

**UTUSAN MELAYU (MALAYSIA) BERHAD**  
**Quarterly report on consolidated results for the third quarter ended**  
**30 September 2006**

The figures have not been audited

**(a) Condensed Consolidated Income Statement**

	<b>Current Quarter Ended 30/09/2006 RM'000</b>	<b>Comparative Quarter Ended 30/09/2005 RM'000</b>	<b>9 months Cumulative Ended 30/09/2006 RM'000</b>	<b>9 months Cumulative Ended 30/09/2005 RM'000</b>
Revenue	98,527	95,126	279,371	274,965
Other Operating Income	9,018	1,305	13,030	4,037
Changes in inventories of finished goods and work-in-progress	43	(325)	1,015	(927)
Raw materials and consumables used	(33,276)	(29,053)	(99,976)	(87,538)
Vendors' commissions	(13,211)	(11,244)	(37,090)	(33,005)
Transportation costs	(3,740)	(2,530)	(9,857)	(7,618)
Staff costs	(26,273)	(24,475)	(75,814)	(71,962)
Depreciation and amortisation	(6,397)	(6,541)	(17,731)	(18,205)
Other operating expenses	(10,872)	(15,034)	(36,435)	(40,088)
Finance Costs	(2,737)	(2,022)	(6,429)	(6,297)
Share of results of associates	563	805	1,031	1,408
Profit before taxation	11,645	6,012	11,115	14,770
Taxation	(1,123)	(587)	(1,050)	(1,322)
Net profit after taxation	10,522	5,425	10,065	13,448
Attributable to:				
Equity holders of the parent	10,522	5,456	10,141	13,629
Minority interest	-	(31)	(76)	(181)
	10,522	5,425	10,065	13,448
Earnings per share attributable to equity holders of the parent :				
Basic	9.63	5.00	9.28	12.48
Diluted	9.56	5.00	9.21	12.48

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

**(b) Condensed Consolidated Balance Sheet**

	As at 30/09/06 RM'000	As at 31/12/05 RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	264,535	225,159
Investments in Associates	12,998	11,816
Other Investments	2,820	2,820
Long Term Receivables	424	402
Deferred Tax Assets	2,006	1,753
	<b>282,783</b>	<b>241,950</b>
<b>Current Assets</b>		
Inventories	95,915	103,536
Trade Debtors	55,377	57,176
Other Debtors	28,362	59,409
Marketable Securities	5,185	5,107
Cash & Cash Equivalents	39,417	41,528
	<b>224,256</b>	<b>266,756</b>
<b>TOTAL ASSETS</b>	<b>507,039</b>	<b>508,706</b>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	109,224	109,224
Reserves	125,660	116,986
	234,884	226,210
Minority Interest	-	1,351
<b>Total equity</b>	<b>234,884</b>	<b>227,561</b>

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

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

	<b>As at 30/09/06</b>	<b>As at 31/12/05</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non Current Liabilities</b>		
Retirement Benefits	10,895	11,679
Borrowings	95,728	100,731
Deferred Tax Liability	12,029	13,156
	<b>118,652</b>	<b>125,566</b>
<b>Current Liabilities</b>		
Retirement Benefits	570	1,044
Overdraft & Short Term Borrowings	83,970	92,213
Trade Payables	10,477	14,459
Other Payables	56,990	46,191
Taxation	1,496	1,672
	<b>153,503</b>	<b>155,579</b>
<b>Total liabilities</b>	<b>272,155</b>	<b>281,145</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>507,039</b>	<b>508,706</b>

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

**(c) Condensed Consolidated Cash Flow Statement**

	<b>2006</b>	<b>2005</b>
	<b>9 months ended 30 Sept (RM'000)</b>	<b>9 months ended 30 Sept (RM'000)</b>
<b>Profit before tax</b>	11,115	14,770
<b>Adjustment for non-cash flow:-</b>		
Non-cash items	17,709	28,333
<b>Operating profit before changes in working capital</b>	28,824	43,103
<b>Changes in working capital</b>		
Net Change in Current Assets	40,605	(5,933)
Net Change in Current Liabilities	8,674	2,700
Tax paid	(2,619)	(2,476)
Interest paid	(6,472)	(4,878)
<b>Net cash flows from operating activities</b>	69,012	32,516
<b>Investing Activities</b>		
- Equity/Other Investments	226	(2,745)
- (Purchase)/Disposal of property, plant and equipment	(43,082)	(23,300)
- Net dividends received	284	104
	(42,572)	(25,941)
<b>Financing Activities</b>		
- Retirement Benefits	(3,415)	(1,285)
- Bank Borrowings	(13,618)	(2,717)
- Dividend Paid	(1,966)	(1,966)
	(18,999)	(5,968)
<b>Net Change in Cash &amp; Cash Equivalents</b>	7,441	607
Cash & Cash Equivalents at beginning of year	29,794	32,310
Effect of change in exchange rate	3	405
<b>Cash &amp; Cash Equivalents at end of year</b>	37,238	33,322

