


STAR PUBLICATIONS (MALAYSIA) BERHAD

Company no. 10894-D
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2007**

Unaudited Condensed Consolidated Income Statements

	3 months ended		Financial period ended	
	30.06.2007 RM'000	30.06.2006 RM'000	30.06.2007 RM'000	30.06.2006 RM'000
Revenue	198,081	186,037	382,656	354,805
Operating expenses	(153,572)	(139,836)	(295,235)	(273,483)
Other operating income	7,919	5,939	15,043	13,181
Profit from operations	52,428	52,140	102,464	94,503
Finance cost	(3,478)	(3,478)	(6,918)	(6,918)
Profit before taxation	48,950	48,662	95,546	87,585
Taxation	(12,763)	(8,710)	(24,909)	(16,014)
Profit for the financial period	36,187	39,952	70,637	71,571
Attributable to:				
Equity holders of the parent	36,483	39,952	70,933	71,571
Minority interest	(296)	-	(296)	-
	36,187	39,952	70,637	71,571
Basic earnings per ordinary share (sen)	4.94	5.41	9.60	9.69
Diluted earnings per ordinary share (sen)	4.94	5.41	9.60	9.69

(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial statement for the year ended 31st December 2006)

Notes on Operating Expenses:

Included in the Operating Expenses is depreciation expenses of: -

(10,732)	(10,089)	(21,402)	(21,887)
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**Unaudited Condensed Consolidated Balance Sheet
As at 30 June 2007**

	30 June 2007 RM'000	31 December 2006 RM'000
Non-Current assets		
Property, plant and equipment	642,592	662,226
Investment properties	9,459	6,284
Leasehold land	44,335	44,642
Intangible assets	26,624	30,820
	723,010	743,972
Current assets		
Inventories	194,783	199,817
Investment in bonds	-	21,000
Other investment	-	9
Trade receivables	98,020	100,280
Other receivables, deposits and prepayments	14,710	9,536
Tax recoverable	390	598
Short term deposits	558,525	489,639
Cash and bank balances	29,837	34,060
	896,265	854,939
TOTAL ASSETS	1,619,275	1,598,911
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Reserves	444,173	427,461
Equity attributable to equity holders of the parent Company	1,182,737	1,166,025
Minority Interest	1,054	-
Total equity	1,183,791	1,166,025
Non-current liabilities		
Medium Term Notes	250,000	250,000
Retirement benefits	5,988	5,484
Deferred tax liabilities	75,208	71,372
	331,196	326,856
Current liabilities		
Trade payables	8,505	16,012
Other payables, accruals and provisions	75,690	73,196
Taxation	20,093	16,822
	104,288	106,030
Total Liabilities	435,484	432,886
TOTAL EQUITY AND LIABILITIES	1,619,275	1,598,911
Net assets per share attributable to ordinary equity holders of the parent company (RM)	1.60	1.58

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2006)

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 30 June 2007**

	---- Attributable to equity holders of the Parent Company ----						Total Equity RM'000
	Non-distributable			Distributable		Minority interest RM'000	
	Share capital RM'000	Reserves Share premium RM'000	Other reserves RM'000	Reserves Retained profits RM'000	Total RM'000		
Balance as at 1 January 2007	738,564	-	14,211	413,250	1,166,025	-	1,166,025
Currency translation differences	-	-	4,679	-	4,679	-	4,679
Net income recognised directly in equity	-	-	4,679	-	4,679	-	4,679
Net profit for the financial period	-	-	-	70,933	70,933	(296)	70,637
Total recognised income for the period	-	-	4,679	70,933	75,612	(296)	75,316
Acquisition of ordinary shares by minorities	-	-	-	-	-	1,350	1,350
Dividend <i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2006, paid on 18 April 2007</i>	-	-	-	(58,900)	(58,900)	-	(58,900)
Balance as at 30 June 2007	738,564	-	18,890	425,283	1,182,737	1,054	1,183,791
Balance as at 1 January 2006	368,433	301,522	14,680	433,853	1,118,488	-	1,118,488
Currency translation differences	-	-	(1,303)	-	(1,303)	-	(1,303)
Net expense recognised directly in equity	-	-	(1,303)	-	(1,303)	-	(1,303)
Net profit for the financial period	-	-	-	71,571	71,571	-	71,571
Total recognised income for the period	-	-	(1,303)	71,571	70,268	-	70,268
Dividend <i>Second interim Dividend and Special Dividend for the financial year ended 31 December 2005, paid on 18 April 2006</i>	-	-	-	(58,347)	(58,347)	-	(58,347)
Issue of shares	849	2,762	-	-	3,611	-	3,611
Balance as at 30 June 2006	369,282	304,284	13,377	447,077	1,134,020	-	1,134,020

(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 2006)

