



financial statements

stimulating growth

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continual success

directors' report

for the financial year ended 31 December 2005

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

Principal activities

The principal activities of the Company are investment holding and the provision of procurement services for its subsidiaries.

The principal activities of the Group during the financial year consist of investment holding, commercial television and radio broadcasting, general media advertising, sale of programme rights, sale of videos, cable and laser rights and other trading inventories and the provision of production, event management and other industry related services. Other than the commencement of radio broadcasting following the acquisitions of Max-Airplay Sdn Bhd and Synchrosound Studio Sdn Bhd, there have been no significant changes in the nature of the Group's activities during the financial year.

Financial results

	Group	Company
	RM'000	RM'000
Net profit after taxation	54,794	53,770
Minority interests	1,451	-
Net profit for the financial year	56,245	53,770

Dividends

No dividend has been paid or declared since the end of the Company's previous financial year.

The Directors now recommend the payment of a final gross dividend of 2 sen per share on 600,109,077 ordinary shares, less income tax of 28%, amounting to RM8,641,571 which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 18 August 2006 to shareholders registered on the Company's Register of Members at the close of business on 31 July 2006.

Reserves and provisions

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Issuance of shares

During the financial year, the Company increased its issued and paid-up share capital from RM540,658,004 to RM600,109,077 by way of:

- Issuance of 58,295,073 ordinary shares of RM1.00 each through the conversion of 87,442,624 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM1.00 each on the basis of two new ordinary share for every three ICULS exercised. The premium arising from the ICULS conversion of RM29,147,551 has been credited to the Share Premium account.
- Issuance of 1,012,000 ordinary shares of RM1.00 each arising from the exercise of 1,012,000 Warrants of RM0.10 each at an exercise price of RM1.10 per Warrant. The premium arising from the exercise of Warrants of RM202,400, including the transfer of proceeds from issuance of Warrants of RM101,200 from warrants reserve, has been credited to the Share Premium account.
- Issuance of 144,000 ordinary shares of RM1.00 each pursuant to the exercise of the Employee Share Option Scheme ("ESOS") at the exercise price of RM1.55 per share. The premium arising from the exercise of ESOS of RM79,200 has been credited to the Share Premium account.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Employee share option scheme ("ESOS")

The Company's Employee Share Option Scheme ("ESOS") was approved by the shareholders on 7 January 2005 and became effective on 11 January 2005 for a period of five (5) years, expiring on 10 January 2010.

Details of the ESOS are set out in Note 9 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings, except for eligible employees (inclusive of Executive Directors) with share options allocation of 600,000 shares and above.

The list of the option holders who were granted options of 600,000 options and above during the year are as follows:

Name of employee	Number of options over ordinary shares of RM1.00 each			
	At 11 January 2005 (effective date of ESOS) '000	Granted '000	Exercised '000	At 31 December 2005 '000
Abdul Rahman Ahmad	–	1,500	–	1,500
Dato' Ahmad Farid Ridzuan	–	1,250	–	1,250
Amrin Awaluddin	–	1,000	–	1,000
Anthony @ Firdauz Bujang	–	800	–	800
Ahmad Izham Omar	–	1,000	–	1,000
Datuk Kamarulzaman bin Hj Zainal	–	1,000	–	1,000
	–	6,550	–	6,550

The details of options granted but not exercised are set out in Note 9 to the financial statements.

Directors

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Abdul Mutalib bin Datuk Seri Mohamed Razak
Tan Sri Lee Lam Thye
Dato' Dr Mohd Shahari Ahmad Jabar
Abdul Rahman Ahmad
Shahril Ridza Ridzuan

In accordance with Articles 101 and 102 of the Company's Articles of Association, Tan Sri Lee Lam Thye and Dato' Dr Mohd Shahari Ahmad Jabar retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the Company's Employee Share Option Scheme (see Note 5 to the financial statements).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration and benefits-in-kind disclosed in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests in shares

According to the Register of Directors' Shareholdings, particulars of interest of Directors who held office at the end of the financial year in shares and options over ordinary shares in the Company are as follows:

Options over ordinary shares in the Company	Number of options over ordinary shares of RM1.00 each			
	At 11 January 2005 (effective date of ESOS) '000	Granted '000	Exercised '000	At 31 December 2005 '000
Abdul Rahman Ahmad	–	1,500	–	1,500

None of the other Directors in office at the end of the financial year held any interest in shares and options over ordinary shares in the Company and its related corporations during the financial year.

Statutory information on the financial statements

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events during the financial year

During the financial year, the Company has entered into Share Sale Agreements to acquire Ch-9 Media Sdn Bhd, Perintis Layar Sdn Bhd/Max-Airplay Sdn Bhd, Natseven TV Sdn Bhd, Synchrosound Studio Sdn Bhd and Encorp Media Technology Sdn Bhd. The details of the acquisitions are set out in Note 35 to the financial statements.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 March 2006.

Dato' Abdul Mutalib bin Datuk Seri Mohamed Razak
Chairman

Abdul Rahman Ahmad
Managing Director

income statements

for the financial year ended 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	2	399,689	328,405	93,768	23,766
Other operating income		15,717	14,687	14	-
Amortisation of programmes, film rights and album production costs		(115,337)	(96,871)	-	-
Cost of production		(22,707)	(10,204)	-	-
Staff costs	3	(93,840)	(74,747)	(3,312)	(2,372)
Voluntary separation scheme expenses		(6,139)	-	(81)	-
Advertising and promotion expenses		(9,606)	(13,368)	(69)	(122)
Transmission expenses		(6,822)	(5,888)	-	-
Utilities		(7,625)	(7,511)	(47)	(43)
Professional fees		(6,382)	(7,837)	(3,189)	(919)
Rental of premises		(9,039)	(7,787)	-	-
Rental of transmission stations		(7,729)	(6,471)	-	-
Allowance for doubtful debts for amounts due from:					
- Trade and other receivables		(4,411)	(4,779)	-	-
Property, plant and equipment					
- Depreciation		(22,242)	(23,685)	(3)	(1)
- Write off		(588)	(47)	-	-
Investment properties					
- Depreciation		(1,629)	-	-	-
Programmes and film rights written down		(1,168)	(1,057)	-	-
Gain on disposal of subsidiaries		-	2,528	-	-
Other operating expenses		(26,310)	(23,114)	(1,931)	(2,083)
Profit from operations	4	73,832	62,254	85,150	18,226
Finance costs	6	(14,883)	(17,928)	(8,766)	(11,792)
Share of profit of an associate		12,684	5,106	-	-
Profit before taxation		71,633	49,432	76,384	6,434
Taxation:					
- Company and subsidiaries	7	(9,523)	(11,407)	(22,614)	(1,960)
- Associate	7	(7,316)	(4,169)	-	-
		(16,839)	(15,576)	(22,614)	(1,960)
Net profit after taxation		54,794	33,856	53,770	4,474
Minority interests		1,451	3,857	-	-
Net profit for the financial year		56,245	37,713	53,770	4,474
Earnings per share (sen)					
- basic	8	9.97	6.98		
- diluted	8	8.77	5.75		

The accounting policies on pages 84 to 89 and the notes on pages 90 to 132 form an integral part of these financial statements.

balance sheets

as at 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Capital and reserves					
Share capital	9	600,109	540,658	600,109	540,658
Share premium	10	57,127	27,698	57,127	27,698
Other reserves	11	38,428	38,529	11,399	11,500
(Accumulated losses)/Retained earnings	13	(659,194)	(349,964)	51,685	(2,085)
Shareholders' funds		36,470	256,921	720,320	577,771
Minority interests		(3,229)	(1,718)	-	-
Non-current liabilities					
Irredeemable convertible unsecured loan stocks	14	92,557	180,000	92,557	180,000
Redeemable unsecured loan stocks	15	88,634	88,634	-	-
Medium term notes	16	70,000	70,000	70,000	70,000
Unsecured redeemable exchangeable bonds	18	83,500	-	83,500	-
Interest bearing bank borrowings:					
- Term loans	19	70,734	20,313	-	-
Hire-purchase and lease creditors	20	337	218	-	-
Trade and other payables	21	52,671	-	30,000	-
Deferred tax liabilities	22	704	704	-	-
		459,137	359,869	276,057	250,000
		492,378	615,072	996,377	827,771

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Represented by:					
Non-current assets					
Property, plant and equipment	23	160,824	161,181	7	6
Investment properties	24	77,832	-	-	-
Subsidiaries	25	-	-	430,481	270,375
Associates	26	317,973	315,990	399,651	399,651
Investments	27	2,488	2,589	-	-
Prepaid transmission station rentals		3,299	3,583	-	-
Intangible assets	28	33,843	25,143	-	-
Amount due from a subsidiary	29	-	-	-	99,000
Deferred tax assets	22	2,420	3,900	-	-
		598,679	512,386	830,139	769,032
Current assets					
Trade and other receivables	30	160,722	127,990	2,990	212
Inventories	31	1,192	1,087	-	-
Amounts due from subsidiaries	29	-	-	222,328	34,290
Deposits, cash and bank balances	32	65,952	144,055	13,019	63,573
		227,866	273,132	238,337	98,075
Less:					
Current liabilities					
Trade and other payables	21	262,671	102,456	41,962	6,242
Amount due to a subsidiary	33	-	-	-	2,380
Amounts due to associates	33	1,019	849	-	-
Commercial papers	16	30,000	30,000	30,000	30,000
Interest bearing bank borrowings:					
- Term loans	19	19,296	700	-	-
- Bank overdrafts	19	-	434	-	-
Current tax liabilities		21,181	36,007	137	714
		334,167	170,446	72,099	39,336
Net current (liabilities)/assets		(106,301)	102,686	166,238	58,739
		492,378	615,072	996,377	827,771

The accounting policies on pages 84 to 89 and the notes on pages 90 to 132 form an integral part of these financial statements.

consolidated statement of changes in equity

for the financial year ended 31 December 2005

	Note	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Accumulated losses RM'000	Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Other reserves (Note 11) RM'000		
2005:							
At 1 January 2005		540,658	540,658	27,698	38,529	(349,964)	256,921
Issuance of shares arising from:	9						
– Conversion of ICULS	(a)	58,295	58,295	29,148	–	–	87,443
– Exercise of Warrants	(b)	1,012	1,012	202	(101)	–	1,113
– Exercise of ESOS	(c)	144	144	79	–	–	223
Goodwill on acquisitions of subsidiaries written off	35	–	–	–	–	(365,475)	(365,475)
Net profit for the financial year		–	–	–	–	56,245	56,245
At 31 December 2005		600,109	600,109	57,127	38,428	(659,194)	36,470
2004							
At 1 January 2004		540,658	540,658	27,698	38,529	(387,677)	219,208
Net profit for the financial year		–	–	–	–	37,713	37,713
At 31 December 2004		540,658	540,658	27,698	38,529	(349,964)	256,921

The accounting policies on pages 84 to 89 and the notes on pages 90 to 132 form an integral part of these financial statements.

company statement of changes in equity

for the financial year ended 31 December 2005

	Note	Issued and fully paid ordinary shares of RM1 each		Non-distributable		(Accumulated losses)/Retained earnings RM'000	Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Other reserves (Note 11) RM'000		
2005:							
At 1 January 2005		540,658	540,658	27,698	11,500	(2,085)	577,771
Issuance of shares arising from:	9						
– Conversion of ICULS	(a)	58,295	58,295	29,148	–	–	87,443
– Exercise of Warrants	(b)	1,012	1,012	202	(101)	–	1,113
– Exercise of ESOS	(c)	144	144	79	–	–	223
Net profit for the financial year		–	–	–	–	53,770	53,770
At 31 December 2005		600,109	600,109	57,127	11,399	51,685	720,320
2004:							
At 1 January 2004		540,658	540,658	27,698	11,500	(6,559)	573,297
Net profit for the financial year		–	–	–	–	4,474	4,474
At 31 December 2004		540,658	540,658	27,698	11,500	(2,085)	577,771

The accounting policies on pages 84 to 89 and the notes on pages 90 to 132 form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from operating activities					
Cash flows generated from operations	37	74,362	35,450	(20,067)	(7,850)
Income tax paid		(23,507)	(11,029)	(783)	(569)
Net cash flow from operating activities		50,855	24,421	(20,850)	(8,419)
Cash flows from investing activities					
Acquisition of subsidiaries	35	(88,406)	-	(95,000)	-
Payments to creditors on behalf of newly acquired subsidiaries		(69,587)	-	(69,587)	-
Property, plant and equipment					
- Purchase		(38,456)	(13,119)	(4)	(7)
- Proceeds from disposals		621	578	-	-
Interest received		2,438	3,542	766	1,901
Dividends received		3,506	130	57,673	-
Disposal of subsidiaries	36	-	2,198	-	-
Proceeds from disposal of an associate		-	326	-	-
Net cash flow from investing activities		(189,884)	(6,345)	(106,152)	1,894

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from financing activities					
Proceeds from issuance of unsecured redeemable exchangeable bonds		83,500	-	83,500	-
Proceeds from issuance of shares arising from					
- Conversion of Warrants		1,113	-	1,113	-
- Exercise of ESOS		223	-	223	-
Repayment of term loans		(983)	-	-	-
Interest paid		(18,048)	(15,393)	(8,427)	(9,310)
Repayments of hire-purchase and lease creditors		(2,559)	(2,458)	-	-
Proceeds from issuance of Commercial Papers/Medium Term Notes		-	100,000	-	100,000
Redemption of bonds		-	(92,797)	-	(92,797)
Drawdown of term loan		-	1,013	-	-
Net cash flow from financing activities		63,246	(9,635)	76,409	(2,107)
Net (decrease)/increase in cash and cash equivalents during the financial year		(75,783)	8,441	(50,593)	(8,632)
Cash and cash equivalents at the beginning of the financial year		137,803	129,362	60,703	69,335
Cash and cash equivalents at the end of the financial year	34	62,020	137,803	10,110	60,703

The accounting policies on pages 84 to 89 and the notes on pages 90 to 132 form an integral part of these financial statements.

summary of significant accounting policies

for the financial year ended 31 December 2005

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, modified by the revaluation of certain leasehold land and buildings.

