

STAR PUBLICATIONS (MALAYSIA) BERHAD (10894-D)

**Unaudited Condensed Consolidated Income Statement
For the period ended 30 June 2005**

	3 months ended		Financial period ended	
	30.06.2005 RM'000	30.06.2004 RM'000	30.06.2005 RM'000	30.06.2004 RM'000
Revenue	184,417	175,997	353,079	336,531
Operating Expenses	(138,136)	(134,145)	(268,342)	(258,715)
Other Operating Income	4,928	3,962	10,446	7,480
Profit from Operations	51,209	45,814	95,183	85,296
Finance Cost	(4,676)	(2,530)	(8,025)	(5,041)
Share of profit in associated company	-	-	-	7
Profit before taxation	46,533	43,284	87,158	80,262
Taxation	(8,578)	(6,266)	(16,237)	(11,946)
Profit after taxation	37,955	37,018	70,921	68,316
Less: Minority interests	-	-	-	-
Net profit for the period	37,955	37,018	70,921	68,316
Basic earnings per ordinary share (sen)	11.46	11.61	21.41	21.42
Diluted earnings per ordinary share (sen)	11.24	11.23	21.00	20.73

(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: -	(10,276)	(11,012)	(20,551)	(22,204)
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**Unaudited Condensed Consolidated Balance Sheet
As at 30 June 2005**

	30 June 2005 RM'000	31 December 2004 RM'000
Non-current assets		
Property, plant and equipment	713,036	611,971
Goodwill on consolidation	27,119	27,119
Investment in Bonds	20,714	20,714
	760,869	659,804
Current assets		
Inventories	203,327	220,005
Trade receivables	94,497	96,621
Other receivables, deposits and prepayments	12,816	10,548
Tax recoverable	-	63
Other investment	11	-
Short term deposits	404,238	225,658
Cash and bank balances	34,221	20,215
	749,110	573,110
Current liabilities		
Trade payables	5,968	4,756
Other payables, accruals and provisions	74,029	66,204
Redeemable unsecured bonds	250,000	250,000
Bank overdraft – secured	1,486	320
Dividend Payable	-	-
Taxation	6,732	10,993
	338,215	332,273
Net current assets	410,895	240,837
	1,171,764	900,641
Financed by:		
Capital and reserves		
Share capital	344,958	327,394
Share premium	201,658	127,812
Foreign exchange fluctuation reserve	18,443	19,626
Retained profits	407,292	385,564
	972,351	860,396
Share application money	8	155
Long term and deferred liabilities		
Medium Term Notes	150,000	-
Retirement benefits	4,172	3,813
Deferred taxation	45,233	36,277
	199,405	40,090
	1,171,764	900,641
Net tangible assets per share (RM)	2.74	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 30 June 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	-	-	(1,183)	-	(1,183)
Net gains and losses not recognised in the income statements	-	-	(1,183)	-	(1,183)
Net profit for the financial period	-	-	-	70,921	70,921
Dividend <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	17,564	73,846	-	-	91,410
Balance as at 30 June 2005	344,958	201,658	18,443	407,292	972,351
Balance as at 1 January 2004	318,203	96,186	16,252	314,129	744,770
Currency translation differences	-	-	(4,179)	-	(4,179)
Net gains and losses not recognised in the income statements	-	-	(4,179)	-	(4,179)
Net profit for the financial period	-	-	-	68,316	68,316
Dividend <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	4,019	11,590	-	-	15,609
Balance as at 30 June 2004	322,222	107,776	12,073	347,730	789,801