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

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

	<--Attributable to Equity Holders of the Parent--> <Non-Distributable>					Minority Interest	Option Reserves	Total Equity
	Share	Share	Other	Retained	Total			
	Capital	Premium	Reserves	Profits				
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)			
<u>9 month - period ended 30 Sept 2005</u>								
At 1 January 2005	109,224	50,640	6456	39,990	206,310	1,565	-	207,875
Current period's net profit	-	-	-	13,629	13,629	(181)	-	13,448
Currency Translation	-	-	493	-	493	-	-	493
Dividend	-	-	-	(1,966)	(1,966)	-	-	(1,966)
As at 30 Sept 2005	<u>109,224</u>	<u>50,640</u>	<u>6,949</u>	<u>51,653</u>	<u>218,466</u>	<u>1,384</u>	<u>-</u>	<u>219,850</u>
<u>9 month - period ended 30 Sept 2006</u>								
At 1 January 2006	109,224	50,640	6,996	59,350	226,210	1,351	-	227,561
Current period's net profit	-	-	-	10,141	10,141	(76)	-	10,065
Disposal of Subsidiary/ Minority Interest	-	-	-	-	-	(1,275)	-	(1,275)
ESOS Reserve	-	-	-	-	-	-	514	514
Currency Translation	-	-	(15)	-	(15)	-	-	(15)
Dividend	-	-	-	(1,966)	(1,966)	-	-	(1,966)
As at 30 Sept 2006	<u>109,224</u>	<u>50,640</u>	<u>6,981</u>	<u>67,525</u>	<u>234,370</u>	<u>-</u>	<u>514</u>	<u>234,884</u>

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

## **Notes to the accounts – 30 September 2006**

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### **A1. Basis of Preparation**

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

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

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

### **A2. Changes in Accounting Policies**

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

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

**Notes to the accounts – 30 September 2006**

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**A2. Changes in Accounting Policies (Cont'd)**

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

**a) FRS 2: Share-based Payment**

This FRS requires an entity to recognize share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the executives of the Company, the UMMB Executive Share Options Scheme (“ESOS”). Prior to 1 January 2006, no compensation expense was recognized in income statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognized in income statement over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognized as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a binomial model.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 January 2006. The application is retrospective and accordingly, the comparative amounts as at 31 December 2005 are restated and the opening balance of retained earnings as at 1 January 2006 has been adjusted. However, the Company had granted immediate vesting options, which would impact the profit for the current year only.

	<b>Current Quarter 30/09/2006 RM'000</b>	<b>Year-to date 30/09/2006 RM'000</b>
Decrease in profit for the period	514	514

**Notes to the accounts – 30 September 2006**

**A2. Changes in Accounting Policies (Cont'd)**

**b) FRS 101: Presentation of Financial Statements**

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

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

**A3. Auditors' Report on Preceding Annual Financial Statements**

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

**A4. Segmental Reporting**

	<b>9 months ended 30/09/2006 RM'000</b>	<b>9 months ended 30/9/2005 RM'000</b>
<b>Segment Revenue</b>		
Publishing, Distribution and Advertising	283,759	275,107
Printing	16,820	16,598
Investment Holdings & Mgt Services	635	619
Information Technology & Multimedia	2,485	5,068
Total revenue incl inter-segment sales	<u>303,699</u>	<u>297,392</u>
Elimination of inter-segment sales	<u>(24,328)</u>	<u>(22,427)</u>
Total	<u><u>279,371</u></u>	<u><u>274,965</u></u>
<b>Segment Results</b>		
Publishing, Distribution and Advertising	9,877	13,094
Printing	1,390	(267)
Investment Holdings & Mgt Services	1,199	876
Information Technology & Multimedia	(183)	111
Share of results of associates	1,031	1,408
Total revenue incl inter-segment sales	<u>13,314</u>	<u>15,222</u>
Eliminations	<u>(2,199)</u>	<u>(452)</u>
Total	<u><u>11,115</u></u>	<u><u>14,770</u></u>



**Notes to the accounts – 30 September 2006**

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

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

**A6. Material Changes in Estimates**

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

**A7. Seasonal and Cyclical Factors**

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

**A8. Dividend**

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

**A9. Carrying Amount of Revalued Assets**

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

**Notes to the accounts – 30 September 2006**

**A10. Issuance and Repayment of Debt and Equity Securities**

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

**Executives' Share Options Scheme (ESOS)**

Details of share options movement during the period:

Options	Exercise price (RM)	Number of share (options)				As at 30/09/2006
		At 01/01/2006	granted	exercised	lapsed	
Option 1	2.13	1,060,700	-	-	67,800	992,900
Option 2	1.69	454,200	-	-	-	454,200
Option 3	1.00	8,978,000	-	-	194,600	8,783,400
Option 4	1.00	-	2,588,400	-	-	2,588,400
		10,492,900	2,588,400	-	262,400	12,818,900

