sales	<u>(11,742)</u>	<u>(14,044)</u>
Total	<u><u>155,024</u></u>	<u><u>164,269</u></u>
 Segment Results		
Publishing, Distribution and Advertising	(11,557)	(9,768)
Printing	(1,940)	(1,407)
Investment Holdings & Mgt Services	1,004	73
Information Technology & Multimedia	(505)	(346)
Share of results of associates	898	1,577
	<u>(12,100)</u>	<u>(9,871)</u>
Eliminations	<u>(318)</u>	<u>1,450</u>
Profit before tax	<u><u>(12,418)</u></u>	<u><u>(8,421)</u></u>

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.

Notes to the accounts – 30 June 2010

A8. Dividend

The directors do not recommend any payment of dividend in respect of the financial year ended 31 December 2009.

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 2009.

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 01/01/2010	lapsed/ forfeited	As at 30/06/2010
Option 1	2.13	908,900	-	908,900
Option 2	1.69	419,100	-	419,100
Option 3	1.00	6,946,800	(109,700)	6,837,100
Option 4	1.00	2,013,600	-	2,013,600
		10,288,400	(109,700)	10,178,700

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:

On 29 January 2010, the Board of directors of Utusan Melayu (Malaysia) Berhad had announced to Bursa Malaysia that the subsidiary, Juasa Holdings Sdn Bhd had entered into a Share Sale Agreement with Tan Sri Abdul Rashid Hussain for the acquisition of 250,000 ordinary shares of RM1.00 each representing 100% of the issued and paid up share capital of Arah Pendidikan Sdn Bhd for the purchase consideration of RM1.00.

The acquisition was completed on 28 February 2010 and effective from that date, Arah Pendidikan Sdn Bhd becomes a wholly owned subsidiary of the Group.

Notes to the accounts – 30 June 2010

A12. Commitments and Contingent Liabilities/Assets

(i) Commitments	As at 30/06/10 RM'000
Capital Expenditure:-	
Approved and contracted for	19,911
Approved but not contracted for	78,551

(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 period under review.

ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B1. Review Of Current Performance

The Group registered lower revenue of RM155.0 million for the period ended 30 June 2010 as compared with RM164.3 million for the same period last year mainly due to a decline in contribution from advertising. Hence the Group recorded higher loss before taxation (LBT) of RM12.4 million as compared with the LBT of RM8.4 million last year.

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 RM80.2 million for the current quarter as compared with RM74.8 million in the preceding quarter ended 31 March 2010. Consequently the Group recorded a lower LBT of RM5.9 million as compared with LBT of RM6.5 million for the preceding quarter.

B3. Current Year Prospects

Intense competition for the market share of advertising expenditure (ADEX) not only among print media but also among all media channels has affected the Group's performance in the first half of the year 2010. This factor will remain as a challenge to the Group for the remaining period of 2010. Nevertheless the expected positive growth of the Gross Domestic Product is expected to stimulate ADEX and provides an opportunity for the Group to increase its advertising revenue.

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 credit for the period comprise the following:

	Current Quarter		Year-to-date	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM'000	RM'000	RM'000	RM'000
Current/prior year taxation	(172)	(350)	(362)	(555)
Deferred Taxation	994	434	1,663	1,853
Total	822	84	1,301	1,298

The effective tax rates is lower than statutory tax rate (2010: 25% and 2009: 25%) principally due to certain non-taxable income 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 (Non Current & Current)

There was no purchase or disposal of quoted securities for the current period under review except for the following:

Marketable Securities held for trading - current	Current Quarter		Year-to-date	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RM	RM	RM	RM
Sale proceeds	286,788	-	4,166,796	-

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

	As at 30/06/2010 RM'000		As at 30/06/2009 RM'000	
	Non Current	Current	Non Current	Current
	At cost	10,292	1,326	-
At book value	9,487	1,348	-	5,164
At market value	9,487	1,348	-	5,164

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 were as follows:

	As at 30/06/2010 RM'000	As at 30/06/2009 RM'000
Short term borrowings		
Secured	13,055	12,400
Unsecured	33,657	13,043
	46,712	25,443
Long term borrowings		
Secured	85,449	99,152
Unsecured	-	-
	85,449	99,152
	132,161	124,595

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. Proposed Dividend

No interim ordinary dividend has been declared for the financial period ended 30 June 2010 (30 June 2009: 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 30/06/2010 RM'000	Comparative quarter ended 30/06/2009 RM'000	6 months cumulative ended 30/06/2010 RM'000	6 months cumulative ended 30/06/2009 RM'000
a) Basic Earnings per share				
Net (loss)/profit for equity holder of the parent	(5,072)	342	(11,117)	(7,123)
Weighted average number of ordinary shares in issue ('000)	110,734	110,734	110,734	110,734
Basic earnings per share (sen)	(4.58)	0.31	(10.04)	(6.43)
b) Diluted earnings per share				
Net (loss)/profit for equity holder of the parent	(5,072)	342	(11,117)	(7,123)
Weighted average number of ordinary shares in issue ('000)	110,734	110,734	110,734	110,734
Adjustment for assumed exercise of share option ('000)	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	110,734	110,734	110,734	110,734
Diluted earnings per share (sen)	(4.58)	0.31	(10.04)	(6.43)

BY ORDER OF THE BOARD

Sharina Saidon
Company Secretary
Date: 25 August 2010