

STAR PUBLICATIONS (MALAYSIA) BERHAD (10894-D)

**Unaudited Condensed Consolidated Income Statement
For the period ended 31 March 2005**

	3 months ended		Financial period ended	
	31.03.2005 RM'000	31.03.2004 RM'000	31.03.2005 RM'000	31.03.2004 RM'000
Revenue	168,662	160,534	168,662	160,534
Operating Expenses	(130,206)	(124,570)	(130,206)	(124,570)
Other Operating Income	5,518	3,518	5,518	3,518
Profit from Operations	43,974	39,482	43,974	39,482
Finance Cost	(3,349)	(2,511)	(3,349)	(2,511)
Share of profit in associated company	-	7	-	7
Profit before taxation	40,625	36,978	40,625	36,978
Taxation	(7,659)	(5,680)	(7,659)	(5,680)
Profit after taxation	32,966	31,298	32,966	31,298
Less: Minority interests	-	-	-	-
Net profit for the period	32,966	31,298	32,966	31,298
Basic earnings per ordinary share (sen)	10.11	9.87	10.11	9.87
Diluted earnings per ordinary share (sen)	9.81	9.54	9.81	9.54

(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial statement for the year ended 31st December 2004)

Note on Operating Expenses:

Included in the Operating Expenses is depreciation expense as follows: -	(10,275)	(11,192)	(10,275)	(11,192)
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**Unaudited Condensed Consolidated Balance Sheet
As at 31 March 2005**

	31 March 2005 RM'000	31 December 2004 RM'000
Non-current assets		
Property, plant and equipment	668,476	611,971
Goodwill on consolidation	27,119	27,119
Investment in Bonds	20,714	20,714
	716,309	659,804
Current assets		
Inventories	212,577	220,005
Trade receivables	94,377	96,621
Other receivables, deposits and prepayments	15,635	10,548
Tax recoverable	-	63
Short term deposits	432,475	225,658
Cash and bank balances	22,411	20,215
	777,475	573,110
Current liabilities		
Trade payables	11,613	4,756
Other payables, accruals and provisions	61,471	66,204
Redeemable unsecured bonds	250,000	250,000
Bank overdraft – secured	1,263	320
Dividend Payable	49,193	-
Taxation	8,023	10,993
	381,563	332,273
Net current assets	395,912	240,837
	1,112,221	900,641
Financed by:		
Capital and reserves		
Share capital	341,622	327,394
Share premium	187,260	127,812
Foreign exchange fluctuation reserve	19,274	19,626
Retained profits	369,337	385,564
	917,493	860,396
Share application money	15	155
Long term and deferred liabilities		
Medium Term Notes	150,000	-
Retirement benefits	3,992	3,813
Deferred taxation	40,721	36,277
	194,713	40,090
	1,112,221	900,641
Net tangible assets per share (RM)	2.61	2.55

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2004)

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 31 March 2005**

	Share Capital RM'000	Share Premium RM'000	Foreign exchange fluctuation reserve RM'000	Retained Profits RM'000	Total RM'000
Balance as at 1 January 2005	327,394	127,812	19,626	385,564	860,396
Currency translation differences	-	-	(352)	-	(352)
Net gains and losses not recognised in the income statements	-	-	(352)	-	(352)
Net profit for the financial period	-	-	-	32,966	32,966
Dividends <i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2004, paid on 15 April 2005</i>	-	-	-	(49,193)	(49,193)
Issue of shares	14,228	59,448	-	-	73,676
Balance as at 31 March 2005	341,622	187,260	19,274	369,337	917,493
Balance as at 1 January 2004	318,203	96,186	16,252	314,129	744,770
Currency translation differences	-	-	400	-	400
Net gains and losses not recognised in the income statements	-	-	400	-	400
Net profit for the financial period	-	-	-	31,298	31,298
Dividends <i>Second interim Dividend and Special Dividend for the financial year ended 31 December 2003, paid on 15 April 2004</i>	-	-	-	(34,715)	(34,715)
Issue of shares	3,235	9,349	-	-	12,584
Balance as at 31 March 2004	321,438	105,535	16,652	310,712	754,337