The financial statements comply with the Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates.

b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting, except where the acquisition of subsidiaries meets the criteria to use the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The cost of investment in a merger is recorded at the aggregate of the nominal value of equity shares issued, cash and cash equivalents and fair value of other consideration. On consolidation, the difference between the carrying value of the investment over the nominal value of the shares acquired is taken to a non-distributable merger reserve or merger deficit.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date of disposal. The cost of an acquisition is the amount of cash

paid and the fair value at the date of acquisition of other purchase consideration. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiaries acquired at the date of acquisition is reflected as goodwill or negative goodwill.

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. The losses applicable to the minority interest may exceed the minority interest in the equity of the subsidiary. The excess, and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recovered. Separate disclosure is made of minority interest.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets and exchange differences which were not previously recognised in the consolidated income statement.

c) Associates

Associates are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the income statement, the Group's share of the results of associates for the financial year. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries or associates acquired over the Group's share of the fair values of their separable net assets at the date of acquisition.

Goodwill is written off against the Group's revenue reserve.

e) Investments

Investments in subsidiaries and associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note (j) on impairment of assets.

Investments in other non-current investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been such a decline, this is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the income statement.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The Directors have applied the transitional provisions of International Accounting Standard ("IAS") 16 "Property, Plant and Equipment", which has been adopted by the Malaysian Accounting Standards Board ("MASB"), which allows properties previously revalued to continue to be stated at their valuation amounts less accumulated depreciation and accumulated impairment losses. Accordingly, certain leasehold land and buildings of the Group are stated at valuation amounts carried out in 1996, which have not been updated.

Freehold land is not amortised as it is deemed to have an infinite life. Long term leasehold land is amortised in equal instalments over the respective lease periods, ranging between 50 and 90 years.

Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation on the other property, plant and equipment is calculated so as to write off the cost or valuation of the assets on a straight line basis over the expected useful lives of the assets concerned. The annual rates are:

	%
Buildings	2 – 5
Plant and machinery	20 – 25
Cinema	2 – 5
Broadcasting and transmission equipment	2.9 – 33.3
Production equipment	10 – 20
Office equipment, furniture and fittings	10 – 33.3
Office renovations	33.3
Motor vehicles	20
Leasehold improvements	6.7 – 33.3

Where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount. See accounting policy Note (j) on impairment assets.

g) Investment properties

Investment properties are held for long term rental yields and are not occupied by the Group. These properties are treated as long term investments. They are measured at cost less impairment losses.

Freehold land is not amortised as it is deemed to have an infinite life. Long term leasehold land is amortised in equal instalments over the respective lease periods, ranging between 50 and 90 years.

Depreciation on the other investment properties is calculated so as to write off the cost of the assets on a straight line basis over the expected useful lives of the assets concerned. The annual rates are:

	%
Buildings and Cinema	2 – 5

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note (j) on impairment of assets.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

h) Intangible assets - Programmes and film rights

Programmes and film rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

The programmes and film rights are recognised after they are contracted for and upon receipt of materials. Cost comprises contracted cost and direct expenditure. Amortisation is calculated so as to write off the relevant portion of the cost of programmes and film rights which fairly represents its relevant attached rights, to match against recognised revenue from these programmes and film rights.

The amortisation rates are:

Purchases with full rights/limited rights (2 runs or more)	%
Dramas and movies	
Upon first transmission	60
Upon second transmission	40
Series and comedies	
Upon first transmission	100
Purchases with limited rights (1 run) and in-house programmes	
Upon first transmission	100

Where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount. See accounting policy Note (j) on impairment assets.

i) Prepaid expenditure

Prepaid expenditure is in respect of prepaid lease rentals for transmission stations, which are charged to the income statement on a straight line basis over the respective period of the leases, ranging between 31 and 36 years.

j) Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

k) Trade receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off in the financial year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

l) Inventories

Consumable spares

Consumable spares comprise spare parts for broadcasting and transmission equipment and are expensed off upon utilisation.

Other inventories

Other inventories comprising mainly musical albums and trading inventories are stated at the lower of cost and net realisable value, and are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

m) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

n) Leases

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease contracts are depreciated over the estimated useful life of the asset, in accordance with the annual rates stated in Note (f) above. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

o) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary or associate on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and the Group intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

p) Employee benefits

i) Short-term employee benefits

Wages, salaries, sick leave, bonuses and non-monetary employee benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.

ii) Post-employment benefits - Defined contribution plans

The Group's contributions to defined contribution plans, including the national defined contribution plan, the Employees' Provident Fund ("EPF"), are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

q) Foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the transaction dates or at contracted rates, where applicable. At balance sheet date, monetary assets and liabilities resulting from foreign currency transactions are translated into Ringgit Malaysia at rates of exchange ruling at that date or at contracted rates, where applicable. Exchange differences are dealt with through the income statement.

In the Group financial statements, assets and liabilities and results of operations of foreign subsidiaries are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Exchange differences on translation are dealt with through the exchange fluctuation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Group and are translated at the exchange rate ruling at the date of the transaction.

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign currency	2005 RM	2004 RM
1 US Dollar (USD)	3.791	3.800
1 Singapore Dollar (S\$)	2.296	2.322
1 Brunei Dollar (B\$)	2.280	2.323
1 Pound Sterling (GBP)	6.886	7.308
1 Euro (EURO)	4.804	5.172
100 Ghanian Cedi	0.041	0.043

r) Income recognition

Revenue of the Company from the provision of procurement services to subsidiaries is recognised on an accrual basis.

Interest income of the Company is recognised on an accrual basis based on the prevailing interest rates for deposits at financial institutions and fixed rates for advances to subsidiaries. Interest income of the Group is recognised on an accrual basis based on the prevailing interest rates.

Revenue of the subsidiaries is recognised upon the delivery of products and customer acceptance or performance of services, or upon telecast of advertisements, net of discounts, sales commissions and sales rebates, if any.

Dividend income is recognised when the right to receive payment is established.

s) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

u) Share capital

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the dividend becoming payable, it will be accounted for as a liability.

v) Debt instruments

The debt instruments issued by the Group and the Company are as follows:

- i) Irredeemable convertible unsecured loan stocks ("ICULS")
- ii) Redeemable unsecured loan stocks ("RULS")
- iii) Warrants
- iv) Commercial papers/medium term loans ("CP/MTN")
- v) Unsecured redeemable exchangeable bonds ("UREB")

The carrying value of debt instruments issued by the Group and the Company is the nominal value of the debt instruments less the unamortised discount or plus the unamortised premium on issuance, if any. The discount or premium on issuance is amortised or accreted to the income statement on an effective yield basis over the duration of the debt instruments. Coupon payments arising from the debt instruments are charged to the income statement on an accrual basis.

The Group has taken advantage of the transitional provisions provided in FRS 132 "Financial Instruments: Disclosure and Presentation" (previously known as MASB 24) in respect of the classification of compound financial instruments. Accordingly, the ICULS issued by the Company prior to the effective date of FRS 132 have been classified as liabilities.

Warrants have been disclosed as part of other reserves at a carrying value based on their issue price upon issuance.

w) Warrants reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve are transferred to the share premium account upon the exercise of warrants and warrants reserve in relation to the unexercised warrants at the expiry of the warrants period are transferred to retained earnings.

x) Segmental reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environment.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances, and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

y) Financial instruments

i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheets is disclosed in the individual accounting policy note associated with each item.

iii) Fair value estimation for disclosure purposes

The fair value of publicly traded securities is based on quoted market prices at the balance sheet date.

In assessing the fair values of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques and bases, such as discounted value of future cash flows and the underlying net asset base of the instrument, are used to determine fair values for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying values of financial assets and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

notes to the financial statements

for the financial year ended 31 December 2005

1 General information

The principal activities of the Company are investment holding and the provision of procurement services for its subsidiaries.

The principal activities of the Group during the financial year consist of investment holding, commercial television and radio broadcasting, general media advertising, sale of programme rights, sale of videos, cable and laser rights and other trading inventories and the provision of production, event management and other industry related services. Other than the commencement of radio broadcasting following the acquisitions of Max-Airplay Sdn Bhd and Synchrosound Studio Sdn Bhd, there have been no significant changes in the nature of the Group's activities during the financial year.

The number of employees at the end of the financial year amounted to 1,512 (2004: 1,110) employees in the Group and 7 (2004: 5) employees in the Company.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The address of the registered office and principal place of business of the Company is as follows:

Sri Pentas
No. 3, Persiaran Bandar Utama
Bandar Utama
47800 Petaling
Selangor Darul Ehsan

2 Revenue

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest income	766	1,902	5,716	8,082
Fees from provision of procurement services	-	-	7,972	9,384
Advertising income	386,016	318,011	-	-
Sale of programmes, videos, cable and laser rights and media revenue	6,643	5,387	-	-
Fees from provision of production services, sponsorship and event management services	5,873	2,803	-	-
Fees from provision of other industry related services	391	29	-	-
Sale of home shopping goods and other trading inventories	-	273	-	-
Gross dividends from a subsidiary	-	-	75,378	6,300
Gross dividends from an associate	-	-	4,702	-
	399,689	328,405	93,768	23,766

3 Staff costs

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Wages, salaries and bonus	79,014	60,036	2,804	1,998
Defined contribution retirement plan	10,180	8,539	420	319
Other employee benefits	4,646	6,172	88	55
	93,840	74,747	3,312	2,372

4 Profit from operations

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit from operations is stated after charging:				
Royalties	1,828	1,529	-	-
Auditors' remuneration	326	209	40	27
Prepaid expenditure written off	284	283	-	-
Loss on disposal of property, plant and equipment	-	8	-	-
Loss on disposal of an associate	-	70	-	-
Allowance for diminution in value of quoted investments	101	46	-	-
And crediting:				
Gross dividends from:				
– Quoted shares in Malaysia	2	1	-	-
– Property and unit trust	119	179	-	-
Realised net exchange gain	90	178	5	-
Gain on disposal of property, plant and equipment	185	-	-	-
Reversal of allowance for doubtful debts	477	1,290	-	-
Interest income	1,672	1,640	-	-
Rental income	1,274	2,353	-	-
Gain on waiver of amount due to an associate	-	683	-	-

5 Directors' remuneration

The aggregate amount of emoluments received/receivable by Directors of the Group and of the Company during the financial year is as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-executive Directors:				
– Fees	360	291	206	165
– Allowance	403	510	248	90
– Defined contribution retirement plan	87	102	57	18
– Bonus	68	–	68	–
Executive Directors:				
– Basic salaries and bonus	655	420	655	420
– Allowance	126	126	126	126
– Defined contribution retirement plan	139	109	139	109
	1,838	1,558	1,499	928
Estimated monetary value of benefits-in-kind	123	100	58	70

Executive Directors of the Company have been granted options under the Employee Share Option Scheme (“ESOS”) on the same terms and conditions as those offered to other employees of the Group (see Note 9) as follows:

Grant date	Expiry date	Exercise price RM/share	Number of options over ordinary shares of RM1 each			
			At 11 January 2005 (effective date of ESOS)		At 31 December 2005	
			Granted '000	Granted '000	Exercise '000	Exercise '000
Financial year ended 31 December 2005						
11 January 2005	10 January 2010	1.55	–	600	–	600
14 December 2005	10 January 2010	1.46	–	900	–	900
			–	1,500	–	1,500
						2005 '000
Number of share options vested at balance sheet date						1,500