(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 30 June 2005**

	30 June 2005 RM'000	30 June 2004 RM'000
Profit before taxation	87,158	80,262
Adjustments for non-cash flow:-		
Non-cash items	20,816	23,700
Non-operating items	2,149	940
Operating profit before changes in working capital	110,123	104,902
Changes in working capital		
Net change in current assets	15,254	(30,632)
Net change in current liabilities	5,943	(6,055)
Cash generated from operations	131,320	68,215
Tax paid	(12,055)	(6,173)
Net cash from operating activities	119,265	62,042
Investing Activities		
- Interest received	5,876	4,100
- Proceeds from disposal of property, plant and equipment	3,609	1,446
- Purchases of property, plant and equipment	(125,080)	(21,409)
Net cash used in investing activities	(115,595)	(15,863)
Financing Activities		
- Issue of shares	91,262	15,582
- Interest paid	(5,014)	(5,082)
- Dividend paid	(49,193)	(34,715)
- Proceeds from issuance of Medium Term Notes	150,000	-
Net cash from / (used in) financing activities	187,055	(24,215)
Exchange differences	907	(490)
Net Change in Cash & Cash Equivalents	191,632	21,474
Cash & Cash Equivalents at beginning of year	245,553	234,068
Effect of change in exchange rate	(212)	(393)
As restated	245,341	233,675
Cash & Cash Equivalents at end of the period	436,973	255,149

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	61,060	982	62,042
Net cash used in investing activities	(19,963)	4,100*	(15,863)
Net cash used in financing activities	(19,133)	(5,082) #	(24,215)

* 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 30 June 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. As at the end of the current financial period, a total of 17,719,000 warrants have been exercised. There were **20,234,456** unissued warrants at an exercise price of RM5.48.

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 the end of the current financial period, there were **4,232,000** 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 the 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 the end of the current financial period, there were **101,000** 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 the end of the current financial period, there were **141,000** unissued ordinary shares at an exercise price of RM5.85.

- **Exercise Price of RM6.24**

On 30 April 2005, the Company offered another 158,000 options to eligible employees at an exercise price of RM6.24, of which 127,000 options were accepted. As at the end of the current financial period, there were **126,000** unissued ordinary shares at an exercise price of RM6.24.

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

	2005 RM'000	2004 RM'000
<u>In respect of the financial year ended 31 December 2003</u>		
Second interim dividend of 10.0 sen per ordinary share, less tax and special interim dividend of 5.0 sen per ordinary share, less tax, paid on 15 April 2004		34,715
<u>In respect of the financial year ended 31 December 2004</u>		
Interim dividend of 15.0 sen per ordinary share, less tax, paid on 15 October 2004		35,101
Second interim dividend of 15.0 sen per ordinary share, less tax and special interim dividend of 5.0 sen per ordinary share, less tax, paid on 15 April 2005	49,193	
	49,193	69,816

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.

Notes to the interim financial report

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	57,795	125,080
Disposals	2,337	2,337

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 30 June 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

Authorised capital expenditure not provided for in the financial statements	RM'000
- contracted	82,622
- not contracted	18,250

	100,872
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Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 30.06.2005 RM'000	Preceding Year Corresponding Quarter 30.06.2004 RM'000
Revenue	184,417	175,997
Consolidated Profit before taxation	46,533	43,284
Consolidated Profit after taxation	37,955	37,018

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

	Current Year To Date 30.06.2005 RM'000	Preceding Year Corresponding Period 30.06.2004 RM'000
Revenue	353,079	336,531
Consolidated Profit before taxation	87,158	80,262
Consolidated Profit after taxation	70,921	68,316

The higher profit before tax for the current period was mainly due to higher revenue 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 30.06.2005 RM'000	Preceding Quarter 31.03.2005 RM'000
Revenue	184,417	168,662
Consolidated Profit before taxation	46,533	40,625

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

Additional information required by Bursa Malaysia Securities Listing Requirements

B3. Current year prospects

The Malaysian economy remained resilient despite a moderation in global economic activity amidst high oil prices. Real GDP growth of the Malaysian economy remained favourable and is expected to be between 5.0% to 5.5% in 2005. Against an adex which is expected to continue to grow, the Board of Directors expects positive Group results for the second half of the year.

