

STAR PUBLICATIONS (MALAYSIA) BERHAD (10894-D)

**Unaudited Condensed Consolidated Income Statement
For the period ended 30 September 2006**

	3 months ended		Financial period ended	
	30.9.2006 RM'000	30.9.2005 RM'000	30.9.2006 RM'000	30.9.2005 RM'000
Revenue	184,425	181,892	539,230	534,971
Operating expenses	(149,280)	(135,809)	(422,763)	(404,151)
Other operating income	33,041	5,291	46,222	15,737
Profit from operations	68,186	51,374	162,689	146,557
Finance cost	(3,516)	(5,208)	(10,434)	(13,233)
Profit before taxation	64,670	46,166	152,255	133,324
Taxation	(15,901)	(8,200)	(31,915)	(24,437)
Profit after taxation	48,769	37,966	120,340	108,887
Less: Minority interests	-	-	-	-
Net profit for the period	48,769	37,966	120,340	108,887
Attributable to:				
Equity holders of the parent Company	48,769	37,966	120,340	108,887

Basic earnings per ordinary share (sen) *	6.60	5.61	16.29	16.10
Diluted earnings per ordinary share (sen) *	6.60	5.59	16.29	16.04

* After adjusting for the effect of the bonus issue on 6 July 2006 (please refer to note B13).

(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial statement for the year ended 31st December 2005)

Note on Operating Expenses:

Included in the Operating Expenses is depreciation expense of: -	(11,101)	(10,191)	(32,988)	(30,742)
--	----------	----------	----------	----------

**Unaudited Condensed Consolidated Balance Sheet
As at 30 September 2006**

	30 September 2006 RM'000	31 December 2005 RM'000
Non-Current assets		
Property, plant and equipment	690,547	735,041
Investment properties	28,678	29,146
Goodwill	27,119	27,119
Intangible assets	5,972	7,252
Investment in bonds	-	20,857
	752,316	819,415
Current assets		
Inventories	177,332	179,741
Trade receivables	94,855	97,829
Other receivables, deposits and prepayments	17,006	11,201
Other investment	9	7
Investment in bonds	20,857	-
Tax recoverable	416	416
Short term deposits	505,395	391,778
Cash and bank balances	34,170	24,568
	850,040	705,540
TOTAL ASSETS	1,602,356	1,524,955
EQUITY AND LIABILITIES		
Equity attributable to equity holders of Parent Company		
Share capital	738,564	368,433
Retained earnings	386,980	750,055
	1,125,544	1,118,488
Non-current liabilities		
Long-term borrowings	250,000	250,000
Retirement benefits	5,135	4,594
Deferred tax	72,692	58,528
	327,827	313,122
Current liabilities		
Trade and other payables	13,908	11,419
Provision for liabilities	63,028	74,980
Dividend Payable	58,346	-
Current tax liabilities	13,703	6,946
	148,985	93,345
Total Liabilities	476,812	406,467
TOTAL EQUITY AND LIABILITIES	1,602,356	1,524,955
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.52	1.52*

* After adjusting for the effect of the bonus issue on 6 July 2006.

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2005)

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 30 September 2006**

----- Attributable to equity holders of the Parent Company -----

	Non-distributable Reserves			Distributable Reserves	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign exchange fluctuation reserve RM'000	Retained Profits RM'000	
Balance as at 1 January 2006	368,433	301,522	14,680	433,853	1,118,488
Currency translation differences	-	-	(203)	-	(203)
Net gains and losses not recognised in the income statements	-	-	(203)	-	(203)
Net profit for the financial period	-	-	-	120,340	120,340
Dividend <i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2005, paid on 18 April 2006</i>	-	-	-	(58,346)	(58,346)
<i>Interim Dividend and Special Dividend for the financial year ending 31 December 2006, paid on 18 October 2006</i>	-	-	-	(58,346)	(58,346)
Bonus Issue on 6 July 2006	369,282	(304,284)	-	(64,998)	-
Issue of shares	849	2,762	-	-	3,611
Balance as at 30 September 2006	738,564	-	14,477	372,503	1,125,544
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 ended 31 December 2005, paid 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

(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 2005)