6 Finance costs

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest expenses on:				
- ICULS	2,718	3,609	2,718	3,609
- RULS	3,982	4,071	-	-
- Medium term notes	4,865	1,226	4,865	1,226
- Commercial papers	843	219	843	219
- Term loans	1,532	1,177	-	-
- UREB	340	-	340	-
- Bonds	-	5,478	-	5,478
- Revolving credits	-	1,260	-	1,260
- Others	603	888	-	-
	14,883	17,928	8,766	11,792

7 Taxation

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax:				
- current financial year	28,421	22,502	22,614	2,479
- overaccruals in prior financial years (net)	(13,062)	(2,875)	-	(519)
Deferred tax (Note 22)				
- origination and reversal of temporary differences	1,480	(4,051)	-	-
	16,839	15,576	22,614	1,960

7 Taxation (continued)

The explanation of the relationship between taxation and profit before taxation is as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit before taxation	71,633	49,432	76,384	6,434
Tax calculated at the Malaysian tax rate of 28% (2004: 28%)	20,057	13,841	21,387	1,802
Tax effects of:				
– expenses not deductible for tax purposes	14,798	14,317	1,783	677
– income not subject to tax	(9,825)	(3,890)	(556)	–
– temporary differences and unutilised tax losses not recognised	7,070	6,586	–	–
– utilisation of previously unrecognised capital allowances and tax losses	(2,135)	(12,344)	–	–
– expenses eligible for further deductions	(41)	(18)	–	–
– lower tax rate for small and medium enterprises	(23)	(41)	–	–
– overaccruals in prior financial years (net)	(13,062)	(2,875)	–	(519)
Taxation	16,839	15,576	22,614	1,960

8 Earnings per share

a) Basic earnings per share

The basic earnings per share for the Group has been calculated based on the net profit for the financial year of RM56,245,000 (2004: RM37,713,000) and on the weighted average number of ordinary shares in issue during the financial year of 564,284,000 (2004: 540,658,000).

	Group	
	2005	2004
Net profit for the financial year (RM'000)	56,245	37,713
Weighted average number of ordinary shares in issue ('000)	564,284	540,658
Basic earnings per share (Sen)	9.97	6.98

b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares, ICULS, Warrants and ESOS.

The ICULS are assumed to have been converted into ordinary shares and net profit for the financial year is adjusted to eliminate the applicable interest expense less the associated tax effect.

In the diluted earnings per share calculation in respect of Warrants, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding Warrants. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the financial year for the Warrants calculation.

In respect of share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the financial year for the share options calculation.

8 Earnings per share (continued)

c) Diluted earnings per share (continued)

	Group	
	2005 RM'000	2004 RM'000
Net profit for the financial year	56,245	37,713
Elimination of interest expense on ICULS, net of tax effect	1,957	2,599
Net profit used to determine diluted earnings per share	58,202	40,312
Weighted average number of ordinary shares in issue	564,284	540,658
Adjustment for conversion of ICULS	61,704	120,000
Adjustment for exercise of Warrants	36,724	40,246
Adjustment for exercise of ESOS	1,073	–
Weighted average number of ordinary shares for diluted earnings per share	663,785	700,904
Diluted earnings per share (sen)	8.77	5.75

9 Share capital

	Note	Group and Company	
		2005 RM'000	2004 RM'000
Ordinary shares of RM1.00 each:			
Authorised			
At 1 January / At 31 December		2,000,000	2,000,000
Issued and fully-paid			
At 1 January		540,658	540,658
Issuance of shares arising from:			
– conversion of ICULS	(a)	58,295	–
– exercise of Warrants	(b)	1,012	–
– exercise of ESOS	(c)	144	–
At 31 December		600,109	540,658

9 Share capital (continued)

During the financial year, the Company increased its issued and paid-up share capital from RM540,658,004 to RM600,109,077 by way of:

- Issuance of 58,295,073 ordinary shares of RM1.00 each through the conversion of 87,442,624 ICULS of RM1.00 each on the basis of two new ordinary share for every three ICULS exercised. The premium arising from the ICULS conversion of RM29,147,551 has been credited to the Share Premium account.
- The issuance of 1,012,000 ordinary shares of RM1.00 each arising from the exercise of 1,012,000 Warrants of RM0.10 each at an exercise price of RM1.10 per Warrant. The premium arising from the exercise of Warrants of RM202,400, including the transfer of proceeds from issuance of Warrants of RM101,200 from warrants reserve, has been credited to the Share Premium account.
- The issuance of 144,000 ordinary shares of RM1.00 each pursuant to the exercise of ESOS at an exercise price of RM1.55 per share. The premium arising from the exercise of ESOS of RM79,200 has been credited to the Share Premium account.

Employee Share Option Scheme ("ESOS")

The Company's ESOS was approved by the shareholders on 7 January 2005 and became effective on 11 January 2005 for a period of five (5) years, expiring on 10 January 2010.

The main features of the ESOS are:

- The total number of ordinary shares to be issued by the Company under the ESOS as approved by the Securities Commission shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- The options granted may be exercised at any time within the option period.
- The exercise price is at a discount of 10% from the weighted average market price of the shares for the five (5) market days preceding the respective dates of offer of the options or the par value of the shares of the Company of RM1.00, whichever is higher.
- Options granted under the ESOS carry no dividend or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with the existing ordinary shares of the Company.
- The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

During the financial year, a total of 45,652,800 ordinary shares of RM1.00 per share were granted to eligible employees (inclusive of Executive Directors) at option prices of RM1.46 and RM1.55 per share.

Set out below are details of options over the ordinary shares of the Company granted under ESOS:

Grant date	Expiry date	Exercise price RM/share	Number of options over ordinary shares of RM1 each				
			At 11 January 2005 (effective date of ESOS) '000	Granted '000	Exercised '000	Lapsed '000	At 31 December 2005
Financial year ended 31 December 2005							
11 January 2005	10 January 2010	1.55	–	22,415	(144)	(329)	21,942
14 December 2005	10 January 2010	1.46	–	23,238	–	–	23,238
			–	45,653	(144)	(329)	45,180
							2005
							'000
Number of share options vested at balance sheet date							45,180

9 Share capital (continued)

Employee Share Option Scheme ("ESOS") (continued)

Details relating to options exercised during the financial year are as follows:

Exercise date	Quoted price of shares at share issue date	Exercise price	Number of shares issued 2005
	RM/share	RM/share	'000
August 2005	1.74	1.55	72
December 2005	1.74	1.55	72
			144
			2005
			RM'000
Ordinary share capital at par			144
Share premium			79
Proceeds received on exercise of share options			223
Fair value at exercise date of shares issued			239

10 Share premium

	Group and Company	
	2005 RM'000	2004 RM'000
At 1 January	27,698	27,698
Arising from:		
– Conversion of ICULS (Note 9(a))	29,148	–
– Exercise of Warrants (Note 9(b))	202	–
– Exercise of ESOS (Note 9(c))	79	–
At 31 December	57,127	27,698

11 Other reserves

	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Merger reserve (Note 12) RM'000	Warrants reserve RM'000	Total RM'000
Group:					
2005:					
At 1 January 2005	1,809	(1,117)	26,337	11,500	38,529
Exercise of Warrants during the financial year	-	-	-	(101)	(101)
At 31 December 2005	1,809	(1,117)	26,337	11,399	38,428
2004:					
At 1 January 2004/ At 31 December 2004	1,809	(1,117)	26,337	11,500	38,529

Warrants reserve/Total RM'000

Company:					
2005:					
At 1 January 2005					11,500
Exercise of Warrants during the financial year					(101)
At 31 December 2005					11,399
2004:					
At 1 January 2004/ At 31 December 2004					11,500

12 Merger reserve

The merger reserve represents the difference between the nominal value of shares issued as consideration for the acquisition in a previous financial year of a subsidiary, Sistem Televisyen Malaysia Berhad ("STMB"), which met the criteria for the use of the merger method of accounting under the provisions of FRS 122 "Business Combinations" (previously known as MASB 21), and the nominal value of the shares of the subsidiary which was acquired.

	Group	
	2005 RM'000	2004 RM'000
Nominal value of shares issued	(263,375)	(263,375)
Less:		
Nominal value of shares in the subsidiary	289,712	289,712
Merger reserve	26,337	26,337

13 Retained earnings

Subject to the agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of all (2004: Nil) its retained earnings at 31 December 2005 without incurring any additional tax liabilities.

14 Irredeemable convertible unsecured loan stocks ("ICULS")

The Company issued 180,000,000 2% five (5) years ICULS on 18 July 2003 at a nominal value of RM1.00 each for cash to finance the acquisition of The New Straits Times Press (Malaysia) Berhad ("NSTP"), which was constituted by a Trust Deed dated 10 July 2003.

The principal terms of the ICULS are as follows:

- a) The face value of the ICULS is RM180 million;
- b) The ICULS bear interest of 2% per annum payable semi-annually in arrears, except for the first payment which was made on 31 December 2003 and the last payment which is due on the maturity date, 18 July 2008. Interest is calculated on the basis of the actual number of days elapsed;
- c) The tenure of the ICULS is five (5) years from the date of issue;
- d) The ICULS are convertible at any time on and after 18 July 2005 into new ordinary shares in the Company at the conversion ratio at RM3.00 nominal value of ICULS to two (2) ordinary shares of RM1.00 each;
- e) The new ordinary shares allotted and issued upon conversion of the ICULS will be considered as fully paid up and will rank pari passu in all respects with the existing ordinary shares of the Company; and
- f) The ICULS are listed on Bursa Malaysia.

During the financial year, 87,442,624 ICULS were converted into ordinary shares in the Company, as disclosed in Note 9(a) to the financial statements. As at 31 December 2005, outstanding ICULS totalling RM92.6 million (2004: RM180 million) have not been exercised.

15 Redeemable unsecured loan stocks ("RULS")

On 31 July 2003, pursuant to the Debt Settlement Agreement under the corporate proposals undertaken by the Group, as part settlement of the debts owing to the Scheme Creditors of a total amount of RM88,634,223, a subsidiary, STMB issued RULS.

The principal terms of the RULS are as follows:

- a) 88,634,223 units of 4.50% five (5) year RULS in STMB issued at 100% nominal amount of RM1.00 each;
- b) The RULS bear interest of 4.50% per annum payable semi-annually in arrears, calculated on the basis of the actual number of days elapsed in a year of 365 days with the last payment of interest to be made on the maturity date of the RULS;
- c) The tenure of the RULS is 5 years from the date of issue; and

- d) The maturity date is the date preceding the fifth anniversary of the date of issue of the RULS.

16 Commercial papers/Medium term notes ("CP/MTN")

On 30 September 2004, the Company issued Commercial Papers ("CP") and Medium Term Notes ("MTN") of RM30 million and RM70 million respectively. The CP/MTN were constituted by a Trust Deed dated 21 September 2004.

The principal terms of the CP/MTN are as follows:

- a) The face value of the CP is RM30 million and the MTN is RM70 million;
- b) The CP are issued at a discount to face value ranging from 2.80% to 3.00% per annum and shall be repayable at par;
- c) The interest on the MTNs of RM30 million and RM40 million are 6.75% and 7.10% per annum respectively, payable semi-annually in arrears, calculated on the basis of the actual number of days elapsed in a year of 365 days with the last payment of interest to be made on the maturity date of the MTNs;
- d) The tenure of the CP/MTN is 5 years from the date of issue; and
- e) The maturity date of the CP is between one (1) to twelve (12) months and the MTN is between twelve (12) to sixty (60) months.

The CP/MTN are secured by the Company's entire shareholdings in STMB and a debt service reserve account of RM2,909,655 (2004: RM2,870,000) (See Note 34(b)).

17 Warrants

On 31 July 2003, the Company issued 115,000,000 detachable Warrants at an issue price of RM0.10 per Warrant, which was constituted by a Trust Deed dated 17 July 2003.

The principal terms of the Warrants are as follows:

- a) 115,000,000 detachable Warrants at an issue price of RM0.10 each;
- b) The exercise price of the Warrants is fixed at RM1.10 per Warrant;
- c) The Warrants may be exercised at any time on or before the maturity date, 31 July 2008, falling five (5) years from the date of issue of the Warrants, 31 July 2003. Unexercised Warrants after the exercise period will thereafter lapse and cease to be valid;

d) The Warrants will rank pari passu without any preference or priority among themselves including in an event of liquidation. In the event the security is insufficient, the outstanding claim will rank pari passu with other unsecured obligation, and

e) The Warrants are listed on Bursa Malaysia.

