

STAR PUBLICATIONS (MALAYSIA) BERHAD (10894-D)

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

	3 months ended		Financial period ended	
	30.09.2005	30.09.2004	30.09.2005	30.09.2004
	RM'000	RM'000	RM'000	RM'000
Revenue	181,892	180,545	534,971	517,076
Operating Expenses	(135,809)	(138,391)	(404,151)	(397,106)
Other Operating Income	5,291	3,533	15,737	11,013
Profit from Operations	51,374	45,687	146,557	130,983
Finance Cost	(5,208)	(2,549)	(13,233)	(7,590)
Share of loss in associated company	-	(80)	-	(73)
Profit before taxation	46,166	43,058	133,324	123,320
Taxation	(8,200)	(6,096)	(24,437)	(18,042)
Profit after taxation	37,966	36,962	108,887	105,278
Less: Minority interests	-	-	-	-
Net profit for the period	37,966	36,962	108,887	105,278
Basic earnings per ordinary share (sen)	11.22	11.52	32.19	32.81
Diluted earnings per ordinary share (sen)	11.19	11.18	32.09	31.84

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

Note on Operating Expenses:

Included in the Operating Expenses is depreciation expense as follows: -	(10,191)	(10,908)	(30,742)	(33,112)
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**Unaudited Condensed Consolidated Balance Sheet
As at 30 September 2005**

	30 September 2005 RM'000	31 December 2004 RM'000
Non-current assets		
Property, plant and equipment	734,742	611,971
Goodwill on consolidation	27,119	27,119
Investment in Bonds	20,714	20,714
	782,575	659,804
Current assets		
Inventories	182,130	220,005
Trade receivables	92,448	96,621
Other receivables, deposits and prepayments	20,094	10,548
Tax recoverable	-	63
Other investment	11	-
Short term deposits	651,043	225,658
Cash and bank balances	30,958	20,215
	976,684	573,110
Current liabilities		
Trade payables	2,007	4,756
Other payables, accruals and provisions	71,256	66,204
Redeemable unsecured bonds	250,000	250,000
Bank overdraft – secured	-	320
Dividend Payable	57,986	-
Taxation	4,691	10,993
	385,940	332,273
Net current assets	590,744	240,837
	1,373,319	900,641
Financed by:		
Capital and reserves		
Share capital	367,002	327,394
Share premium	297,228	127,812
Foreign exchange fluctuation reserve	17,895	19,626
Retained profits	387,272	385,564
	1,069,397	860,396
Share application money	18	155
Long term and deferred liabilities		
Medium Term Notes	250,000	-
Retirement benefits	4,352	3,813
Deferred taxation	49,552	36,277
	303,904	40,090
	1,373,319	900,641
Net tangible assets per share (RM)	2.84	2.55

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

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 30 September 2005**

	Share Capital RM'000	Share Premium RM'000	Foreign exchange fluctuation reserve RM'000	Retained Profits RM'000	Total RM'000
Balance as at 1 January 2005	327,394	127,812	19,626	385,564	860,396
Currency translation differences	-	-	(1,731)	-	(1,731)
Net gains and losses not recognised in the income statements	-	-	(1,731)	-	(1,731)
Net profit for the financial period	-	-	-	108,887	108,887
Dividend <i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2004, paid on 15 April 2005</i>	-	-	-	(49,193)	(49,193)
<i>Interim Dividend and Special Dividend for the financial year ending 31 December 2005, payable on 20 October 2005</i>	-	-	-	(57,986)	(57,986)
Issue of shares	39,608	169,416	-	-	209,024
Balance as at 30 September 2005	367,002	297,228	17,895	387,272	1,069,397
Balance as at 1 January 2004	318,203	96,186	16,252	314,129	744,770
Currency translation differences	-	-	(2,116)	-	(2,116)
Net gains and losses not recognised in the income statements	-	-	(2,116)	-	(2,116)
Net profit for the financial period	-	-	-	105,278	105,278
Dividend <i>Second interim Dividend and Special Dividend for the financial year ended 31 December 2003, paid on 15 April 2004</i>	-	-	-	(34,715)	(34,715)
<i>Interim Dividend for the financial year ended 31 December 2004, paid on 15 October 2004</i>	-	-	-	(35,102)	(35,102)
Issue of shares	6,812	22,349	-	-	29,161
Balance as at 30 September 2004	325,015	118,535	14,136	349,590	807,276