**Unaudited Condensed Consolidated Cash Flow Statement
For the period ended 30 September 2006**

	30 Sept 2006 RM'000	30 Sept 2005 RM'000
Profit before taxation	152,255	133,324
Adjustments for non-cash flow:-		
Non-cash items	7,721	33,097
Non-operating items	(3,378)	3,315
Operating profit before working capital changes	156,598	169,736
Changes in working capital		
Net change in current assets	(1,230)	30,656
Net change in current liabilities	(6,321)	(1,454)
	(7,551)	29,202
Cash generated from operations	149,047	198,938
Tax paid	(10,734)	(17,517)
Net cash from operating activities	138,313	181,421
Investing Activities		
Proceeds from disposal of property, plant and equipment	65,301	2,508
Purchases of property, plant and equipment	(25,622)	(157,556)
Interest received	13,812	9,918
Net cash from / (used in) investing activities	53,491	(145,130)
Financing Activities		
Issue of shares	3,611	208,887
Proceeds from issuance of 2005/2010 Medium Term Notes	-	250,000
Interest paid	(13,950)	(9,596)
Dividend paid	(58,346)	(49,193)
Net cash from / (used in) financing activities	(68,685)	400,098
Exchange differences	302	365
Net Change in Cash & Cash Equivalents	123,421	436,754
Cash & Cash Equivalents at beginning of year	416,346	245,553
Effect of change in exchange rate	(202)	(306)
As restated	416,144	245,247
Cash & Cash Equivalents at end of the period	539,565	682,001

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2005).

Notes to the interim financial report

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134, Interim Financial Reporting (formerly known as MASB 26) issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005.

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2005, except that in the current year, the Group has adopted all of the new and revised Financial reporting Standards ("FRS") that are relevant to its operations and effective for accounting periods beginning on 1 January 2006.

A summary of the principal impact on the Group's accounting policies resulting from the adoption of the new or revised standards are as follows:

(a) **FRS 5 Non-current Assets Held for Sale and Discontinued Operations**

The Group has identified property, plant and equipment where the carrying amount of the assets will be recovered principally through a sale transaction rather than through continuing use and reclassified them as assets held for sale. These assets classified as "held for sale" are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

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

The adoption of the revised FRS 101 has affected the presentation of the condensed income statements, balance sheets and statements of changes in equity with additional disclosure on the amount attributable to equity holders of the parent Company.

The presentation of the comparative financial statements of the Group have been restated to conform with the current period's presentation

(c) **FRS 116 Property, Plant and Equipment**

In accordance with FRS 116, the asset's residual values, useful lives and depreciation methods will be assessed at each financial year end and adjusted if necessary. If the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, the asset's depreciation charge is zero and until its residual value subsequently decreases to an amount below the asset's carrying amount.

Upon adoption of this standard, the Group and the Company have reviewed and re-estimated the useful lives and residual values of each significant part of all item of property, plant and equipment in accordance with the requirements of FRS 116.

After taking into the effect of changes in the useful lives and residual values, the Group recorded a reduction in depreciation charges of RM5.58 million for the financial period ended 30 September 2006.

(d) FRS 140 Investment Property

Investment property is property (land or a building – or part of a building – or both), held to earn rentals or for capital appreciation or both, and is not occupied by the Group. The investment property is measured using the cost model which is in accordance with the measurement of property, plant and equipment unless the investment property meets the criteria to be classified as Assets Held for Sale in accordance with FRS 5. In accordance to FRS 140, investment property is separately classified on the balance sheet. In prior years, investment property was not separately classified and was presented as part of property, plant and equipment.

As a result of the adoption of FRS 140, comparative amounts as at 31 December 2005 have been reclassified as follows:

	As previously reported RM'000	Effects of reclassification RM'000	As restated RM'000
Property, plant and equipment	764,187	(29,146)	735,041
Investment Property, included in property, plant and equipment	-	29,146	29,146

All changes in the accounting policies have been made in accordance with the transitional provisions of the standards, and are applied prospectively. No retrospective changes, except for the restatement above, have resulted from the adoption of the new and revised accounting standards.

All the other new and revised accounting standards adopted resulted in only minimal changes to the presentation and additional disclosures.

The Group has not applied the following three new standards which have been issued by the Malaysian Accounting Standards Board, but are not yet effective:

- (a) FRS 117 Leases
- (b) FRS 124 Related Party Disclosures
- (c) FRS 139 Financial Instruments: Recognition and Measurement

Notes to the interim financial report

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 2005 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 ended 30 September 2006.