(The unaudited Condensed Consolidated Statement Of Changes in Equity should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2004)

**Unaudited Condensed Consolidated Cash Flow Statement
For the period ended 31 March 2005**

	31 Mar 2005 RM'000	31 Mar 2004 RM'000
Profit before taxation	40,625	36,978
Adjustments for non-cash flow:-		
Non-cash items	11,113	11,937
Non-operating items	742	454
Operating profit before changes in working capital	52,480	49,369
Changes in working capital		
Net change in current assets	3,917	(21,023)
Net change in current liabilities	(618)	(10,600)
Cash generated from operations	55,779	17,746
Tax paid	(6,500)	(3,745)
Net cash from operating activities	49,279	14,001
Investing Activities		
- Interest received	2,607	2,057
- Proceeds from disposal of property, plant and equipment	-	6
- Purchases of property, plant and equipment	(67,285)	(9,324)
Net cash used in investing activities	(64,678)	(7,261)
Financing Activities		
- Issue of shares	73,536	12,984
- Interest paid	(11)	(25)
- Proceeds from issuance of Medium Term Notes	150,000	-
Net cash from financing activities	223,525	12,959
Exchange differences	(19)	(69)
Net Change in Cash & Cash Equivalents	208,107	19,630
Cash & Cash Equivalents at beginning of year	245,553	234,068
Effect of change in exchange rate	(37)	39
As restated	245,516	234,107
Cash & Cash Equivalents at end of the period	453,623	253,737

Certain comparative figures of the financial statements have been reclassified to conform with the current year's presentation as follows:

	As previously reported RM'000	Reclassification RM'000	Amount as restated RM'000
Net cash from operating activities	16,033	(2,032)	14,001
Net cash used in investing activities	(9,318)	2,057*	(7,261)
Net cash used in financing activities	12,984	(25) #	12,959

* represents interest received reclassified from operating activities to investing activities

represents interest paid reclassified from operating activities to financing activities

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004).

Notes to the interim financial report

A1. Basis of Preparation

The interim financial statement is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial statement should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 December 2004.

A2. Annual Report of the Group's Preceding Annual Financial Statements

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2004 was not qualified.

A3. Seasonal or cyclical factors

Our business operations are generally affected by the major festive seasons.

A4. Unusual items

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

A5. Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

Notes to the interim financial report

A6. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 31 March 2005, other than as mentioned below.

Warrants 2000/2005

Pursuant to a deed poll dated 15 September 2000, the Company has issued 18,976,728 warrants in conjunction with the issue of RM250,000,000 nominal value of 4.0% redeemable unsecured bonds 2000/2005. The exercise price and number of the Warrants were adjusted from RM10.95 to RM5.48 per warrant and 37,953,456 warrants effective from 3 October 2001. This adjustment arises from the Company's bonus issue of one share for every existing share held. **11,495,500** warrants were exercised during the current financial period ended 31 March 2005.

Employees' Share Option Scheme

- **Exercise Price of RM3.83**

An Employees' Share Option Scheme was implemented on 13 February 2001 for the benefit of the Executive Directors and eligible employees. On 30 April 2001, the Company offered 13,955,000 options to subscribe for ordinary shares to eligible Executive Directors and employees at an exercise price of RM7.65. The exercise price and number of the Options were adjusted from RM7.65 to RM3.83 per option and an additional 13,768,000 options were offered, after the Company's bonus issue of one share for every existing shares held. As at end of the current financial period, there were **4,566,000** unissued shares at an exercise price of RM3.83.

- **Exercise Price of RM6.52**

On 30 April 2002, the Company offered another 377,000 options to eligible employees at an exercise price of RM6.52, of which 368,000 options were accepted. As at end of the current financial period, there were **334,000** unissued ordinary shares at an exercise price of RM6.52.

- **Exercise Price of RM5.43**

On 30 April 2003, the Company offered another 373,000 options to eligible employees at an exercise price of RM5.43, of which 358,000 options were accepted. As at end of the current financial period, there were **102,000** unissued ordinary shares at an exercise price of RM5.43.