During the financial year, 1,012,000 Warrants were exercised, as disclosed in Note 9(b) to the financial statements. As at 31 December 2005, outstanding Warrants totalling RM11.4 million (2004: RM11.5 million) have not been exercised.

18 Unsecured Redeemable Exchangeable Bonds ("UREB")

	Group and Company	
	2005	2004
	RM'000	RM'000
5-year 6.35% Unsecured Redeemable Exchangeable Bonds	85,000	-
Less: Transaction costs	(1,500)	-
	83,500	-

On 8 December 2005, the Company issued RM85,000,000 nominal value 5-year 6.35% unsecured redeemable exchangeable bonds for cash for the Group's working capital purposes. The UREB was constituted by a Trust Deed dated 25 November 2005.

The principle terms of the UREB are as follows:

- The face value of the UREB is RM85 million;
- The coupon on the UREB will accrue at 6.35% per annum based on the face value and shall be payable semi-annually in arrears, calculated on the basis of the actual number of days elapsed in a year;

c) The tenure of the UREB is five (5) years from the date of issue;

d) The Company may be at any time after the third (3rd) anniversary of the date of issue, redeem the UREB in whole but not in part at a redemption amount of 101% of its nominal value, plus any accrued and unpaid interest to the date of redemption;

e) The UREB are exchangeable into The New Straits Times Press (Malaysia) Berhad ("NSTP") shares held by the Company, at the election of the bondholders (but subject to the cash settlement option at the election of the Company) at anytime during the Exchange Period, where the Exchange Rights may be exercised by the UREB holders at any time from 30 days after the issuance of the UREB and will end 7 market days prior to the maturity date of the UREB. If the UREB shall have been called for early redemption, the Exchange Period will end 7 market days prior to the early redemption date. The UREB may only be exchanged in a minimum amount of RM250,000 nominal value at the Exchange Price fixed at RM3.78 per NSTP share, being a price set at a premium over the prevailing volume weighted average price ("VWAP") of NSTP shares immediately prior to the price-fixing date; and

f) In the event the UREB holders exercise the Exchange Rights, the Company has the right to provide the UREB holders payment in cash (in whole or in part) in lieu of NSTP shares calculated based on the average of the VWAP of the NSTP shares for 5 market days immediately after, but excluding the date of issuance of the cash settlement notice by the Company.

As at 31 December 2005, 22,486,773 NSTP shares have been placed with the Shares Trustee pursuant to the terms of the Trust Deed.

19 Interest bearing bank borrowings

	Note	Group	
		2005	2004
		RM'000	RM'000
Current:			
Term loans (secured)	(a)	19,296	700
Bank overdrafts (unsecured) (Note 34)	(b)	-	434
		19,296	1,134
Non-current:			
Term loans (secured)	(a)	70,734	20,313
		90,030	21,447

19 Interest bearing bank borrowings (continued)

The currency exposure profile of the above borrowings is as follows:

	Group	
	2005 RM'000	2004 RM'000
Ringgit Malaysia	89,296	20,434
Cedi	734	1,013
	90,030	21,447

a) The term loans are repayable as follows:

	Group	
	2005 RM'000	2004 RM'000
Secured:		
Current:		
Repayable within 12 months	19,296	700
Non-current:		
Repayable after 12 months:		
– between 1 and 2 years	-	19,300
– between 2 and 5 years	56,734	1,013
– after 5 years	14,000	-
	70,734	20,313
	90,030	21,013

During the financial year, the interest rates for the secured term loan was 6.00% (2004: 6.00%) per annum for the Group. As at 31 December 2005, the effective interest rates for the secured term loans was Nil (2004: 6.00% per annum) for the term loan repayable between 1 and 2 years and ranged from 8.25% to 30.00% (2004: 30.00% per annum) for the term loan repayable between 2 and 5 years for the Group.

The term loans as at the financial year end are secured over the property, plant and equipment of the subsidiaries that carry a net book value of RM37.5 million (2004: RM4.5 million).

b) Bank overdrafts

The interest rates for the financial year was 8.00% (2004: 8.00%) per annum for the Group. As at 31 December 2005, the effective interest rate applicable to bank overdrafts was Nil (2004: 8.00% to 8.25%) per annum for the Group.

20 Hire-purchase and lease creditors

This represents future instalments under hire-purchase and lease agreements, repayable as follows:

	Group	
	2005	2004
	RM'000	RM'000
Finance lease liabilities:		
Minimum lease payments:		
– not later than 1 year	361	2,843
– later than 1 year and not later than 5 years	316	244
– later than 5 years	90	–
	767	3,087
Future finance charges on finance leases	(123)	(334)
Present value of finance lease liabilities	644	2,753
Present value of finance lease liabilities:		
– not later than 1 year	307	2,535
– later than 1 year and not later than 5 years	235	218
– later than 5 years	102	–
	644	2,753
Analysed as:		
Due within 1 year (Note 21)	307	2,535
Due after 1 year	337	218
	644	2,753

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

As at 31 December 2005, the effective interest rate applicable to the lease liabilities ranged from 2.70% to 7.00% per annum (2004: 7.00%) for the Group. The entire balance is denominated in Ringgit Malaysia.

21 Trade and other payables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-current:				
Trade payables	3,770	-	-	-
Programme rights payables	4,219	-	-	-
	7,989	-	-	-
Other payables	44,682	-	30,000	-
	52,671	-	30,000	-
Current:				
Trade payables	39,929	32,298	-	-
Programme rights payables	22,042	9,527	1,297	2,273
	61,971	41,825	1,297	2,273
Trade accruals	18,665	12,300	-	-
Other accruals	87,932	24,144	1,828	1,381
Other payables	93,796	21,652	38,837	2,588
Hire-purchase and lease creditors (Note 20)	307	2,535	-	-
	262,671	102,456	41,962	6,242

The currency profile of trade and programme rights payables is as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Ringgit Malaysia	54,314	37,781	1,074	1,141
US Dollar	15,646	4,016	223	1,132
Euro	-	28	-	-
	69,960	41,825	1,297	2,273

Credit terms of trade payables ranging from 45 days to 90 days (2004: 45 days to 90 days).

The non-current payables represent the outstanding balance of a newly acquired subsidiary amounting to RM22,670,774 owing to unsecured scheme creditors pursuant to a debt restructuring scheme. The outstanding balance is payable semi-annually over a period of three (3) years and bears interest of 4.00% per annum on a reducing balance basis.

Included in other payables of the Group and of the Company is outstanding purchase consideration for the acquisition of subsidiaries during the financial year of RM35 million and RM30 million payable within a year and between one and three years respectively (See Note 35). The amount payable between one and three years of RM30 million has not been fair valued as the impact on the financial statements is immaterial.

22 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2005	2004
	RM'000	RM'000
Deferred tax assets		
– Subject to income tax	2,420	3,900
Deferred tax liabilities		
– Subject to capital gains tax	(704)	(704)

The movement in deferred tax assets and liabilities of the Group during the financial year is as follows:

	Group	
	2005	2004
	RM'000	RM'000
At 1 January	3,196	(855)
Credited/(charged) to income statement (Note 7)		
– Property, plant and equipment	(806)	1,142
– Intangible assets	(428)	6,157
– Allowances and provisions	(246)	(3,248)
	(1,480)	4,051
At 31 December	1,716	3,196

22 Deferred taxation (continued)

Subject to income tax:

	Group	
	2005 RM'000	2004 RM'000
Deferred tax assets (before offsetting)		
– Property, plant and equipment	–	777
– Intangible assets	2,293	2,721
– Allowances and provisions	156	402
	2,449	3,900
Offsetting	(29)	–
Deferred tax assets (after offsetting)	2,420	3,900
Deferred tax liabilities (before offsetting)		
– Property, plant and equipment	(29)	–
Offsetting	29	–
Deferred tax liabilities (after offsetting)	–	–

Subject to capital gains tax:

	Group	
	2005 RM'000	2004 RM'000
Deferred tax liabilities		
– Revaluation of land and buildings	(704)	(704)

The amount of deductible temporary differences, unused tax losses, and unutilised capital allowances (all of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet is as follows:

	Group	
	2005 RM'000	2004 RM'000
Unused tax losses	284,496	107,404
Unutilised capital allowances	83,265	35,970
Deductible temporary differences	69,695	15,120
	437,456	158,494
Deferred tax assets not recognised at 28%	122,488	44,378

23 Property, plant and equipment

	Freehold land at cost RM'000	Long term leasehold land at valuation RM'000	Long term leasehold land at cost RM'000	Buildings at valuation RM'000	Buildings at cost RM'000	Plant and machinery at cost RM'000	Cinema at cost RM'000	Broadcasting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture & fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improvement at cost RM'000	Assets under construction at cost RM'000	Total RM'000
Group															
2005:															
Cost/valuation															
At 1 January															
2005	1,340	316	28,611	5,859	97,119	839	2,382	301,792	623	45,642	1,751	6,771	28,558	157	521,760
Reclassified to investment properties	(1,037)	-	(28,573)	-	(92,784)	-	(2,382)	-	-	-	-	-	-	-	(124,776)
Additions	-	-	-	-	-	-	-	29,804	1,775	5,009	184	3,378	509	-	40,659
Disposals	-	-	-	-	-	-	-	(266)	-	(281)	-	(536)	-	-	(1,083)
Write off	-	-	-	-	-	-	-	-	-	(147)	(1,011)	-	-	-	(1,158)
Acquisition of subsidiaries (Note 35)	10,065	-	-	-	37,294	-	-	129,591	12,110	12,276	13,137	2,644	-	-	217,117
At 31 December 2005	10,368	316	38	5,859	41,629	839	-	460,921	14,508	62,499	14,061	12,257	29,067	157	652,519
Accumulated depreciation															
At 1 January															
2005	-	47	2,679	1,465	11,234	839	462	242,787	519	34,109	579	5,672	19,235	-	319,627
Reclassified to investment properties	-	-	(2,674)	-	(10,487)	-	(462)	-	-	-	-	-	-	-	(13,623)
Charge for the financial year	-	6	-	205	-	-	-	15,287	23	4,095	232	667	1,727	-	22,242
Disposals	-	-	-	-	-	-	-	(217)	-	(85)	-	(345)	-	-	(647)
Write off	-	-	-	-	-	-	-	-	-	(100)	(470)	-	-	-	(570)
Acquisition of subsidiaries (Note 35)	-	-	-	-	8,386	-	-	72,308	10,132	8,632	12,810	1,735	-	-	114,003
At 31 December 2005	-	53	5	1,670	9,133	839	-	330,165	10,674	46,651	13,151	7,729	20,962	-	441,032

23 Property, plant and equipment (continued)

	Freehold land at cost RM'000	Long term leasehold land at valuation RM'000	Long term leasehold land at cost RM'000	Buildings at valuation RM'000	Buildings at cost RM'000	Plant and machinery at cost RM'000	Cinema at cost RM'000	Broadcasting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture & fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improvement at cost RM'000	Assets under construction at cost RM'000	Total RM'000
Group															
2005:															
Accumulated impairment losses															
At 1 January 2005	482	-	7,308	-	23,902	-	-	6,950	-	2,310	-	-	-	-	40,952
Reclassified to investment properties	(482)	-	(7,308)	-	(23,902)	-	-	-	-	-	-	-	-	-	(31,692)
Acquisition of Subsidiaries (Note 35)	3,265	-	-	-	5,618	-	-	29,823	-	1,787	-	910	-	-	41,403
At 31 December 2005	3,265	-	-	-	5,618	-	-	36,773	-	4,097	-	910	-	-	50,663
Net book value															
At 31 December 2005	7,103	263	33	4,189	26,878	-	-	93,983	3,834	11,751	910	3,618	8,105	157	160,824