**Unaudited Condensed Consolidated Cash Flow Statement
For the period ended 30 June 2007**

	30 Jun 2007 RM'000	30 Jun 2006 RM'000
Profit before taxation	95,546	87,585
Adjustments for non-cash flow:-		
Non-cash items	27,343	21,628
Non-operating items	(3,662)	(1,331)
Operating profit before working capital changes	119,227	107,882
Changes in working capital		
Net change in current assets	921	7,271
Net change in current liabilities	(4,852)	(13,433)
	(3,931)	(6,162)
Cash generated from operations	115,296	101,720
Tax paid	(18,140)	(7,431)
Net cash from operating activities	97,156	94,289
Investing Activities		
Proceeds from disposal of property, plant and equipment	30	771
Purchases of property, plant and equipment	(4,698)	(22,016)
Proceeds from the redemption of bonds upon maturity	21,000	-
Interest received	10,580	8,248
Net cash from / (used in) investing activities	26,912	(12,997)
Financing Activities		
Issue of shares	-	3,611
Proceeds from the issue of shares to minorities	1,350	-
Interest paid	(6,975)	(6,975)
Dividend paid	(58,900)	(58,347)
Net cash used in financing activities	(64,525)	(61,711)
Exchange differences	(195)	515
Net Change in Cash & Cash Equivalents	59,348	20,096
Cash & Cash Equivalents at beginning of year	523,699	416,346
Effect of change in exchange rate	5,315	(851)
As restated	529,014	415,495
Cash & Cash Equivalents at end of the period	588,362	435,591

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2006).

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 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 2006.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2006, except that the Group has adopted the new/revised standards mandatory for annual periods beginning on or after 1 January 2007, as follows:

FRS 117	Leases
FRS 119 ₂₀₀₄ (Revised)	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures

The adoption of the above FRSs does not have any significant financial impact on the Group except for the following:

(a) FRS 117 Leases

Prior to 1 January 2007, leasehold land and buildings held for own use were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment loss (if any). The adoption of the revised FRS 117 Leases in 2007 has resulted in a change in the accounting policy relating to the classification of leasehold land and buildings.

Under FRS 117, leasehold land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of leasehold land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as an operating lease and the payment made on entering into it represents prepaid lease payments. Leasehold land held for own use is disclosed as a separate line item in the Balance Sheet under Non-Current Assets with effect from 1 January 2007 and to be accounted for retrospectively. The costs of leasehold land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values. The leasehold land portion is amortised on a straight-line basis over the remaining lease term.

Star Publications (Malaysia) Berhad (10894-D)

The Group has applied the change in accounting policy in respect of leasehold land held for own use in accordance with the transitional provisions of FRS 117. There is no impact on the income statements as the prepaid lease payments continue to be amortised on a straight line basis over the lease term.

Leasehold buildings held for own use remains classified under Property, Plant and Equipment as they are finance leases. The leasehold buildings continue to be depreciated on a straight line basis, in accordance with the requirements of FRS 116 Property, Plant and Equipment.

As a result of the adoption of FRS 117, comparative amounts as at 31 December 2006 have been reclassified as follows:-

	As previously reported RM'000	Effects of reclassification RM'000	As restated RM'000
Property, plant and equipment	706,868	(44,642)	662,226
Leasehold land (shown under Non-Current Assets)	-	44,642	44,642

- (b) FRS 119₂₀₀₄ (Revised) Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

This standard is not applicable to the group and hence no further disclosure is warranted.

- (c) FRS 124 Related Party Disclosures

This standard affects the identification of related parties, and resulted in additional related party disclosures presented in the financial statements.

As at the date of this report, the Group has not applied the following six new/revised standards which have been issued by the Malaysian Accounting Standards Board, but are not yet effective:

- a) FRS 107 Cash Flow Statements
- b) FRS 112 Income Taxes
- c) FRS 118 Revenue
- d) FRS 134 Interim Financial Reporting
- e) FRS 137 Provisions, Contingent Liabilities and Contingent Assets
- f) FRS 139 Financial Instruments: Recognition and Measurement

The Group will apply FRS 107, FRS 112, FRS 118, FRS 134 and FRS 137 in the annual period commencing 1 January 2008, when they become effective. The Group has not applied the new standard FRS 139, as the effective date has yet to be determined by MASB. It is expected that there will be no material impact on the financial statements when the Group applies these new/revised standards.

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 2006 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 June 2007.

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.

A6. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 30 June 2007.

Notes to the interim financial report

A7. Dividend paid

	2007 RM'000	2006 RM'000
<u>In respect of the financial year ended 31 December 2005</u>		
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		58,347
<u>In respect of the financial year ended 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
Second 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 April 2007	58,900	
	58,900	116,693

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 2006.