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 2006, other than as mentioned below.

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 **231,000** 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 **189,000** 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 **23,000** 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 **30,000** 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 **36,000** unissued ordinary shares at an exercise price of RM6.24.

The subscription rights of the above Employees' Share Option Scheme expired on 12 February 2006 in accordance with the provisions of the ESOS By-Laws. Share options not exercised become null and void and cease thereafter to be valid for any purpose.

Notes to the interim financial report

A6. Debt and equity securities (continuation)

• **Bonus Issue**

The Board of Directors of Star had on 23 February 2006 proposed a Bonus Issue of up to 369,281,801 new ordinary shares of RM1.00 each on the basis of one Bonus Share for every one existing ordinary share of RM1.00 to be effected via the capitalization firstly from the Company's share premium account and the balance from the Company's retained earnings account.

The shareholders of the Company approved the bonus issue at the Extraordinary General Meeting on 18 May 2006. The entitlement date for the Bonus Issue was 30 June 2006 and the Bonus Shares were allotted on 6 July 2006. The Bonus Issue has been completed on 17 July 2006, being the date of the listing of and quotation for the Bonus Shares on the Main Board of Bursa Malaysia Securities Berhad.

Except for the above, 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

	2006 RM'000	2005 RM'000
<u>In respect of the financial year ended 31 December 2004</u>		
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
<u>In respect of the financial year ended 31 December 2005</u>		
Interim dividend of 15.0 sen per ordinary share, less tax, and special tax exempt dividend of 5 sen, paid on 20 October 2005		57,986
Second interim dividend of 15.0 sen per ordinary share, less tax and special tax exempt dividend of 5.0 sen per ordinary share, paid on 18 April 2006	58,346	
<u>In respect of the financial year ending 31 December 2006</u>		
Interim dividend of 7.5 sen per ordinary share less tax, based on the enlarged share capital and special tax exempt dividend of 2.5 sen per ordinary share, based on the enlarged share capital, paid on 18 October 2006	58,346	
	116,692	107,179

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

Acquisition and disposals of property, plant and equipment

	Current Quarter RM'000	Current Year To Date RM'000
Additions	3,606	25,622
Disposals	53,280	53,374

A10. Events subsequent to the balance sheet date

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

A11. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial period ended 30 September 2006.

A12. Changes in contingent liabilities

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

A13. Capital commitments

Authorised capital expenditure not provided for in the financial statements	RM'000
- contracted	11,267
- not contracted	7,585

	18,852
	=====

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 30.9.2006 RM'000	Preceding Year Corresponding Quarter 30.9.2005 RM'000
Revenue	184,425	181,892
Consolidated Profit before taxation	64,670	46,166
Consolidated Profit after taxation	48,769	37,966

The increase in profit before tax for the current quarter was mainly due to higher revenue and other operating income which includes a gain before tax of RM25.75 million resulting from the disposal of the remaining land of a subsidiary company (post-tax gain of RM17.35 million), partially offset by higher direct costs and operating expenses.

	Current Year To Date 30.9.2006 RM'000	Preceding Year Corresponding Period 30.9.2005 RM'000
Revenue	539,230	534,971
Consolidated Profit before taxation	152,255	133,324
Consolidated Profit after taxation	120,340	108,887

The increase in profit before tax for the current period was mainly due to higher revenue and other operating income which includes a gain before tax of RM25.75 million resulting from the disposal of the remaining land of a subsidiary company (post-tax gain of RM17.35 million), partially offset by increases in direct costs and operating expenses.

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

Additional information required by Bursa Malaysia Securities Listing Requirements

B2. Variation of results against preceding quarter

	Current Quarter 30.9.2006 RM'000	Preceding Quarter 30.6.2006 RM'000
Revenue	184,425	186,037
Consolidated Profit before taxation	64,670	48,662

The increase in profit before taxation for the current quarter was mainly due to higher other operating income which includes a gain before tax of RM25.75 million resulting from the disposal of the remaining land of a subsidiary company (post-tax gain of RM17.35 million).

B3. Current year prospects

The Malaysian economy is expected to grow at a steady rate of about 5.6% whilst the industry index is projected to grow at a slower pace.