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

**Unaudited Condensed Consolidated Cash Flow Statement
For the period ended 30 September 2005**

	30 Sept 2005 RM'000	30 Sept 2004 RM'000
Profit before taxation	133,324	123,320
Adjustments for non-cash flow:-		
Non-cash items	33,097	35,034
Non-operating items	3,315	1,259
Operating profit before changes in working capital	169,736	159,613
Changes in working capital		
Net change in current assets	30,656	(80,431)
Net change in current liabilities	(1,454)	(1,389)
	29,202	(81,820)
Cash generated from operations	198,938	77,793
Tax paid	(17,517)	(9,699)
Net cash from operating activities	181,421	68,094
Investing Activities		
- Interest received	9,918	6,331
- Proceeds from disposal of property, plant and equipment	2,508	1,467
- Purchases of property, plant and equipment	(157,556)	(26,540)
Net cash used in investing activities	(145,130)	(18,742)
Financing Activities		
- Issue of shares	208,887	29,134
- Interest paid	(9,596)	(5,118)
- Dividend paid	(49,193)	(34,715)
- Proceeds from issuance of Medium Term Notes	250,000	-
Net cash from / (used in) financing activities	400,098	(10,699)
Exchange differences	365	(864)
Net Change in Cash & Cash Equivalents	436,754	37,789
Cash & Cash Equivalents at beginning of year	245,553	234,068
Effect of change in exchange rate	(306)	(217)
As restated	245,247	233,851
Cash & Cash Equivalents at end of the period	682,001	271,640

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

	As previously reported RM'000	Reclassification RM'000	Amount as restated RM'000
Net cash from operating activities	69,307	(1,213)	68,094
Net cash used in investing activities	(25,073)	6,331*	(18,742)
Net cash used in financing activities	(5,581)	(5,118) #	(10,699)

* represents interest received reclassified from operating activities to investing activities

represents interest paid reclassified from operating activities to financing activities

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

Notes to the interim financial report

A1. Basis of Preparation

The interim financial statement is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting (formerly known as MASB 26) issued by the Malaysian Accounting Standards Board (MASB) and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

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

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

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

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

A3. Seasonal or cyclical factors

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

A4. Unusual items

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

A5. Changes in estimates

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

Notes to the interim financial report

A6. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 30 September 2005, other than as mentioned below.

Warrants 2000/2005

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

The subscription rights of the warrant expired on 15 September 2005 in accordance with the provisions of the Deed Poll. As at the end of the Expiry Date, a total of 37,618,153 warrants have been exercised whilst 335,303 warrants remained unexercised, which become null and void and cease thereafter to be valid for any purpose.

Employees' Share Option Scheme

- **Exercise Price of RM3.83**

An Employees' Share Option Scheme was implemented on 13 February 2001 for the benefit of the Executive Directors and eligible employees. On 30 April 2001, the Company offered 13,955,000 options to subscribe for ordinary shares to eligible Executive Directors and employees at an exercise price of RM7.65. The exercise price and number of the Options were adjusted from RM7.65 to RM3.83 per option and an additional 13,768,000 options were offered, after the Company's bonus issue of one share for every existing shares held. As at the end of the current financial period, there were **2,246,000** unissued shares at an exercise price of RM3.83.

- **Exercise Price of RM6.52**

On 30 April 2002, the Company offered another 377,000 options to eligible employees at an exercise price of RM6.52, of which 368,000 options were accepted. As at the end of the current financial period, there were **288,000** unissued ordinary shares at an exercise price of RM6.52.

- **Exercise Price of RM5.43**

On 30 April 2003, the Company offered another 373,000 options to eligible employees at an exercise price of RM5.43, of which 358,000 options were accepted. As at the end of the current financial period, there were **66,000** unissued ordinary shares at an exercise price of RM5.43.

- **Exercise Price of RM5.85**

On 30 April 2004, the Company offered another 218,000 options to eligible employees at an exercise price of RM5.85, of which 193,000 options were accepted. As at the end of the current financial period, there were **101,000** unissued ordinary shares at an exercise price of RM5.85.

- **Exercise Price of RM6.24**

On 30 April 2005, the Company offered another 158,000 options to eligible employees at an exercise price of RM6.24, of which 127,000 options were accepted. As at the end of the current financial period, there were **88,000** unissued ordinary shares at an exercise price of RM6.24.

Notes to the interim financial report

A6. Debt and equity securities

Medium Term Notes 2005/2010

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

On 29 August 2005, pursuant to the Issuance Programme of up to RM350 million nominal value Commercial Papers / Medium Term Notes, the Company issued an aggregate amount of RM100 million Medium Term Notes with a coupon rate of 5.70% per annum. The Medium Term Notes will mature on 27 August 2010.