23 Property, plant and equipment (continued)

	Freehold land at cost RM'000	Long term leasehold land at valuation RM'000	Long term leasehold land at cost RM'000	Buildings at valuation RM'000	Buildings at cost RM'000	Plant and machinery at cost RM'000	Cinema at cost RM'000		Broadcasting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture & fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improvement at cost RM'000	Assets under construction at cost RM'000	Total RM'000
Group																
2004:																
Cost/valuation																
At 1 January																
2004	1,055	316	28,969	5,859	99,326	3,266	2,382		291,010	511	44,706	1,660	7,992	28,361	157	515,570
Additions	285	-	111	-	1,176	-	-		10,785	112	2,128	135	588	197	-	15,517
Assets written off	-	-	-	-	-	-	-		-	-	(114)	-	-	-	-	(114)
Disposals	-	-	-	-	(250)	-	-		(3)	-	(115)	-	(1,714)	-	-	(2,082)
Disposal of subsidiaries	-	-	(469)	-	(3,133)	(2,427)	-	-		-	(963)	(44)	(95)	-	-	(7,131)
At 31 December 2004	1,340	316	28,611	5,859	97,119	839	2,382		301,792	623	45,642	1,751	6,771	28,558	157	521,760
Accumulated depreciation																
At 1 January																
2004	-	41	2,499	1,260	10,605	3,266	415		227,168	511	31,310	450	6,700	17,659	-	301,884
Charge for the financial year	-	6	225	205	1,504	-	47		15,622	8	3,886	173	433	1,576	-	23,685
Assets written off	-	-	-	-	-	-	-		-	-	(67)	-	-	-	-	(67)
Disposals	-	-	-	-	(25)	-	-		(3)	-	(102)	-	(1,366)	-	-	(1,496)
Disposal of subsidiaries	-	-	(45)	-	(850)	(2,427)	-	-		-	(918)	(44)	(95)	-	-	(4,379)
At 31 December 2004	-	47	2,679	1,465	11,234	839	462		242,787	519	34,109	579	5,672	19,235	-	319,627

23 Property, plant and equipment (continued)

	Freehold land at cost RM'000	Long term leasehold land at valuation RM'000	Long term leasehold land at cost RM'000	Buildings at valuation RM'000	Buildings at cost RM'000	Plant and machinery at cost RM'000	Cinema at cost RM'000	Broadcasting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture & fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improvement at cost RM'000	Assets under construction at cost RM'000	Total RM'000
Group															
2004:															
Accumulated impairment losses															
At 1 January															
2004	482	-	7,308	-	26,185	-	-	6,950	-	2,310	-	-	-	-	43,235
Disposal of subsidiaries	-	-	-	-	(2,283)	-	-	-	-	-	-	-	-	-	(2,283)
At 31															
December															
2004	482	-	7,308	-	23,902	-	-	6,950	-	2,310	-	-	-	-	40,952
Net book value															
At 31															
December															
2004	858	269	18,624	4,394	61,983	-	1,920	52,055	104	9,223	1,172	1,099	9,323	157	161,181

23 Property, plant and equipment (continued)

	Company	
	2005 RM'000	2004 RM'000
Company		
Office equipment, furniture & fittings		
Cost		
At 1 January	7	-
Additions	4	7
At 31 December	11	7
Accumulated depreciation		
At 1 January	1	-
Charge for the financial year	3	1
At 31 December	4	1
Net book value		
At 31 December	7	6

a) Long term leasehold land and buildings of a subsidiary were last revalued by the Directors on 20 September 1996 based on valuations carried out by professional valuers to reflect market value for existing use. The book values of the leasehold land and buildings were adjusted to the revalued amounts and the resultant surpluses were credited to revaluation reserve.

b) The net book value of revalued long term leasehold land and buildings of the Group that would have been included in the financial statements, had these assets been carried at cost less accumulated depreciation, is RM1,895,000 (2004: RM1,985,000).

c) The value of property, plant and equipment of the Group includes the following assets acquired under hire-purchase and finance lease agreements:

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Group			
2005:			
Broadcasting, transmission and production equipment	11,000	6,233	4,767
Motor vehicles	380	34	346
	11,380	6,267	5,113
2004:			
Broadcasting, transmission and production equipment	11,000	5,133	5,867
Motor vehicles	122	76	46
	11,122	5,209	5,913

23 Property, plant and equipment (continued)

- d) Included in accumulated impairment losses is an amount of RM27,436,000 relating to a property (leasehold land and building) of a subsidiary, for which the recoverable amount using the selling price which was based on an independent professional valuation report was lower than the carrying amount. The property has been reclassified to investment properties during the financial year. (See Note 24)

24 Investment properties

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Cinema RM'000	Total RM'000
Group					
2005					
Cost					
At 1 January 2005	-	-	-	-	-
Reclassified from property, plant and equipment	1,037	28,573	92,784	2,382	124,776
At 31 December 2005	1,037	28,573	92,784	2,382	124,776
Accumulated depreciation					
At 1 January 2005	-	-	-	-	-
Reclassified from property, plant and equipment	-	2,674	10,487	462	13,623
Charge for the financial year	-	225	1,356	48	1,629
At 31 December 2005	-	2,899	11,843	510	15,252
Accumulated impairment losses					
At 1 January 2005	-	-	-	-	-
Reclassified from property, plant and equipment	482	7,308	23,902	-	31,692
At 31 December 2005	482	7,308	23,902	-	31,692
Net book value					
At 31 December 2005	555	18,366	57,039	1,872	77,832

During the financial year, the above properties which are not occupied by the Group and are used to earn rentals or for capital appreciation, were reclassified from property, plant and equipment to investment properties.

25 Subsidiaries

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	430,481	270,375

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Interest in equity	
			2005 %	2004 %
Sistem Televisyen Malaysia Berhad ("STMB")	Malaysia	Commercial television broadcasting	100	100
Merit Idea Sdn Bhd	Malaysia	Investment holding	80	80
Grand Brilliance Sdn Bhd ("GBSB")	Malaysia	Production of motion picture films, acquiring ready made films from local producers and production houses and investment holding	100	100
Tiga Events Sdn Bhd	Malaysia	Promotion and marketing of sports events and production of sports events	100	100
Esprit Assets Sdn Bhd	Malaysia	Property investments and provision of property management services	100	100
Animated & Production Techniques Sdn Bhd	Malaysia	Dormant	100	100
Newslink Asia Sdn Bhd	Malaysia	Dormant	100	100
Ambang Klasik Sdn Bhd	Malaysia	Dormant	100	100
Amity Valley Sdn Bhd	Malaysia	Investment holding	100	100
Able Communications Sdn Bhd	Malaysia	Dormant	100	100
Ch-9 Media Sdn Bhd *	Malaysia	Commercial television broadcasting (temporarily ceased operations in February 2005)	100	-
Natseven TV Sdn Bhd * ^	Malaysia	Commercial television broadcasting	100	-
Synchrosound Studio Sdn Bhd * ^	Malaysia	Film, television, post production and music recording	100	-
Encorp Media Technology Sdn Bhd * ^	Malaysia	Selling and marketing of advertising space and e-commerce (temporarily ceased operations in October 2005)	100	-
Perintis Layar Sdn Bhd *	Malaysia	Investment holding	100	-

25 Subsidiaries (continued)

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Interest in equity	
			2005 %	2004 %
Held by Perintis Layar Sdn Bhd				
Max-Airplay Sdn Bhd *	Malaysia	Radio broadcasting	75	-
Held by Merit Idea Sdn Bhd				
Metropolitan TV Sdn Bhd	Malaysia	Commercial television broadcasting	99.5	99.5
Held by Ambang Klasik Sdn Bhd				
Booty Studio Production Sdn Bhd	Malaysia	Dormant	60	60
Held by Grand Brilliance Sdn Bhd				
Cineart Enterprises Sdn Bhd	Malaysia	Dormant	100	100
Held by Cineart Enterprises Sdn Bhd				
Cineart International Hong Kong Ltd #	Hong Kong	Dormant	-	100
Held by Amity Valley Sdn Bhd				
Gama Media International (BVI) Ltd	British Virgin Island	Investment holding	100	100
Held by Gama Media International (BVI) Ltd				
Gama Film Company Limited ^	Republic of Ghana	Film production, pre and post production, audio/video recording and duplication, video exhibition and distribution	70	70
TV3 Network Limited ^	Republic of Ghana	Media and communication businesses, managerial services and operation of free-to-air television service	70	70
Cableview Network Limited ^	Republic of Ghana	Dormant	70	70
Gama Media Systems Limited ^	Republic of Ghana	Dormant	70	70

* Acquired during the financial year

Deregistered during the financial year

^ Audited by a firm other than PricewaterhouseCoopers, Malaysia

26 Associates

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unquoted shares, at cost	49	49	-	-
Share of post acquisition results	(49)	(49)	-	-
	-	-	-	-
Quoted shares, at cost	399,651	399,651	399,651	399,651
Share of post acquisition results	7,085	5,102	-	-
Goodwill on acquisition written off	(88,763)	(88,763)	-	-
	317,973	315,990	399,651	399,651
	317,973	315,990	399,651	399,651

	Group	
	2005 RM'000	2004 RM'000
Share of net assets of associates	317,973	315,990

Details of the associates, all of which are incorporated in Malaysia, are as follows:

Name of company	Principal activities	Interest in equity	
		2005 %	2004 %
The New Straits Times Press (Malaysia) Berhad	Publishing and sale of newspaper and investment holding	43.29	43.29
System Network Nusantara Sdn Bhd	Dormant	49	49

27 Investments

	Group	
	2005 RM'000	2004 RM'000
At cost:		
Shares in corporations, quoted in Malaysia	288	288
Less: Allowance for diminution in value	(188)	(167)
	100	121
Units in property and unit trusts, quoted in Malaysia	5,210	5,210
Less: Allowance for diminution in value	(3,028)	(2,948)
	2,182	2,262
Shares in corporations, unquoted	20,381	20,381
Less: Allowance for diminution in value	(20,245)	(20,245)
	136	136
Club membership, unquoted	70	70
	2,488	2,589
At market value:		
Quoted shares	128	133
Quoted property and unit trusts	2,223	2,310

28 Intangible assets

	Group	
	2005 RM'000	2004 RM'000
Programmes and film rights:		
At 1 January	25,143	16,342
Additions during the financial year	118,304	106,729
Acquisition of subsidiaries (Note 35)	6,901	-
	150,348	123,071
Amortisation during the financial year	(115,337)	(96,871)
Write down during the financial year	(1,168)	(1,057)
At 31 December	33,843	25,143

29 Amounts due from subsidiaries

The non-current amount due from a subsidiary in the previous financial year was denominated in Ringgit Malaysia, unsecured and bore interest at rates ranging from 5.00% to 7.50% per annum. The amount was reclassified to current assets during the current financial year.

The current amounts due from subsidiaries are denominated in Ringgit Malaysia, unsecured, interest free and have no fixed terms of repayment. Included in amounts due from subsidiaries is a loan denominated in Ringgit Malaysia of RM99 million which bears interest at 5.00% (2004: 5.00% - 7.50%) per annum.

30 Trade and other receivables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables	192,883	136,026	2,625	-
Less: Allowance for doubtful debts	(54,890)	(28,812)	-	-
	137,993	107,214	2,625	-
Deposits	3,198	2,406	-	-
Tax recoverable	717	582	-	-
Prepayments	15,540	14,088	360	207
Other receivables	167,889	162,216	5	5
	187,344	179,292	365	212
Less: Allowance for doubtful debts	(164,615)	(158,516)	-	-
	22,729	20,776	365	212
	160,722	127,990	2,990	212

The currency exposure profile of trade receivables is as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Ringgit Malaysia	179,246	121,582	2,625	-
US Dollar	13,637	14,444	-	-
	192,883	136,026	2,625	-

Credit terms of trade receivables are 90 days (2004: 90 days).

31 Inventories

	Group	
	2005 RM'000	2004 RM'000
At cost:		
Consumable spares	426	378
Events-in-progress	766	709
	1,192	1,087

32 Deposits, cash and bank balances

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and bank balances	45,700	14,740	9,901	3,368
Deposits with licensed financial institutions:				
– Deposits with licensed banks	17,304	20,986	3,118	3,000
– Deposits with licensed finance companies	948	32,007	–	16,032
– Deposits with discount houses	–	76,322	–	41,173
– Deposits with other licensed financial institutions	2,000	–	–	–
	20,252	129,315	3,118	60,205
Deposits, cash and bank balances (Note 34)	65,952	144,055	13,019	63,573

The currency exposure profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Ringgit Malaysia	63,946	142,656	13,019	63,573
US Dollar	2,006	1,399	–	–
	65,952	144,055	13,019	63,573

During the financial year, the interest rates for the deposits ranged from 2.70% to 3.00% (2004: 2.50% to 3.00%) per annum for the Company and for the Group. As at 31 December 2005, the effective interest rates for the deposits ranged from 2.70% to 3.00% (2004: 2.50% to 3.00%) per annum for the Company and for the Group.

Fixed deposits with licensed financial institutions have a maturity period ranging between 30 days to 60 days (2004: 30 days to 60 days).

Bank balances are deposits held at call with banks and earn no interest.

33 Amounts due to a subsidiary and associates

The amounts due to a subsidiary and associates are denominated in Ringgit Malaysia, unsecured, interest free and have no fixed terms of repayment.