- **Exercise Price of RM5.85**

On 30 April 2004, the Company offered another 218,000 options to eligible employees at an exercise price of RM5.85, of which 193,000 options were accepted. As at end of the current financial period, there were **153,000** unissued ordinary shares at an exercise price of RM5.85.

Notes to the interim financial report

A6. Debt and equity securities

Medium Term Notes 2005/2010

On 28 February 2005, pursuant to the Issuance Programme of up to RM350 million nominal value Commercial Papers / Medium Term Notes, the Company issued an aggregate amount of RM150 million Medium Term Notes with a coupon rate of 5.50% per annum. The Medium Term Notes will mature on 26 February 2010.

A7. Dividend paid

No dividend was paid in the current financial period ended 31 March 2005.

A8. Segment Reporting

No segmental reporting has been prepared as the Group's activities are predominantly in the publication, printing and distribution of newspaper and magazines within Malaysia.

A9. Property, plant and equipment

The valuation of a long-term leasehold land and building amounting to RM2.4 million has been brought forward, without amendment from the most recent annual audited financial statements for the year ended 31 December 2004. This long-term leasehold land and building was revalued by the directors of the Company in 1983 based on a valuation carried out in 1981 by independent professional valuers.

Acquisition and disposals of property, plant and equipment

	Current Quarter RM'000	Current Year To Date RM'000
Additions	67,285	67,285
Disposals	-	-

Notes to the interim financial report

A10. Events subsequent to the balance sheet date

There are no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

A11. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial period ended 31 March 2005.

A12. Changes in contingent liabilities

There are no changes in the contingent liabilities or assets of the Group since the last annual balance sheet date to the date of this announcement.

A13. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	107,487
- not contracted	20,880

	128,367
	=====

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 31.03.2005 RM'000	Preceding Year Corresponding Quarter 31.03.2004 RM'000
Revenue	168,662	160,534
Consolidated Profit before taxation	40,625	36,978
Consolidated Profit after taxation	32,966	31,298

The higher profit before tax for the current quarter was mainly due to higher revenue and other operating income partially offset by higher direct costs, interest expense and operating expenditure.

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

B2. Variation of results against preceding quarter

	Current Quarter 31.03.2005 RM'000	Preceding Quarter 31.12.2004 RM'000
Revenue	168,662	175,887
Consolidated Profit before taxation	40,625	42,888

The profit before taxation for the current quarter is lower than that of the preceding quarter mainly due to lower revenue achieved in the current quarter.

B3. Current year prospects

The gross domestic product (GDP) growth is expected to be at 5.4% in 2005. The Malaysian advertising expenditure is expected to grow by 6% this year. Against this backdrop, the Group expects the financial results for 2005 to remain positive.

Additional information required by Bursa Malaysia Securities Listing Requirements

B4. Profit forecast

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

B5. Taxation

Taxation comprises the following: -

	3 months ended		Financial period ended	
	31.03.2005 RM'000	31.03.2004 RM'000	31.03.2005 RM'000	31.03.2004 RM'000
- Malaysian taxation	3,556	4,413	3,556	4,413
- Foreign taxation	23	18	23	18
- Deferred taxation	4,080	1,249	4,080	1,249
	7,659	5,680	7,659	5,680

The effective tax rate on the Group's profit for 2005 is much lower than the statutory tax rate due mainly to the availability of reinvestment allowances.

Likewise, the effective tax rate on the Group's profit for 2004 was lower than the statutory tax rate due to the higher utilization of reinvestment allowances.

B6. Unquoted investments and properties

There were no sales of unquoted investments and properties for the financial period to date.

B7. Quoted investments

- (a) There were no purchases or disposal of quoted securities for the financial period to date.
- (b) There were no investments in quoted securities as at the end of the financial period under review.

Additional information required by Bursa Malaysia Securities Listing Requirements

B8. Status of corporate proposal announced

(a) Corporate Proposals

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

(b) Status on Utilisation Of Proceeds

The proceeds from the issuance of 5-year redeemable unsecured bonds 2000/2005 of RM250 million have been fully utilised in the 1st quarter of 2003.