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

**A11. Changes In The Composition Of The Group**

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

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

**Notes to the accounts – 30 September 2006**

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**A12. Commitments and Contingent Liabilities/Assets**

<b>(i) Commitments</b>	<b>As at 30/09/06 RM'000</b>
Capital Expenditure:-	
Approved and contracted for	25,263
Approved but not contracted for	-

**(ii) Contingent Liabilities/Assets**

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

**A13. Material Events Subsequent To The End of The Period**

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

**ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS**

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**B1. Review Of Current Performance**

The Group registered higher revenue of RM98.5 million for the third quarter of 2006 as compared with RM95.1 million for the same quarter last year. The Group recorded higher profit before taxation and minority interest (PBTMI) of RM11.6 million as compared with PBTMI of RM6.0 million for the corresponding quarter last year mainly due to the gain on disposal of land. Similarly, on a year-to-date basis, the Group registered higher revenue of RM279.4 million for the period ended 30 September 2006 as compared with RM275.0 million last year. However, the Group recorded lower PBTMI of RM11.1 million as compared with PBTMI of RM14.8 million last year mainly due to higher operating expenses.

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

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

The Group registered higher revenue of RM98.5 million for the current quarter as compared with RM94.5 million in the preceding quarter ended 30 June 2006. PBTMI was higher by RM8.6 million from RM3.0 million to RM11.6 million mainly due to the gain on disposal of land of RM7.2 million in the current quarter.

**B3. Current Year Prospects**

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

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

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

**B4. Variance from Profit Forecast or Profit Guarantee**

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

**ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS**

**B5. Taxation**

The taxation charges for the period comprise the following:

	Current Quarter		Year-to-date	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
	RM'000	RM'000	RM'000	RM'000
Current year provision	1,120	1,309	2,430	2,070
Deferred Taxation	3	(722)	(1,380)	(748)
Total	1,123	587	1,050	1,322

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

**B6. Sale of Unquoted Investments and Properties**

There was no sale of unquoted investments or properties for the period under review except for the disposal of land held under Lot No. 26920 PN 29065, Mukim of Setapak, District of Kuala Lumpur which was announced to Bursa Malaysia on 7 July 2005 and completed in August 2006 which resulted in a net gain on disposal of RM6.9 million.

	Current Quarter	Year-to-date
	30/09/2006	30/09/2006
	RM'000	RM'000
Sale Proceeds	12,637	12,637
Gain arising from sale before RPGT	7,185	7,185
Gain arising from sale after RPGT	6,875	6,875

**B7. Quoted Securities**

There was no purchase or disposal of quoted securities for the current period under review. The Group's investment in quoted securities as at the end of the reporting period was as follows:

	As at	As at
	30/09/2006	30/09/2005
	RM'000	RM'000
At cost	5,975	5,975
At book value	5,185	5,897
At market value	5,185	5,630

**ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS**

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**B8. Status of Corporate Proposal**

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

**B9. Group Borrowings**

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

	<b>As at 30/09/2006 RM'000</b>	<b>As at 30/09/2005 RM'000</b>
<b>Short term borrowings</b>		
Secured	14,847	38,748
Unsecured	69,123	72,623
	<u>83,970</u>	<u>111,371</u>
<b>Long term borrowings</b>		
Secured	95,728	54,332
Unsecured	-	-
	<u>95,728</u>	<u>54,332</u>
	<u><u>179,698</u></u>	<u><u>165,703</u></u>

**B10. Off Balance Sheet Risk**

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

**B11. Changes in Material Litigations**

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

**B12. Dividend Payable**

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

**ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS**

**B13. Earnings Per Share**

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

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

	<b>Current quarter ended 30/09/2006 RM'000</b>	<b>Comparative quarter ended 30/09/2005 RM'000</b>	<b>9 months cumulative ended 30/09/2006 RM'000</b>	<b>9 months cumulative ended 30/09/2005 RM'000</b>
<b>a) Basic Earnings per share</b>				
Net profit for equity holder of the parent	10,522	5,456	10,141	13,629
Weighted average number of ordinary shares in issue ('000)	109,224	109,224	109,224	109,224
Basic earnings per share (sen)	9.63	5.00	9.28	12.48
<b>b) Diluted earnings per share</b>				
Net profit for equity holder of the parent	10,522	5,456	10,141	13,629
Weighted average number of ordinary shares in issue ('000)	109,224	109,224	109,224	109,224
Adjustment for assumed exercise of share option ('000)	866	-	866	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	110,090	109,224	110,090	109,224
Diluted earnings per share (sen)	9.56	5.00	9.21	12.48

**BY ORDER OF THE BOARD**

**Sharina Saidon**  
Company Secretary  
Date: 29 November 2006