34 Cash and cash equivalents

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deposits, cash and bank balances (Note 32)	65,952	144,055	13,019	63,573
Less:				
Restricted deposits:				
– Deposits with a licensed bank	(2,984)	(4,870)	(2,909)	(2,870)
– Deposits with a licensed finance company	(948)	(948)	-	-
	(3,932)	(5,818)	(2,909)	(2,870)
	62,020	138,237	10,110	60,703
Less: Bank overdrafts (Note 19)	-	(434)	-	-
	62,020	137,803	10,110	60,703

Bank balances at the end of the financial year include the following deposits which are not available for use by the Group and the Company:

- Deposits with a licensed bank, amounting to RM74,000 (2004: RM2,000,000), which have been placed with the licensed bank for bank guarantee facilities extended to the Group;
- Deposits with a licensed bank, amounting to RM2,909,655 (2004: RM2,870,000), which have been placed with a licensed bank as a debt service reserve account in relation to the issuance of Commercial Papers and Medium Term Notes of the Company; and
- Deposits with a licensed finance company, amounting to RM948,162 (2004: RM948,162), which have been placed with a licensed finance company pending the completion of the installation of certain equipment of the Group.

35 Acquisition of subsidiaries

During the financial year, the Company/Group acquired the following subsidiaries:

a) Perintis Layar Sdn Bhd / Max-Airplay Sdn Bhd

On 28 April 2005, MPB entered into a Sale of Shares Agreement ("SSA") to acquire the entire equity interest in Perintis Layar Sdn Bhd ("PLSB"), which holds 75% interest in Max-Airplay Sdn Bhd ("Max-Airplay") for a consideration of RM2. Max-Airplay operates the radio station Fly.FM. As a result of the acquisition, the Company effectively acquired 75% equity interest in Max-Airplay. The acquisition was completed on 29 April 2005.

b) Ch-9 Media Sdn Bhd

On 10 June 2005, the Company entered into a Sale of Shares Agreement ("SSA") to acquire the entire equity interest in Ch-9 Media Sdn Bhd ("Ch-9") for a total purchase consideration of RM70 million, satisfied by the following:

- Cash consideration of RM41.44 million; and
- Settlement of Ch-9's shareholders' advances of RM28.56 million owing by Ch-9 to former shareholders.

This acquisition was completed on 23 September 2005.

c) Natseven TV Sdn Bhd ("ntv7") / Synchrosound Studio Sdn Bhd ("Synchrosound") / Encorp Media Technology Sdn Bhd ("EMT")

On 27 October 2005, the Company entered into a Sale and Purchase Agreement ("SPA") and a separate Sale and Purchase Agreement ("0.83% SPA") to acquire 99.17% and 0.83% equity interest respectively in ntv7 for a total cash consideration of RM89.25 million and RM0.75 million respectively.

On 27 October 2005, the Company entered into a SPA to acquire the entire equity interest in Synchrosound and EMT for a cash consideration of RM10 each. Synchrosound operates the radio station WA.FM (now known as Hot.FM).

The acquisitions were completed on 30 December 2005.

35 Acquisition of subsidiaries (continued)

The effect of these acquisitions on the financial results of the Group during the financial year is shown below:

	2005
	RM'000
Revenue	127
Expenses excluding finance costs and taxation	(5,974)
Loss from operations	(5,847)
Finance costs	(52)
Loss before taxation	(5,899)
Taxation	-
Net loss after taxation	(5,899)
Minority interests	842
Net loss for the financial year	(5,057)

The effect of these acquisitions on the financial position of the Group as at 31 December 2005 is as follows:

	2005
	RM'000
Property, plant and equipment	63,185
Intangible assets	6,901
Trade and other receivables	23,722
Cash and bank balances	8,078
Trade and other payables	(255,791)
Current tax liabilities	(638)
Borrowings	(70,000)
Net liabilities	(224,543)
Minority interests	902
Decrease in Group's net assets	(223,641)

35 Acquisition of subsidiaries (continued)

Details of net assets acquired, goodwill and cash flow arising from these acquisitions are as follows:

	At date of acquisition RM'000
Property, plant and equipment (Note 23)	61,711
Intangible assets (Note 28)	6,901
Trade and other receivables	35,231
Cash and bank balances	6,594
Trade and other payables	(245,334)
Current tax liabilities	(638)
Borrowings	(70,000)
Minority interests	60
Group's share of net liabilities	(205,475)
Goodwill on acquisition	365,475
Cost of acquisition	160,000
Total purchase consideration	160,000
Less: Outstanding purchase consideration (Note 21)	(65,000)
Purchase consideration discharged by cash	95,000
Less: Cash and cash equivalents of subsidiaries acquired	(6,594)
Cash outflow of the Group on acquisition	88,406
Cash outflow of the Company on acquisition	95,000

Goodwill arising on these acquisitions has been written off against the Group's revenue reserve.

There were no acquisitions in the prior financial year.

35 Acquisition of subsidiaries (continued)

d) Acquisition of subsidiaries through internal restructuring

During the financial year, the Company had acquired the entire equity interest in the following subsidiaries from STMB, a wholly-owned subsidiary, for a total purchase consideration of RM105,570, pursuant to a Group's internal restructuring exercise. Set out below are the details of the subsidiaries acquired:

Company name	Effective date of acquisition	Equity interest acquired	Purchase consideration RM
Animated & Production Techniques Sdn Bhd	4 January 2005	100%	1
Newslink Asia Sdn Bhd	4 January 2005	100%	1
Grand Brilliance Sdn Bhd	28 March 2005	100%	1
Tiga Events Sdn Bhd	28 March 2005	100%	105,563
Esprit Assets Sdn Bhd	28 March 2005	100%	1
Amity Valley Sdn Bhd	28 March 2005	100%	1
Able Communications Sdn Bhd	28 March 2005	100%	1
Ambang Klasik Sdn Bhd	28 March 2005	100%	1
			105,570

The above has no significant effect on the financial results and financial position of the Group as at 31 December 2005.

36 Disposal of subsidiaries

In the previous financial year, the Group via its subsidiary, STMB and STMB's subsidiary, GBSB, disposed of their entire equity interest in Mercury Entertainment (M) Sdn Bhd group ("MESB group") and Layar Opera Sdn Bhd ("LOSB"), both of which operate in Malaysia for cash considerations of RM2,640,000 and RM1 respectively. The effective date of the disposals of MESB group and LOSB was 30 April 2004.

The effects of the disposals on the Group's financial results in the previous financial year were as follows:

	2004 RM'000
Revenue	-
Other income	814
Expenses excluding finance cost and taxation	(20)
Profit from operations	794
Finance cost and taxation	(125)
Profit after taxation	669

The cash flows attributable to MESB group and LOSB in the previous financial year were as follows:

	2004 RM'000
Operating activities	(110)
Investing activities	-
Net cash flow on disposal	2,198
Total cash flows	2,088

36 Disposal of subsidiaries (continued)

The effects of the disposals on the financial position of the Group at the date of disposal were as follows:

	At date of disposal RM'000
Property, plant and equipment (Note 23)	469
Trade and other receivables	6,622
Cash and bank balances	7
Bank overdraft	(1,941)
Trade and other payables	(5,045)
Net assets	112
Total sales consideration	2,640
Net gain on disposal	2,528
Total sales consideration	2,640
Cash and cash equivalents of subsidiaries disposed	1,934
	4,574
Amount receivable (included under other receivables)	(2,376)
Net cash flow from disposal of subsidiaries	2,198

37 Cash flows generated from operations

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Net profit for the financial year	56,245	37,713	53,770	4,474
Adjustments for:				
Programmes and film rights				
– Amortisation	115,337	96,871	–	–
– Written down	1,168	1,057	–	–
Property, plant and equipment				
– Depreciation	22,242	23,685	3	1
– Write off	588	47	–	–
– (Gain)/loss on disposals	(185)	8	–	–
Investment properties				
– Depreciation	1,629	–	–	–
Interest expenses	14,883	17,928	8,766	11,792
Prepaid expenditure written off	284	283	–	–
Gain on disposal of subsidiaries	–	(2,528)	–	–
Loss on disposal of an associate	–	70	–	–
Allowance for diminution in value of quoted investments	101	46	–	–
Gain on waiver of amount due to an associate	–	(683)	–	–
Share of profit of an associate	(12,684)	(5,106)	–	–
Dividend income	(121)	(180)	(80,080)	(6,300)
Interest income	(2,438)	(3,542)	(5,716)	(8,082)
Taxation	16,839	15,576	22,614	1,960
Minority interests	(1,451)	(3,857)	–	–
	156,192	139,675	(54,413)	(629)
	212,437	177,388	(643)	3,845
Changes in working capital:				
Inventories	(105)	(859)	–	–
Receivables	(1,156)	(28,427)	(2,779)	(207)
Payables	(138,870)	(109,091)	381	2,664
Subsidiaries	–	–	(16,986)	(11,282)
Associates	170	(676)	–	–
Restricted bank balances	1,886	(2,885)	(40)	(2,870)
	(138,075)	(141,938)	(19,424)	(11,695)
Cash flows generated from operations	74,362	35,450	(20,067)	(7,850)

38 Non-cash transactions

Certain property, plant and equipment of the Group acquired during the financial year were obtained through contra arrangements with customers and by means hire-purchase arrangements, amounting to RM1,861,911 and RM340,999 (2004: RM2,397,689 and Nil) respectively.

39 Dividends in respect of ordinary shares

The Directors recommend the payment of a final gross dividend of 2 sen per share (2004: Nil) on 600,109,077 ordinary shares, less income tax of 28%, amounting to RM8,641,571 (2004: Nil) which, subject to the approval of members at the forthcoming

Annual General Meeting of the Company, will be paid on 18 August 2006 to shareholders registered on the Company's Register of Members at the close of business on 31 July 2006.

These financial statements do not reflect this final dividend which will be accounted for in shareholders' funds as an appropriation of retained earnings in the financial year ending 31 December 2006 when approved by shareholders.

40 Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions which were carried out on terms and conditions attainable in transactions with unrelated parties.

Name of company	Relationship	Group	
		2005 RM'000	2004 RM'000
The New Straits Times Press (Malaysia) Berhad	An associate of the Company		
a. Placement of advertisements with: The New Straits Times Press (M) Bhd		747	2,744
b. Sale of advertisements to: The New Straits Times Press (M) Bhd		59	1,574

41 Commitments

a) Capital commitments

	Group	
	2005 RM'000	2004 RM'000
Capital commitments, approved but not contracted for		
- Property, plant and equipment	49,523	31,921
- Programmes and film rights	122,070	75,987
	171,593	107,908
Share of an associate's capital commitments	22,669	13,382

b) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2005 RM'000	2004 RM'000
- Not later than 1 year	9,212	9,014
- Later than 1 year and not later than 5 years	34,610	40,838
- Later than 5 years	3,875	6,859
	47,697	56,711

The operating lease commitments relate to the rental of the Company's registered office and principal place of business as disclosed in Note 1 to the financial statements.

42 Contingent liabilities

a) Material litigation

- i) A claim of RM60 million (2004: RM60 million) for defamation action was brought against a subsidiary, STMB, for words mentioned during its news programme in 1997. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
- ii) A claim of RM100 million (2004: RM100 million) for defamation action was brought against STMB for words mentioned and visual broadcasting during its news programme in 1998. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
- iii) A claim of RM24 million (2004: RM24 million) for an alleged breach of contract for the marketing of STMB's Tamil belt programme was brought against STMB in 2002. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
- iv) A claim for defamation was brought against a subsidiary, ntv7, for statements made during its programme in 2003. The Directors are of the opinion, based on legal advice, that there are merits in NTV's defence to the action.

v) A claim under Section 20 of the Industrial Relations Act, 1967 by 22 former employees of ntv7 was made against ntv7, claiming that a retrenchment exercise which was carried out by ntv7 on 31 October 1998 was unfair and that they be reinstated to their former positions without any loss of salary or contractual benefits. The Directors are of the opinion, based on legal advice, that it is premature to deduce the outcome of this case at this juncture.

vi) A claim of RM100 million for defamation action was brought against a subsidiary, ntv7, for visual images and statements made during its programme in 2004. The Directors are of the opinion, based on legal advice, that there are merits in ntv7's defence to the action.

b) The Group is a defendant in various other legal actions with contingent liabilities amounting to approximately RM10 million (2004: RM7 million). The Directors are of the opinion, after taking appropriate legal advice, that the outcome of such actions will not give rise to any significant loss.

c) The Group's share of an associate's contingent liabilities is as follows:

	Group	
	2005	2004
	RM'000	RM'000
Contingent liabilities	-	2,251

43 Segmental analysis

a) Primary reporting format – business segment

The Group operates primarily within one business segment, namely commercial television broadcasting and related services.