B9. Borrowing and debt securities

The Group borrowings and debt securities as at the end of the first quarter are as follows:

	As at 31.03.2005 RM'000	As at 31.03.2004 RM'000
<u>Short Term Borrowings</u>		
Secured		
<u>Foreign – Australian Dollar</u>		
Bank overdraft – secured by a mortgage over the freehold land	1,263	2,563
Unsecured		
<u>Domestic – Ringgit Malaysia</u>		
5-year redeemable unsecured bonds 2000/2005 with a coupon rate of 4.0% per annum, maturing on 15 December 2005	250,000	-
<u>Long Term Borrowings</u>		
Unsecured		
<u>Domestic – Ringgit Malaysia</u>		
5-year Medium Term Notes 2005/2010 with a coupon rate of 5.50% per annum, maturing on 26 February 2010	150,000	-
<u>Domestic – Ringgit Malaysia</u>		
5-year redeemable unsecured bonds 2000/2005 with a coupon rate of 4.0% per annum, maturing on 15 December 2005	-	250,000

Additional information required by Bursa Malaysia Securities Listing Requirements

B10. Off balance sheet financial instruments

As at the date of this announcement, the Group had the following outstanding foreign currency contracts to hedge its committed purchases in foreign currencies:

Currency	Contract Amounts ('000)	Equivalent amount in Ringgit Malaysia ('000)	Expiry Dates
SEK	16,350	9,262	28 June 2005
Euro	500	2,383	27 July 2005
CHF	1,100	3,699	22 August 2005
SEK	2,750	1,514	26 August 2005
SEK	2,750	1,514	28 September 2005
Euro	6,571	30,788	27 October 2005

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange prevailing on transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange ruling as at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

All gains or losses arising from the settlement of foreign currency transactions and from the translation of foreign monetary assets and liabilities are taken up in the income statement.

The above financial instruments are executed with creditworthy financial institutions in Malaysia and the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

B11. Changes in material litigation

There are several libel suits which involve claims against the Company and a subsidiary company of which the outcome and probable compensation, if any, is currently indeterminable.

B12. Dividend

No interim dividend has been recommended for the current quarter under review (Quarter 1 2004: Nil).

In respect of the financial year ended 31 December 2004, the Board of Directors declared a second interim dividend of 15.0 sen per ordinary share, less tax and a special dividend of 5.0 sen per ordinary share, less tax, which were paid on 15 April 2005 (2003: Second interim dividend of 10.0 sen per ordinary share, less tax and special dividend of 5.0 sen per ordinary share, less tax).

Additional information required by Bursa Malaysia Securities Listing Requirements

B13. Basic earnings per share

The basic earnings per share for the financial period has been calculated based on the Group's profit after taxation and divided by the weighted average number of ordinary shares outstanding during the financial period.

	3 months ended		Financial period ended	
	31.03.2005	31.03.2004	31.03.2005	31.03.2004
Group's profit after taxation (RM'000)	32,966	31,298	32,966	31,298
Weighted average number of ordinary shares outstanding ('000)	325,951	317,165	325,951	317,165
Basic earnings per share	10.11	9.87	10.11	9.87

Diluted earnings per share

The diluted earnings per share for the financial period has been calculated based on the Group's profit after taxation and divided by the weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares as follows: -

	3 months ended		Financial period ended	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Group's profit after taxation (RM'000)	32,966	31,298	32,966	31,298
Weighted average number of ordinary shares outstanding ('000)	325,951	317,165	325,951	317,165
Assumed exercise of warrants on 1 January ('000)	7,770	7,092	7,770	7,092
Assumed exercise of share options on 1 January ('000)	2,158	3,753	2,158	3,753
Weighted average number of ordinary shares for diluted earnings per ordinary shares ('000)	335,879	328,010	335,879	328,010
Diluted earnings per share	9.81	9.54	9.81	9.54

By Order of the Board

Koh Beng Huat
Ong Wei Lymn

Secretaries
18 May 2005
Petaling Jaya, Selangor Darul Ehsan