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	
	30.06.2005	30.06.2004	30.06.2005	30.06.2004
	RM'000	RM'000	RM'000	RM'000
- Malaysian taxation	4,034	4,654	7,590	9,067
- Foreign taxation	14	12	37	30
- Deferred taxation	4,530	1,600	8,610	2,849
	8,578	6,266	16,237	11,946

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.

Additional information required by Bursa Malaysia Securities Listing Requirements

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, other than as mentioned below.

For information purposes only, the Company received 23,097 ordinary shares in KUB Malaysia Berhad ("KUB") at par value of RM1.00 per ordinary share on 13 June 2005, pursuant to Scheme C of the Debt Reconstruction Exercise Under Section 176 of the Companies Act, 1965 between A&W (Malaysia) Sdn Bhd, a wholly-owned subsidiary of KUB and its Scheme Creditors.

The ordinary shares received in KUB are equivalent to the reconciled amount of RM23,097 owing by A&W (Malaysia) Sdn Bhd to the Company as at 31 March 2003.

The market value of the KUB Shares as at 30 June 2005 was RM10,625.

- (b) There were no investments in quoted securities as at the end of the financial period under review.

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 utilized in the 1st quarter of 2003.

Additional information required by Bursa Malaysia Securities Listing Requirements

B9. Borrowing and debt securities

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

	As at 30.06.2005 RM'000	As at 30.06.2004 RM'000
<u>Short Term Borrowings</u>		
Secured		
<u>Foreign – Australian Dollar</u>		
Bank overdraft – secured by a mortgage over the freehold land	1,486	2,700
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

- **Forward Foreign Exchange Contracts**

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
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.

- **Interest Rate Swap**

The Company has entered into an interest rate swap to manage interest rate exposure on its overall portfolio. During the financial period under review, the Company entered into a two-year interest rate swap contract of notional principal amount of RM100 million. The interest rate swap contract effectively entitle the Company to receive interest at fixed rate of 3.30% per annum every 6 months and oblige it to pay interest at floating rates linked to the 6 month Kuala Lumpur Inter Bank Offer Rate.

- **Credit Risk**

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.

Additional information required by Bursa Malaysia Securities Listing Requirements

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

The Board of Directors is pleased to declare an interim dividend of 15 sen per ordinary share, less tax (2004: interim dividend of 15 sen per ordinary share, less tax) and a special tax exempt dividend of 5 sen (2004: Nil) to be payable to the shareholders on 20 October 2005. The entitlement date for the said dividend shall be 5 October 2005.

A Depositor shall qualify for entitlement to the Dividend only in respect of: -

- (a) Securities transferred into the Depositor's Securities Account before 4.00p.m. on 5 October 2005 in respect of transfers;
- (b) Securities bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.

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	
	30.06.2005	30.06.2004	30.06.2005	30.06.2004
Group's profit after taxation (RM'000)	37,955	37,018	70,921	68,316
Weighted average number of ordinary shares outstanding ('000)	331,284	318,973	331,284	318,973
Basic earnings per share	11.46	11.61	21.41	21.42

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	
	30.06.2005	30.06.2004	30.06.2005	30.06.2004
Group's profit after taxation (RM'000)	37,955	37,018	70,921	68,316
Weighted average number of ordinary shares outstanding ('000)	331,284	318,973	331,284	318,973
Assumed exercise of warrants on 1 January ('000)	4,394	6,675	4,394	6,675
Assumed exercise of share options on 1 January ('000)	1,985	3,905	1,985	3,905
Weighted average number of ordinary shares for diluted earnings per ordinary shares ('000)	337,663	329,553	337,663	329,553
Diluted earnings per share	11.24	11.23	21.00	20.73

By Order of the Board

Koh Beng Huat
Ong Wei Lymn

Secretaries
25 July 2005
Petaling Jaya, Selangor Darul Ehsan