Other operations of the Group consist of the activities set out in Note 1 to the financial statements, none of which are of a sufficient size to be reported separately.

b) Secondary reporting format – geographical segment

The group operates in two main geographical areas as shown below:

Group	Revenue RM'000	Capital expenditure RM'000	Total segment assets*
			RM'000
2005:			
Malaysia	378,795	38,049	794,575
Republic of Ghana	20,894	2,610	28,833
	399,689	40,659	823,408
2004:			
Malaysia	314,813	14,390	756,703
Republic of Ghana	13,592	1,127	24,333
	328,405	15,517	781,036

* Excludes deferred tax assets

44 Fair value of financial instruments for disclosure purposes

The fair value of a financial instrument is assumed to be the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Quoted market prices, when available, are used as a measure of fair values. However, for a significant portion of the Group's and Company's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented

are estimates derived using the net present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

The carrying values of financial assets and financial liabilities of the Group and Company at the balance sheet date approximated their fair values, except as set out below:

	2005		2004	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Group				
Investments				
– Quoted shares	100	128	121	133
– Quoted property and unit trusts	2,182	2,223	2,262	2,310
– Unquoted investments	206	*	206	*
ICULS	92,557	102,739	180,000	179,100
Medium term notes	70,000	75,554	70,000	76,655
UREB	83,500	90,279	–	–
RULS	88,634	86,848	88,634	86,317
Term loans (secured) (non-current)	70,734	58,857	20,313	21,576
Hire-purchase and lease creditors	644	631	2,753	2,739
Trade and other payables (non-current)	52,671	49,743	–	–
Company				
ICULS	92,557	102,739	180,000	179,100
Medium term notes	70,000	75,554	70,000	76,655
UREB	83,500	90,279	–	–
Trade and other payables (non-current)	30,000	27,194	–	–

* It is not practicable to estimate the fair value of the Group's unquoted investments because of the lack of reference market prices and the inability to estimate fair value without incurring excessive costs. However, the carrying amounts recorded are not anticipated to differ significantly from their fair values at the balance sheet date.

45 Financial risk management

The Group's activities expose it to a variety of financial risks, including:

- foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates
- interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates
- cash flow risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value
- market risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market
- credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss
- liquidity risk (funding risk) – risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

a) Foreign currency exchange risk

The Group operates internationally and is exposed to currency risk as a result of the foreign currency transactions entered into with companies in currencies other than their functional currency.

The exposure of the Group to currency fluctuations of Ringgit Malaysia to the US Dollar is minimal. The exposures of the Group to other currency fluctuations are minimal.

b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debt.

c) Market risk

For key product purchases, the Group establishes floating and fixed priced levels that the Group considers acceptable and enters into physical supply agreements, where necessary, to achieve these levels.

d) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

The Group has no significant concentrations of credit risk except that the majority of its deposits are placed with major financial institutions in Malaysia.

The Group trades with a large number of customers who are nationally and internationally dispersed but within the commercial television broadcasting industry. Due to these factors, management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

e) Liquidity risk and cash flow risk

The Group manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding requirements are met.

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

46 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 8 March 2006.

statement by directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Abdul Mutalib bin Datuk Seri Mohamed Razak and Abdul Rahman Ahmad, two of the Directors of Media Prima Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 77 to 132 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 March 2006.

Dato' Abdul Mutalib bin Datuk Seri Mohamed Razak
Chairman

Abdul Rahman Ahmad
Managing Director

statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Amrin Awaluddin, the officer primarily responsible for the financial management of Media Prima Berhad, do solemnly and sincerely declare that the financial statements set out on pages 77 to 132 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Amrin Awaluddin

Subscribed and solemnly declared by the abovenamed Amrin Awaluddin, at Petaling Jaya, on 8 March 2006, before me.

E. Radakrishnan
Commissioner for Oaths

report of the auditors

to the members of Media Prima Berhad

We have audited the financial statements set out on pages 77 to 132. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - ii) the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and of the Company for the financial year ended on that date; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 25 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

PricewaterhouseCoopers

(No. AF: 1146)
Chartered Accountants

Dato' Ahmad Johan Bin Mohammad Raslan

(No. 1867/09/06 (J))
Partner of the firm

Kuala Lumpur
8 March 2006

analysis of shareholdings

Authorised capital	: RM2,000,000,000.00
Issued and paid capital	: RM611,005,659.00
Class of shares	: Ordinary shares of RM1.00 each
No. of shareholders	: 41,529

Distribution of Shareholdings (Ordinary) as at 30 April 2006

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	4,384	10.56	191,236	0.03
100 - 1,000	21,061	50.71	10,978,108	1.80
1,001 - 10,000	14,359	34.57	43,027,418	7.04
10,001 - 100,000	1,499	3.61	37,061,057	6.07
100,001 to less than 5% of issued shares	223	0.54	337,833,628	55.29
5% and above of issued shares	3	0.01	181,914,212	29.77
	41,529	100.00	611,005,659	100.00

Substantial Shareholders (Ordinary) as at 30 April 2006

Names	Holdings	
	No. of Shares	%
1. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Gabungan Kesturi Sdn Bhd	85,036,990	13.92
2. Amanah Raya Berhad	85,036,990 *	13.92
3. Employees Provident Fund Board	73,389,289 **	12.01
4. Cartaban Nominees (Asing) Sdn Bhd Investors Bank And Trust Company For The Oakmark International Small Cap Fund	33,747,000	5.52

* Deemed interested by virtue of its 100% equity interest in Gabungan Kesturi Sdn Bhd

** Share held in CDS account as follows:

EPF Account	63,130,222
CMS Dresdner Asset Management Sdn Bhd	2,760,000
CIMB Principal Asset Management Sdn Bhd	4,803,000
RHB Asset Management Sdn Bhd	1,555,267
Alliance Asset Management Sdn Bhd	1,140,800

Directors' Shareholdings (Ordinary) as at 30 April 2006

None of the Directors of the Company have any direct or indirect interest in shares in the Company or its related corporation.

Thirty (30) Largest Shareholders (Ordinary) as at 30 April 2006

(without aggregating the securities from different securities account belonging to same Depositor)

Names	Holdings	
	No. of Shares	%
1. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Gabungan Kesturi Sdn Bhd	85,036,990	13.92
2. Employees Provident Fund Board	63,130,222	10.33
3. Cartaban Nominees (Asing) Sdn Bhd Investors Bank And Trust Company For The Oakmark International Small Cap Fund	33,747,000	5.52
4. HSBC Nominees (Asing) Sdn Bhd Natexis For Comgest Nouvelle Asie	20,000,000	3.27
5. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Government of Singapore C	18,809,600	3.08
6. HSBC Nominees (Asing) Sdn Bhd MSCO Ny For Emerging Sovereign Master Fund Ltd	14,304,200	2.34
7. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund WB2M For Bill And Melinda Gates Foundation	14,265,800	2.33
8. HSBC Nominees (Asing) Sdn Bhd MSCO Ny For Tiger Global, L.P.	13,033,389	2.13
9. Citigroup Nominees (Asing) Sdn Bhd Mellon Bank, N.A. For State Employees Retirement System	12,991,000	2.13
10. Citigroup Nominees (Asing) Sdn Bhd CIPLC For Pioneer Asset Management S.A.	11,025,700	1.80
11. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Malaysian Resources Corporation Berhad (CASS)	11,000,000	1.80
12. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund JFBN For The Wellcome Trust	10,663,600	1.75
13. Kumpulan Wang Amanah Pencen	10,462,700	1.71
14. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Monetary Authority of Singapore H	9,802,700	1.60
15. HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-Asing)	8,935,978	1.46

Thirty (30) Largest Shareholders (Ordinary) as at 30 April 2006 (continued)

(without aggregating the securities from different securities account belonging to same Depositor)

Names	Holdings	
	No. of Shares	%
16. Citigroup Nominees (Asing) Sdn Bhd Exempt An For American International Assurance Company Ltd	7,147,000	1.17
17. Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund Q3VD For Fullerton (Pte) Ltd	7,000,000	1.15
18. Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank For MMA Asie	7,000,000	1.15
19. Citigroup Nominees (Asing) Sdn Bhd CB Ldn For Pioneer Investment Management SGR	6,849,200	1.12
20. RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd For Telekom Malaysia Berhad C	5,822,214	0.95
21. HSBC Nominees (Asing) Sdn Bhd BNP Paribas Securities Services Luxembourg For Panda Sicav	5,253,000	0.86
22. Cimsec Nominees (Tempatan) Sdn Bhd CIMB-Principal Asset Management Berhad For Employees Provident Fund Board	4,803,000	0.79
23. HSBC Nominees (Asing) Sdn Bhd MSCO Ny For Tiger Global, Ltd	4,643,251	0.76
24. HSBC Nominees (Asing) Sdn Bhd HSBC (M) Trustee Bhd For CMS Premier Fund (4959)	4,611,300	0.75
25. Cartaban Nominees (Asing) Sdn Bhd Investors Bank And Trust Company For Ishares, Inc	4,184,600	0.68
26. Minister of Finance	4,140,027	0.68
27. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For The Hwang-DBS Select Opportunity Fund (3969)	3,764,800	0.62
28. HSBC Nominees (Asing) Sdn Bhd Natexis For CG Actions Asie Hors Japon	3,300,000	0.54
29. HSBC Nominees (Asing) Sdn Bhd Exempt An For JP Morgan Chase Bank, National Association (Coal Staff)	2,777,500	0.45
30. HSBC Nominees (Asing) Sdn Bhd BBH (Lux) SCA For Fidelity Funds-Asia Pacific Growth & Income Fund	2,775,000	0.45

No. of ICULS converted : RM102,054,099.00
 No. of ICULS outstanding : RM77,945,901.00
 Conversion period : 18 July 2005 to 18 July 2008

Distribution of Shareholdings (ICULS) as at 30 April 2006

Size of Shareholdings	No. of ICULS Shareholding	% of ICULS Shareholders	No. of ICULS Shares	% of ICULS Share Capital
Less than 100	331	5.96	14,330	0.01
100 - 1,000	3,477	62.57	2,236,724	2.87
1,001 - 10,000	1,597	28.74	4,674,165	6.00
10,001 - 100,000	134	2.41	3,192,214	4.10
100,001 to less than 5% of issued shares	15	0.27	10,073,433	12.92
5% and above of issued shares	3	0.05	57,755,035	74.10
	5,557	100.00	77,945,901	100.00

Substantial Shareholders (ICULS) as at 30 April 2006

Names	Holdings	
	No. of Shares	%
1. Employees Provident Fund Board	27,755,035	35.61
2. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Gabungan Kesturi Sdn Bhd	16,000,000	20.53
3. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Altima Inc.	14,000,000	17.96

Directors' Shareholdings (ICULS) as at 30 April 2006

None of the Directors of the Company have any direct or indirect interest in the ICULS.

Thirty (30) Largest Shareholders (ICULS) as at 30 April 2006

Names	Holdings	
	No. of Shares	%
1. Employees Provident Fund Board	27,755,035	35.61
2. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Gabungan Kesturi Sdn Bhd	16,000,000	20.53
3. Kuala Lumpur City Nominees (Asing) Sdn Bhd KLCS Asset Management Sdn Bhd For Altima Inc.	14,000,000	17.96
4. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For OSK-UOB Kidsave Trust (3621)	2,316,700	2.97
5. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Noor Azman @ Noor Hizam Bin Mohd Nurdin (REM-699-Margin)	2,099,489	2.69
6. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Malaysian Resources Corporation Berhad (CASS)	1,893,956	2.43
7. BHLB Trustee Berhad Prugrowth Fund	1,000,000	1.28
8. BHLB Trustee Berhad Prusmal-Cap Fund	750,000	0.96
9. Tan Choo Lye	420,000	0.54
10. Malaysian Reinsurance Berhad	300,000	0.38
11. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Badariah Binti Mimbar (888AF0561)	225,000	0.29
12. Tasec Nominees (Asing) Sdn Bhd TA Securities (HK) Ltd For Goldcape International Ltd	200,000	0.26
13. Yong Kwee Lian	200,000	0.26
14. HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-Asing)	162,259	0.21
15. HSBC Nominees (Asing) Sdn Bhd Exempt An For JP Morgan Chase Bank, National Association (U.K.)	151,666	0.19

Thirty (30) Largest Shareholders (ICULS) as at 30 April 2006 (continued)