Except for the above issuances, there were no other issuances, cancellations, repurchases, resale and repayments of either debt or equity securities for the financial period under review.

A7. Dividend paid

	2005 RM'000	2004 RM'000
<u>In respect of the financial year ended 31 December 2003</u>		
Second interim dividend of 10.0 sen per ordinary share, less tax and special interim dividend of 5.0 sen per ordinary share, less tax, paid on 15 April 2004		34,715
<u>In respect of the financial year ended 31 December 2004</u>		
Interim dividend of 15.0 sen per ordinary share, less tax, paid on 15 October 2004		35,102
Second interim dividend of 15.0 sen per ordinary share, less tax and special interim dividend of 5.0 sen per ordinary share, less tax, paid on 15 April 2005	49,193	
	49,193	69,817

Subsequent to the period ended 30 September 2005, the interim dividend of 15% less tax and special tax exempt dividend of 5% declared on 25 July 2005 in respect of the financial year ending 31 December 2005, was paid on 20 October 2005.

Notes to the interim financial report

A8. Segment Reporting

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

A9. Property, plant and equipment

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

Acquisition and disposals of property, plant and equipment

	Current Quarter RM'000	Current Year To Date RM'000
Additions	32,476	157,556
Disposals	162	2,499

A10. Events subsequent to the balance sheet date

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

Notes to the interim financial report

A11. Changes in composition of the Group

1. The Company announced on 8 September 2005 that Star Rediffusion Sdn Bhd ("SRSB") was incorporated as a wholly-owned subsidiary of the Company on 2 September 2005.

SRSB has an authorized share capital of RM100,000 consisting of 100,000 ordinary shares of RM1 each with an issued and paid-up capital of RM2. The intended principal activities of SRSB are media and/or media-related.

2. The Company announced on 21 September 2005 that it had entered into a conditional sale and purchase agreement with Mohd Dinniah bin Yusof to acquire 70% in Rimakmur Sdn Bhd representing a total of 22,400 ordinary shares of RM1.00 each for a cash consideration of RM7,000,000 ("Proposed Acquisition").

The Proposed Acquisition is subject to the approvals of the Foreign Investment Committee and any other approvals, if required.

The Proposed Acquisition is not expected to have any material impact on the earnings of the Star Group for the financial year ending 31 December 2005.

On 20 October 2005, the Company announced that Foreign Investment Committee has via their letter dated 18 October 2005 stated that they have no objection to the Proposed Acquisition, subject to the condition that Rimakmur maintains a 30% Bumiputera equity shareholding at all times.

The Proposed Acquisition is still pending completion.

A12. Changes in contingent liabilities

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

A13. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	70,083
- not contracted	-

	70,083
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Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 30.09.2005 RM'000	Preceding Year Corresponding Quarter 30.09.2004 RM'000
Revenue	181,892	180,545
Consolidated Profit before taxation	46,166	43,058
Consolidated Profit after taxation	37,966	36,962

The higher profit before tax for the current quarter was mainly due to higher revenue and lower operating expenditure partially offset by an increase in interest expense.

	Current Year To Date 30.09.2005 RM'000	Preceding Year Corresponding Period 30.09.2004 RM'000
Revenue	534,971	517,076
Consolidated Profit before taxation	133,324	123,320
Consolidated Profit after taxation	108,887	105,278

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

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

B2. Variation of results against preceding quarter

	Current Quarter 30.09.2005 RM'000	Preceding Quarter 30.06.2005 RM'000
Revenue	181,892	184,417
Consolidated Profit before taxation	46,166	46,533

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

Additional information required by Bursa Malaysia Securities Listing Requirements

B3. Current year prospects

The Malaysian Institute of Economic Research (MIER) has recently lowered Malaysia's gross domestic product (GDP) forecast for 2005 to 4.9% from 5.1% earlier. However, MIER is expecting better GDP growth in the fourth quarter of this year, the impetus for growth would be contributed by increase in consumer spending during the festive periods.

Accordingly, the adex is expected to continue to grow albeit at a slower pace.

The Board of Directors expects this trend will be reflected in the Group's results for the last quarter of 2005.

