



## STAR PUBLICATIONS (MALAYSIA) BERHAD

Company no. 10894-D  
(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

#### Unaudited Condensed Consolidated Income Statements

	3 months ended		Financial period ended	
	31.03.2008 RM'000	31.03.2007 RM'000	31.03.2008 RM'000	31.03.2007 RM'000
<b>Revenue</b>	<b>204,728</b>	<b>184,575</b>	<b>204,728</b>	<b>184,575</b>
Operating expenses	(152,348)	(141,663)	(152,348)	(141,663)
Other operating income	10,234	7,124	10,234	7,124
<b>Profit from operations</b>	<b>62,614</b>	<b>50,036</b>	<b>62,614</b>	<b>50,036</b>
Finance cost	(3,440)	(3,440)	(3,440)	(3,440)
<b>Profit before taxation</b>	<b>59,174</b>	<b>46,596</b>	<b>59,174</b>	<b>46,596</b>
Taxation	(16,647)	(12,146)	(16,647)	(12,146)
<b>Profit for the financial period</b>	<b>42,527</b>	<b>34,450</b>	<b>42,527</b>	<b>34,450</b>
<b>Attributable to:</b>				
Equity holders of the parent	42,521	34,450	42,521	34,450
Minority interest	6	-	6	-
	<b>42,527</b>	<b>34,450</b>	<b>42,527</b>	<b>34,450</b>
<b>Basic earnings per ordinary share (sen)</b>	<b>5.76</b>	<b>4.66</b>	<b>5.76</b>	<b>4.66</b>
<b>Diluted earnings per ordinary share (sen)</b>	<b>5.76</b>	<b>4.66</b>	<b>5.76</b>	<b>4.66</b>

(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial statement for the year ended 31<sup>st</sup> December 2007)

#### Notes on Operating Expenses:

Included in the Operating Expenses are depreciation expenses and amortisation of leasehold land :

(10,806)	(10,670)	(10,806)	(10,670)
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**Unaudited Condensed Consolidated Balance Sheet  
As at 31 March 2008**

	31 March 2008 RM'000	31 December 2007 RM'000
<b>Non-Current assets</b>		
Property, plant and equipment	619,934	626,910
Investment properties	9,173	9,268
Leasehold land	43,875	44,028
Intangible assets	25,344	25,771
	<b>698,326</b>	<b>705,977</b>
<b>Current assets</b>		
Inventories	143,721	161,117
Trade receivables	101,951	107,446
Other receivables, deposits and prepayments	16,319	14,039
Tax recoverable	578	390
Short term deposits	680,804	623,240
Cash and bank balances	34,213	34,836
	<b>977,586</b>	<b>941,068</b>
<b>TOTAL ASSETS</b>	<b>1,675,912</b>	<b>1,647,045</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	738,564	738,564
Reserves	459,301	479,426
Equity attributable to equity holders of the parent Company	<b>1,197,865</b>	<b>1,217,990</b>
Minority Interest	1,072	1,066
<b>Total equity</b>	<b>1,198,937</b>	<b>1,219,056</b>
<b>Non-current liabilities</b>		
Medium Term Notes	250,000	250,000
Retirement benefits	6,846	7,694
Deferred tax liabilities	73,399	71,760
	<b>330,245</b>	<b>329,454</b>
<b>Current liabilities</b>		
Trade payables	3,930	4,832
Other payables, accruals and provisions	62,203	74,769
Dividend Payable	63,147	-
Taxation	17,450	18,934
	<b>146,730</b>	<b>98,535</b>
<b>Total Liabilities</b>	<b>476,975</b>	<b>427,989</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,675,912</b>	<b>1,647,045</b>
<b>Net assets per share attributable to ordinary equity holders of the parent company (RM)</b>	<b>1.62</b>	<b>1.65</b>

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statement for the year ended 31<sup>st</sup> December 2007)