Names	Holdings	
	No. of Shares	%
16. TSI Films Limited	127,263	0.16
17. Onn Kok Puay (Weng Guopei)	127,000	0.16
18. HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	100,100	0.13
19. KAF Nominees (Tempatan) Sdn Bhd KAF Fund Management Sdn Bhd For Abu Talib bin Othman	100,000	0.13
20. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock (Margin)	100,000	0.13
21. EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chow Mong Leng	90,000	0.12
22. Cimsec Nominees (Tempatan) Sdn Bhd Kim Eng Securities Pte Ltd For Tay Tong Tai	80,600	0.10
23. Toh Yew Keong	75,000	0.10
24. Yeoh Tiong Lay	73,000	0.09
25. A.A.Anthony Securities Sdn Bhd Ivt (CI001)	63,600	0.08
26. Goh Chye Keat	60,000	0.08
27. Lee Youn-Tze @ Colin Lee	60,000	0.08
28. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Leong Thong Foh (REM 663-DT)	50,000	0.06
29. Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chen Keng Fon @ Chin Keng Fan (473613)	50,000	0.06
30. TCL Nominees (Asing) Sdn Bhd OCBC Securities Private Limited For Kwa Chui Lan	50,000	0.06

No. of Warrants exercised : RM2,214,800.00
 No. of Warrants outstanding : RM112,785,200.00
 Exercise period : 31 July 2003 to 31 July 2008

Distribution of Shareholdings (Warrant) as at 30 April 2006

Size of Shareholdings	No. of Warrant Shareholding	% of Warrant Shareholders	No. of Warrant Shares	% of Warrant Share Capital
Less than 100	88	6.50	4,359	0.00
100 - 1,000	571	42.17	383,507	0.34
1,001 - 10,000	560	41.36	2,341,572	2.08
10,001 - 100,000	118	8.71	3,208,139	2.84
100,001 to less than 5% of issued shares	15	1.11	7,037,400	6.24
5% and above of issued shares	2	0.15	99,810,223	88.50
	1,354	100.00	112,785,200	100.00

Substantial Shareholders (Warrant) as at 30 April 2006

Names	Holdings	
	No. of Warrant Shares	%
1. Employees Provident Fund Board	87,810,500	77.86
2. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Gabungan Kesturi Sdn Bhd	11,999,723	10.64

Directors' Shareholdings (Warrant) as at 30 April 2006

None of the Directors of the Company have any direct or indirect interest in the Warrants.

Thirty (30) Largest Shareholders (Warrant) as at 30 April 2006

Names	Holdings	
	No. of Warrant Shares	%
1. Employees Provident Fund Board	87,810,500	77.86
2. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Gabungan Kesturi Sdn Bhd	11,999,723	10.64
3. Toh Yew Keong	908,000	0.81
4. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling (CEB)	900,000	0.80
5. Citigroup Nominees (Asing) Sdn Bhd CBHK PBGHK For Golden Millennium Worlwide Ltd	800,000	0.71
6. RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd For Telekom Malaysia Bhd C	683,000	0.61
7. Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For Prudential Assurance Malaysia Bhd	676,100	0.60
8. Wui Mee Ling	674,500	0.60
9. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Hidden Values Fund (250467)	500,000	0.44
10. Mayban Trustees Berhad Strategic Bond Fund	400,000	0.35
11. OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Kok Hin	340,500	0.30
12. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Saham Amanah Sabah (ACC 1-984710)	275,000	0.24
13. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Saham Amanah Sabah (ACC 2-940410)	275,000	0.24
14. HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Bhd For Amanah Saham Sarawak	211,100	0.19

Thirty (30) Largest Shareholders (Warrant) as at 30 April 2006 (continued)

Names	Holdings	
	No. of Warrant Shares	%
15. Sai Yee @ Sia Say Yee	155,000	0.14
16. Lee Han Bin	129,200	0.11
17. Chin Chein Tet	110,000	0.10
18. Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sandana Dass (471857)	100,000	0.09
19. Kou Hong Developments Sdn Bhd	100,000	0.09
20. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Peng Heng (188AJ3521)	97,000	0.09
21. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chooi Wan Yuet (313AQ2157)	88,000	0.08
22. Ooi Sai Khoon	80,000	0.07
23. Tan Poh Hwa	65,000	0.06
24. Mazlan bin Muhamed	62,000	0.05
25. Low Chu Mooi	58,000	0.05
26. Cheong Chong Kong @ Chong Cheong Kin	55,000	0.05
27. Chia Tuan Ngeng	52,000	0.05
28. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Teo Kim Yong	50,000	0.04
29. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Leong Yew Mun (SAM-033)	50,000	0.04
30. Pang Ng Noi @ Pang Yet Moi	47,000	0.04

list of properties

List of Properties as at 31 December 2005

Location	Type	Tenure	Date of Acquisition	Area	Description	Approximate Age of Building	Net Book Value (RM)
Country Height The Mines Resort City 43300 Seri Kembangan Selangor	Leasehold	99 years Expiry : 2091	5-May-01	14,863 sq ft	Bungalow house including furniture	8	2,750,404
Lot 2494 Mukim Peringat Daerah Peringat Kampung Parit Kota Bharu, Kelantan	Freehold	-	16-Aug-87	0.7039 ha	Television transmission station	18	180,655
P.T. 4991, Jalan 9/27A Section 5, Wangsa Maju 53300 Kuala Lumpur	Leasehold	99 years Expiry : 2089	21-Sep-90	8.0937 ha	TV3 Complex	8	61,925,231
Lot 374, Block 12 Miri Concession Land District Km 3, Jalan Miri-Bintulu Miri, Sarawak	Leasehold	60 years Expiry : 2053	8-Apr-93	0.4815 ha	Television transmission station	13	111,569
Pandan Ville Condominium Block B Jalan Pandan Indah 1/16 Pandan Indah 55100 Kuala Lumpur	Leasehold	99 years Expiry : 2091	1-Oct-01	8 units x 1,587 sq ft	Condominium	9	1,210,695
Lot 340 Jalan Bangsar Utama 3 Off Jalan Maarof 59100 Kuala Lumpur	Leasehold	99 years Expiry : 2085	21-Aug-96	8,860 sq ft	Commercial building	15	1,226,441

List of Properties as at 31 December 2005 (continued)

Location	Type	Tenure	Date of Acquisition	Area	Description	Approximate Age of Building	Net Book Value (RM)
Pangsapuri Greenpark Block B, Jalan Awan Pintal Pangsapuri Taman Hijau 58200 Kuala Lumpur	Freehold	-	25-Jun-96	5 units x 1,232 sq ft	Condominium	7	909,237
Sri Intan Condominium No. 2, Jalan Terolak 6 Off Jalan Batu 5 Jalan Ipoh 51200 Kuala Lumpur	Freehold	-	21-Aug-96	2 units x 206 sq m	Condominium	8	541,041
Commerce Square Batu 10 Jalan Kelang Lama SS8/1 Petaling Jaya Selatan Mukim Damansara Petaling, Selangor	Leasehold	99 years Expiry : 2091	30-May-01	1 unit x 2,963 sq ft 1 unit x 3,130 sq ft	Commercial building Commercial building	7	817,428
Lembah Beringin P.T. No 2133 Mukim Sungai Gumut Daerah Hulu Selangor Selangor	Freehold	-	27-Jul-99	1 unit x 43,597 sq ft	Residential land	6	176,000
Lembah Beringin P.T. No 2133 Mukim Sungai Gumut Daerah Hulu Selangor Selangor	Freehold	-	27-Jul-99	1 unit x 53,561 sq ft	Residential land	6	216,000
Lembah Beringin P.T. No 2133 Mukim Sungai Gumut Daerah Hulu Selangor Selangor	Freehold	-	21-Sep-04	1 unit x 10,934 sq ft	Residential land	-	142,142

List of Properties as at 31 December 2005 (continued)

Location	Type	Tenure	Date of Acquisition	Area	Description	Approximate Age of Building	Net Book Value (RM)
Lembah Beringin P.T. No 2133 Mukim Sungai Gumut Daerah Hulu Selangor Selangor	Freehold		21-Sep-04	1 unit x 10,955 sq ft	Residential land	-	142,415
Putrajaya Precinct 8 Phase 5A Unit C-3A-3A Level 4 (3rd Floor), Block C Pusat Pentadbiran Kerajaan Persekutuan Putrajaya	Freehold	-	22-Dec-00	8,981.8 sq m	Commercial building	5	132,007
Unit No. 102 Jalan Seksyen 3/3 Sekyen 3, Kajang Utama 43000 Kajang, Selangor	Freehold	-	14-May-04	942 sq ft	Apartment	-	93,274
Lot No. 76 Jalan Seksyen 3/3 Sekyen 3, Kajang Utama 43000 Kajang, Selangor	Freehold	-	14-May-04	1,650 sq ft	Commercial building	-	472,437
Summerset Resort Unit No : D120	Leasehold	99 years Expiry : 2094	12-Dec-02	1,455 sq ft	Bungalow holiday	3	594,840
Unit No : D124				1,455 sq ft	Bungalow holiday	3	671,780
Unit No : GS-01-11 Unit No : D108			4-May-04	377 sq feet 1,500 sq ft	Studio Bungalow holiday	3 -	256,144 673,532
Mukim Rompin Daerah Rompin Negeri Pahang							
Lot 2B-4-20 & 2B-4-21 Kompleks Tun Abdul Razak Georgetown, Penang	Leasehold	99 years Expiry : 2093	31-May-95	7,316 sq ft	Cineplex	10	1,873,079

List of Properties as at 31 December 2005 (continued)

Location	Type	Tenure	Date of Acquisition	Area	Description	Approximate Age of Building	Net Book Value (RM)
Damai Laut Holiday Apartments Lot F2-01-03A & Lot F2-GF-03A Jalan Titi Panjang 32200 Lumut Perak	Leasehold	99 years Expiry : 2098	5-Aug-97	2 lots x 981 sq ft	Apartment	7	235,588
Kawasan Perniagaan Permatang Rawa Jalan Permatang Rawa 1 14000 Bukit Mertajam Pulau Pinang	Freehold	-	29-Apr-97	5 lots x 5,092 sq ft	Commercial building	9	1,630,341
Lot No. 2.30	Leasehold	99 years Expiry : 2093	15-Sep-04	603.88 sq ft	Commercial building	-	295,288
Lot No. 2.31	Leasehold		15-Sep-04	603.88 sq ft	Commercial building	-	313,324
Lot No. 2.32	Leasehold		15-Sep-04	596.99 sq ft	Commercial building	-	309,719
Summit Centre Shopping Complex Mines Wonderland Seri Kembangan Petaling, Selangor							
Lot 159 & 160 Jalan Jurubina U1/18 Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor	Freehold	-	18-Mar-97	80,063 sq ft	Commercial land	-	6,800,000
No 7/9 Jalan Jurubina U1/18 Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor	Freehold	-	-	7,562 sq m	Commercial building	9	23,285,950

An abstract background featuring a complex pattern of overlapping geometric shapes, primarily circles and rectangles, rendered in various shades of red and black. The shapes are defined by thick black outlines and filled with different tones of red, creating a layered, textured effect. The overall composition is dense and rhythmic.

proxy form

I/We _____
(Full Name in Capital Letters)of _____
(Full Address)being a member/members of **Media Prima Berhad** hereby appoint *The Chairman of the Meeting or_____
(Full Name)of _____
(Full Address)or failing whom _____
(Full Address)of _____
(Full Address)

as my/our proxy to attend and vote for me/us on my/our behalf at the Fifth (5th) Annual General Meeting of the Company to be held on Wednesday, 28 June 2006 at 10.00 am and at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

No.	Resolution	For	Against
1.	To receive and adopt the Statutory Financial Statements To re-elect the following Directors under Articles 101 and 102:		
2.	YBhg Tan Sri Lee Lam Thye		
3.	YBhg Dato' Dr Mohd Shahari Ahmad Jabar		
4.	To approve a final dividend of 2 sen per ordinary share less 28% income tax for the financial year ended 31 December 2005		
5.	To approve the Directors' fees of RM187,840.00 for the financial year ended 31 December 2005		
6.	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration		
As special business:			
7.	Ordinary resolutions Directors Authority pursuant to Section 132D*		
8.	Proposed Renewal of Share Buy-Back Authority		

Dated this _____ day of June 2006

Number of shares held _____

Signature of Shareholder

* Delete if not applicable

Notes:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A proxy need not be a member of the Company.
- The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
- The instrument appointing the proxy must be deposited at the Registrar, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

**** Resolution 7**

The proposed Resolution 7 if passed, will empower the Directors to issue shares of the Company up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company. The rationale for this resolution is to save cost and time for convening a general meeting.

**** Resolution 8**

Please refer to the Statement to Shareholders dated 1 June 2006 for further information.

Stamp

MEDIA PRIMA BERHAD
c/o The Registrar
Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No.8 Jalan Munshi Abdullah
50100 Kuala Lumpur, MALAYSIA



Media Prima Berhad (532975 A)
Sri Pentas, No. 3, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling, Selangor Darul Ehsan, Malaysia
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