B4. Profit forecast

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

B5. Taxation

Taxation comprises the following: -

	3 months ended		Financial period ended	
	30.09.2005 RM'000	30.09.2004 RM'000	30.09.2005 RM'000	30.09.2004 RM'000
- Malaysian taxation	3,850	6,163	11,440	15,230
- Foreign taxation	17	35	54	65
- Deferred taxation	4,333	(104)	12,943	2,745
	8,200	6,094	24,437	18,040
- Share of tax of an associated company	-	2	-	2
	8,200	6,096	24,437	18,042

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

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

Additional information required by Bursa Malaysia Securities Listing Requirements

B6. Unquoted investments and properties

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

B7. Quoted investments

- (a) There were no purchases or disposal of quoted securities for the financial period to date, other than as mentioned below.

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

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

The market value of the KUB Shares as at 30 September 2005 was RM10,825.

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

B8. Status of corporate proposal announced

- (a) Corporate Proposals
Other than the Proposed Acquisition in Rimakmur as announced on 21 September 2005, there was no corporate proposals announced but not completed as at the date of this report.

(For details on the above corporate proposal, please refer to note A11 above).

- (b) Status on Utilisation Of Proceeds
The proceeds from the issuance of 5-year redeemable unsecured bonds 2000/2005 of RM250 million have been fully utilized by the 1st quarter of 2003.

Additional information required by Bursa Malaysia Securities Listing Requirements

B9. Borrowing and debt securities

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

	As at 30.09.2005 RM'000	As at 30.09.2004 RM'000
<u>Short Term Borrowings</u>		
Secured		
<u>Foreign – Australian Dollar</u>		
Bank overdraft – secured by a mortgage over the freehold land	-	168
Unsecured		
<u>Domestic – Ringgit Malaysia</u>		
5-year redeemable unsecured bonds 2000/2005 with a coupon rate of 4.0% per annum, maturing on 15 December 2005	250,000	-
<u>Long Term Borrowings</u>		
Unsecured		
<u>Domestic – Ringgit Malaysia</u>		
5-year Medium Term Notes 2005/2010 with a coupon rate of 5.50% per annum, maturing on 26 February 2010	150,000	-
<u>Domestic – Ringgit Malaysia</u>		
5-year Medium Term Notes 2005/2010 with a coupon rate of 5.70% per annum, maturing on 27 August 2010	100,000	-
<u>Domestic – Ringgit Malaysia</u>		
5-year redeemable unsecured bonds 2000/2005 with a coupon rate of 4.0% per annum, maturing on 15 December 2005	-	250,000

Additional information required by Bursa Malaysia Securities Listing Requirements

B10. Off balance sheet financial instruments

- **Forward Foreign Exchange Contracts**

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

Currency	Contract Amounts (‘000)	Equivalent amount in Ringgit Malaysia (‘000)	Expiry Dates
Euro	410	1,876	30 Dec 2005

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

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

- **Interest Rate Swap**

The Company has entered into interest rate swap to manage interest rate exposure on its overall portfolio. During the financial period under review, the Company entered into two (2) two-year interest rate swap contracts of notional principal amounts of RM100 million each. The interest rate swap contracts effectively entitle the Company to receive interest at fixed rates ranging from 3.30% to 3.36% per annum every 6 months and oblige it to pay interest at floating rates linked to the 6 month Kuala Lumpur Inter Bank Offer Rate.

- **Credit Risk**

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

Additional information required by Bursa Malaysia Securities Listing Requirements

B11. Changes in material litigation

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

B12. Dividend

The Board of Directors does not recommend any payment of dividend for the quarter under review.

Additional information required by Bursa Malaysia Securities Listing Requirements

B13. Basic earnings per share

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

	3 months ended		Financial period ended	
	30.09.2005	30.09.2004	30.09.2005	30.09.2004
Group's profit after taxation (RM'000)	37,966	36,962	108,887	105,278
Weighted average number of ordinary shares outstanding ('000)	338,254	320,884	338,254	320,884
Basic earnings per share	11.22	11.52	32.19	32.81

Diluted earnings per share

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

	3 months ended		Financial period ended	
	30.09.2005	30.09.2004	30.09.2005	30.09.2004
Group's profit after taxation (RM'000)	37,966	36,962	108,887	105,278
Weighted average number of ordinary shares outstanding ('000)	338,254	320,884	338,254	320,884
Assumed exercise of warrants on 1 January ('000)	-	6,288	-	6,288
Assumed exercise of share options on 1 January ('000)	1,094	3,436	1,094	3,436
Weighted average number of ordinary shares for diluted earnings per ordinary shares ('000)	339,348	330,608	339,348	330,608
Diluted earnings per share	11.19	11.18	32.09	31.84

By Order of the Board

Koh Beng Huat
Ong Wei Lymn

Secretaries
8 November 2005
Petaling Jaya, Selangor Darul Ehsan