## Unaudited Condensed Consolidated Statements of Changes in Equity For the period 31 March 2008

	--- Attributable to equity holders of the Parent Company ---						Total Equity RM'000
	Non-distributable			Distributable		Total RM'000	
	Share capital RM'000	<u>Reserves</u> Share premium RM'000	Other reserves RM'000	<u>Reserves</u> Retained earnings RM'000	Minority interest RM'000		
<b>Balance as at 1 January 2008</b>	<b>738,564</b>	-	<b>18,505</b>	<b>460,921</b>	<b>1,217,990</b>	<b>1,066</b>	<b>1,219,056</b>
Currency translation differences	-	-	501	-	501	-	501
Net income recognised directly in equity	-	-	501	-	501	-	501
Net profit for the financial period	-	-	-	42,521	42,521	6	42,527
<b>Total recognised income for the period</b>	-	-	<b>501</b>	<b>42,521</b>	<b>43,022</b>	<b>6</b>	<b>43,027</b>
Dividend <i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2007, paid on 18 April 2008</i>	-	-	-	(63,147)	(63,147)	-	(63,147)
<b>Balance as at 31 March 2008</b>	<b>738,564</b>	-	<b>19,006</b>	<b>440,295</b>	<b>1,197,865</b>	<b>1,072</b>	<b>1,198,937</b>
<b>Balance as at 1 January 2007</b>	<b>738,574</b>	-	<b>14,211</b>	<b>413,250</b>	<b>1,166,025</b>	-	<b>1,166,025</b>
Currency translation differences	-	-	(104)	-	(104)	-	(104)
Net expense recognised directly in equity	-	-	(104)	-	(104)	-	(104)
Net profit for the financial period	-	-	-	34,450	34,450	-	34,450
<b>Total recognised income for the period</b>	-	-	<b>(104)</b>	<b>34,450</b>	<b>34,346</b>	-	<b>34,346</b>
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)
<b>Balance as at 31 March 2007</b>	<b>738,564</b>	-	<b>14,107</b>	<b>388,800</b>	<b>1,141,471</b>	-	<b>1,141,471</b>

**(The unaudited Condensed Consolidated Statement Of Changes in Equity should be read in conjunction with the Annual Financial Statement for the year ended 31<sup>st</sup> December 2007)**

**Unaudited Condensed Consolidated Cash Flow Statement**  
**For the period ended 31 March 2008**

	31 Mar 2008 RM'000	31 Mar 2007 RM'000
<b>Profit before taxation</b>	59,174	46,596
<b>Adjustments for non-cash flow:-</b>		
Non-cash items	12,216	13,539
Non-operating items	(3,306)	(1,303)
<b>Operating profit before working capital changes</b>	<b>68,084</b>	<b>58,832</b>
<b>Changes in working capital</b>		
Net change in current assets	19,969	6,785
Net change in current liabilities	(9,935)	(24,157)
	10,034	(17,372)
<b>Cash generated from operations</b>	<b>78,118</b>	<b>41,460</b>
Tax paid	(16,688)	(3,555)
Retirement benefit paid	(1,203)	-
<b>Net cash from operating activities</b>	<b>60,227</b>	<b>37,905</b>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	91	6
Purchases of property, plant and equipment	(3,645)	(2,226)
Proceeds from the redemption of bonds upon maturity	-	21,000
Interest received	6,743	4,743
<b>Net cash from investing activities</b>	<b>3,189</b>	<b>23,523</b>
<b>Financing Activities</b>		
Interest paid	(6,975)	(6,975)
<b>Net cash used in financing activities</b>	<b>(6,975)</b>	<b>(6,975)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>56,441</b>	<b>54,453</b>
Effect of exchange rates fluctuations on cash held	501	282
Cash & Cash Equivalents at beginning of year	658,075	523,699
<b>Cash &amp; Cash Equivalents at end of the period</b>	<b>715,017</b>	<b>578,434</b>

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2007).

## 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 2007.

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 2007, except that the Group has adopted the revised standards which are applicable to its financial statements and are relevant to its operation, as follows:-

- 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) Amendments to FRS 121-The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

The adoption of the above FRSs does not have any significant financial impact on the Group.

### A2. Seasonal or cyclical factors

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

### A3. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 31 March 2008.

### A4. Changes in estimates

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

## Notes to the interim financial report

### A5. 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 year ended 31 March 2008.

### A6. Dividend paid

No dividend was paid in the current financial period ended 31 March 2008.

### A7. 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.

### A8. 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.

### A9. Changes in composition of the Group

The Company announced on 7 April 2008 that it had entered into a joint venture with SPH Interactive International (SPH II) of Singapore. The joint venture is called 701Panduan Sdn Bhd. SPH II is a fully-owned subsidiary of Singapore's foremost media company Singapore Press Holdings Ltd (SPH). The current paid up capital of 701Panduan Sdn Bhd is RM2 consisting of 2 ordinary shares of RM1.00 each.