The slower growth in index and higher costs especially for newsprint are expected to have a slight impact on the Group's results for the last quarter of 2006. Nevertheless, the Board of Directors expects a satisfactory performance for the final quarter of 2006, barring any unforeseen circumstances.

B4. Profit forecast

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

Additional information required by Bursa Malaysia Securities Listing Requirements

B5. Taxation

Taxation comprises the following: -

	3 months ended		Financial period ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
	RM'000	RM'000	RM'000	RM'000
Current year tax expense based on profit for the financial year				
- Malaysian taxation	2,787	3,850	9,059	11,440
- Foreign taxation	8,406	17	8,432	54
- Deferred taxation	4,708	4,333	14,424	12,943
	15,901	8,200	31,915	24,437

The effective tax rate on the Group's profit for 2006 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 2005 was lower than the statutory tax rate due to the higher utilization of reinvestment allowances.

B6. Unquoted investments and properties

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

B7. Quoted investments

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

B8. Status of corporate proposal announced

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

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 30.9.2006 RM'000	As at 30.9.2005 RM'000
<u>Short Term Borrowings</u>		
Unsecured		
<u>Domestic – Ringgit Malaysia</u> 5-year redeemable unsecured bonds 2000/2005 with a coupon rate of 4.0% per annum, matured 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	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	100,000

Additional information required by Bursa Malaysia Securities Listing Requirements

B10. Off balance sheet financial instruments

- **Interest Rate Swap and Interest Rate Cap transactions**

During the financial year under review, the Company has entered into interest rate swap and interest rate cap transactions to manage interest rate exposure on its existing overall portfolio. The Company entered into two (2) interest rate swap contracts of notional principal amounts of RM100 million each, covering period up to 28 February 2007 and two (2) six-month interest rate cap contracts of notional principal amounts of RM100 million each, covering period up to 28 August 2007.

- **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.

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.

Additional information required by Bursa Malaysia Securities Listing Requirements

B12. Dividend

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

B13. Basic earnings per share

The basic earnings per share for the current quarter has been calculated based on the Group's profit after taxation divided by the weighted average number of ordinary shares outstanding, after adjusting for the effect of the bonus issue. The weighted average number of shares outstanding for the previous corresponding quarter has been adjusted retrospectively to take into account the effect of the bonus issue.

The basic earnings per share for the financial period has been calculated based on the Group's profit after taxation divided by the weighted average number of ordinary shares outstanding, after adjusting for the effect of the bonus issue. The weighted average number of shares outstanding for the previous corresponding period has been adjusted retrospectively to take into account the effect of the bonus issue.

	3 months ended		Financial period ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
Group's profit after taxation (RM'000)	48,769	37,966	120,340	108,887
Weighted average number of ordinary shares outstanding ('000)	738,564	676,508	738,564	676,508
Basic earnings per share (sen)	6.60	5.61	16.29	16.10

Additional information required by Bursa Malaysia Securities Listing Requirements

Diluted earnings per share

The diluted earnings per share for the current quarter has been calculated based on the Group's profit after taxation divided by the weighted average number of ordinary shares outstanding (after adjusting for the effect of the bonus issue), which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. The weighted average number of shares outstanding for the previous corresponding quarter has been adjusted retrospectively to take into account the effect of the bonus issue.

The diluted earnings per share for the financial period has been calculated based on the Group's profit after taxation divided by the weighted average number of ordinary shares outstanding (after adjusting for the effect of the bonus issue) which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. The weighted average number of shares outstanding for the previous corresponding period has been adjusted retrospectively to take into account the effect of the bonus issue.

	3 months ended		Financial period ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
Group's profit after taxation (RM'000)	48,769	37,966	120,340	108,887
Weighted average number of ordinary shares outstanding ('000)	738,564	676,508	738,564	676,508
Assumed exercise of warrants on 1 January ('000)	-	-	-	-
Assumed exercise of share options on 1 January ('000)	-	2,188	-	2,188
Weighted average number of ordinary shares for diluted earnings per ordinary shares ('000)	738,564	678,696	738,564	678,696
Diluted earnings per share (sen)	6.60	5.59	16.29	16.04

By Order of the Board

Koh Beng Huat
Ong Wei Lynn

Secretaries
30 October 2006
Petaling Jaya, Selangor Darul Ehsan