Acquisition and disposals of property, plant and equipment

	Current Quarter RM'000	Current Year To Date RM'000
Additions	2,472	4,698
Disposals	11	14

Notes to the interim financial report

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

The paid-up share capital of Star-IT Sdn Bhd (“Star-IT”) was increased from RM2.00 to RM3,500,000.00 by the issuance of 3,499,998 ordinary shares of RM1.00 each. The Company subscribed and fully paid for the 2,449,998 newly issued ordinary shares at RM1.00 each, while the remaining 1,050,000 new ordinary shares were subscribed and paid at RM1.00 each by minorities. The Company’s equity interest in Star-IT remains at 70%.

The paid-up share capital of Rimakmur Sdn Bhd (“Rimakmur”) was increased from RM32,000.00 to RM10,032,000.00 by the issuance of 10,000,000 ordinary shares of RM1.00 each. The Company subscribed and fully paid for the 7,000,000 newly issued ordinary shares at RM1.00 each, while the remaining 3,000,000 new ordinary shares were subscribed and paid at RM0.10 each by minorities with an uncalled portion of RM0.90 for each of these ordinary shares. The Company’s equity interest in Rimakmur remains at 70%.

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	10,543
- not contracted	1,201

	11,744
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Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 30.06.2007 RM'000	Preceding Year Corresponding Quarter 30.06.2006 RM'000
Revenue	198,081	186,037
Consolidated Profit before taxation	48,950	48,662
Consolidated Profit after taxation	36,187	39,952

Despite higher revenue, the Group's profit before tax in the current quarter increased marginally mainly due to higher operating expenses.

	Current Year To Date 30.06.2007 RM'000	Preceding Year Corresponding Period 30.06.2006 RM'000
Revenue	382,656	354,805
Consolidated Profit before taxation	95,546	87,585
Consolidated Profit after taxation	70,637	71,571

The increase in profit before tax for the current period was mainly due to higher revenue partially offset by the increase in 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.

B2. Variation of results against preceding quarter

	Current Quarter 30.06.2007 RM'000	Preceding Quarter 31.03.2007 RM'000
Revenue	198,081	184,575
Consolidated Profit before taxation	48,950	46,596

The Group's revenue for the current quarter was 7.3% higher at RM198.1 million compared to RM184.6 million in the preceding quarter. The Group's profit before tax in the current quarter increased to RM49.0 million from RM46.6 million, mainly due to higher revenue partially offset by the increase in direct costs and operating expenses.

Additional information required by Bursa Malaysia Securities Listing Requirements

B3. Current year prospects

The country's improving economic fundamentals, sustained global growth and resilient domestic demand together with the boost from the tourism-related activities associated with Visit Malaysia Year would impact positively on adex growth.

Barring unforeseen circumstances, the Board of Directors is optimistic of achieving another satisfactory performance for the second half of 2007.

B4. Profit forecast

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

B5. Taxation

Taxation comprises the following: -

	3 months ended		Financial period ended	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	11,268	3,050	20,200	6,272
2. Foreign taxation	430	21	874	26
3. Deferred taxation	1,065	5,639	3,835	9,716
	12,763	8,710	24,909	16,014

The effective tax rate on the Group's profit for 2007 is approaching the statutory tax rate as the remaining balance of reinvestment allowances available will be fully utilised this year.

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

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) Sale proceeds of quoted securities for the financial period-to-date.

	3 months ended 30.06.2007 RM'000	Financial period ended 30.06.2007 RM'000
Total sale proceeds	13	13
Total gain/(loss) on disposal	(1)	4

(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 second quarter are as follows:

	As at 30.06.2007 RM'000	As at 30.06.2006 RM'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

B10. Off balance sheet financial instruments

During the financial period under review, the Company has unwound all the outstanding interest rate swap contracts.

As at the date of this announcement, there is no outstanding foreign currency contract to hedge its committed purchases in foreign currencies.

B11. Changes in material litigation

There are several libel suits which involve claims against the 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 is pleased to declare an interim dividend of 7.5 sen per ordinary share less tax, (2006: interim dividend of 7.5 sen per ordinary share, less tax) and a special tax exempt dividend of 3.0 sen per ordinary share (2006: special tax exempt dividend of 2.5 sen) to be payable to the shareholders on 18 October 2007. The entitlement date for the said dividend shall be 28 September 2007.

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

- (a) Securities transferred into the Depositor's Securities Account before 4.00p.m. on 28 September 2007 in respect of transfer;
- (b) Securities bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.

B13. Basic earnings per share

The basic earnings per share has been calculated based on the Group's profit after taxation attributable to equity holders of the parent divided by the weighted average number of ordinary shares outstanding during the financial period. 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	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Group's profit after taxation attributable to equity holders of the parent (RM'000)	36,483	39,952	70,933	71,571
Weighted average number of ordinary shares outstanding ('000)	738,564	738,564	738,564	738,564
Basic earnings per share (sen)	4.94	5.41	9.60	9.69

Diluted earnings per share

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

By Order of the Board

Ong Wei Lynn

Company Secretary
26 July 2007
Petaling Jaya, Selangor Darul Ehsan