The total investment outlay by the Company will be RM30 million in the form of cash subscription for 30 million ordinary shares of Rm1.00 each in 701Panduan Sdn Bhd.

The joint venture is not expected to have any material effect on Star Group's earnings per share, net asset per share and gearing for the financial year ending 31 December 2008.

**Notes to the interim financial report**

**A10. 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.

**A11. Capital commitments**

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	9,828
- not contracted	4,761
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	14,589
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**Additional information required by Bursa Malaysia Securities Listing Requirements**

**B1. Review of performance**

	Current Year Quarter 31.03.2008 RM'000	Preceding Year Corresponding Quarter 31.03.2007 RM'000
Revenue	204,728	184,575
Consolidated Profit before taxation	59,174	46,596
Consolidated Profit after taxation	42,527	34,450

For the current financial quarter under review, the Group's revenue was 10.92% higher at RM204.73 million as compared to RM184.58 million in the same quarter last year.

The Group's profit before tax for the current quarter was higher at RM59.17 million as compared to that of the 2007's corresponding results of RM46.60 million.

The increase in profit before tax for the financial year to date 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 31.03.2008 RM'000	Preceding Quarter 31.12.2007 RM'000
Revenue	204,728	212,646
Consolidated Profit before taxation	59,174	70,679

The Group's revenue for the current quarter was lower at RM204.73 million as compared to RM212.65 million in the preceding quarter. Consequently, the Group's profit before tax in the current quarter decreased to RM59.17 million from RM70.68 million, mainly due to seasonally lower revenue as well as higher operating expenses.



**Additional information required by Bursa Malaysia Securities Listing Requirements****B3. Current year prospects**

According to the Malaysian Institute of Economic Research (MIER), the Malaysian economy is expected to register a growth of 5.4% in 2008. MIER expects the economic conditions in Malaysia to deteriorate in the second half of 2008 due to the slowing global economy. Rising fuel and food prices are also expected to put further pressure on the local economy. Consequently, advertising expenditure is also projected to register a slower growth in 2008 compared to 2007.

The Group is also facing challenges of rising direct cost due particularly to the sharp increase in newsprint prices.

Barring any unforeseen circumstances, the Board of Directors expects to achieve a satisfactory performance for the financial year ending 31 December 2008.

**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	
	31.03.2008 RM'000	31.03.2007 RM'000	31.03.2008 RM'000	31.03.2007 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	14,707	8,932	14,707	8,932
2. Foreign taxation	305	444	305	444
3. Deferred taxation	1,635	2,770	1,635	2,770
	16,647	12,146	16,647	12,146

The effective tax rate on the Group's profit for the period under review is higher than the statutory tax rate as the Group has fully utilized the remaining balance of reinvestment allowance available in year 2007. The higher effective tax rate is also due to some non-deductible expenses.

The effective tax rate on the Group's profit for 2007 was lower than the statutory tax rate due to the reversal of deferred tax expenses attributable to the reduction in statutory tax rate and utilisation of the remaining balance of reinvestment allowance 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) 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.

**B9. Borrowing and debt securities**

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

	As at 31.03.2008 RM'000	As at 31.03.2007 RM'000
<b><u>Long Term Borrowings</u></b>		
<b>Unsecured</b>		
<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**

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.

**B12. Dividend**

No interim dividend has been recommended for the current quarter under review ( Quarter 1 2007 : Nil).

In respect of the financial year ended 31 December 2007, the Board of Directors declared a second interim dividend of 7.5 sen per ordinary shares less tax and a special tax exempt dividend of 3.0 sen per ordinary share, which was paid on 18 April 2008 (2006: Second interim dividend of 7.5 sen per ordinary share less tax and a special tax exempt dividend of 2.5 sen per ordinary share).

**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.

	3 months ended		Financial year ended	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Group's profit after taxation attributable to equity holders of the parent (RM'000)	42,521	34,450	42,521	34,450
Weighted average number of ordinary shares outstanding ('000)	738,564	738,505	738,564	738,505
<b>Basic earnings per share (sen)</b>	<b>5.76</b>	<b>4.66</b>	<b>5.76</b>	<b>4.66</b>

**Additional information required by Bursa Malaysia Securities Listing Requirements**

**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 Lymn

Company Secretary  
23 May 2008  
Petaling Jaya, Selangor Darul Ehsan