



STAR PUBLICATIONS (MALAYSIA) BERHAD

Company no. 10894-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

Unaudited Condensed Consolidated Income Statements

	3 months ended		Financial period ended	
	30.06.2008 RM'000	30.06.2007 RM'000	30.06.2008 RM'000	30.06.2007 RM'000
Revenue	211,754	198,081	416,482	382,656
Operating expenses	(155,096)	(153,572)	(307,445)	(295,235)
Other operating income	8,944	7,919	19,179	15,043
Profit from operations	65,602	52,428	128,216	102,464
Finance cost	(3,478)	(3,478)	(6,918)	(6,918)
Profit before taxation	62,124	48,950	121,298	95,546
Taxation	(18,155)	(12,763)	(34,802)	(24,909)
Profit for the financial period	43,969	36,187	86,496	70,637
Attributable to:				
Equity holders of the parent	43,963	36,483	86,484	70,933
Minority interest	6	(296)	12	(296)
	43,969	36,187	86,496	70,637
Basic earnings per ordinary share (sen)	5.95	4.94	11.71	9.60
Diluted earnings per ordinary share (sen)	5.95	4.94	11.71	9.60

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

Notes on Operating Expenses:

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

(10,832)	(10,732)	(21,639)	(21,402)
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**Unaudited Condensed Consolidated Balance Sheet
As at 30 June 2008**

	30 June 2008 RM'000	31 December 2007 RM'000
Non-Current assets		
Property, plant and equipment	610,685	626,910
Investment properties	9,078	9,268
Leasehold land	43,721	44,028
Intangible assets	24,917	25,771
Investment in jointly-controlled entity	350	-
	688,751	705,977
Current assets		
Inventories	136,838	161,117
Trade receivables	101,514	107,446
Other receivables, deposits and prepayments	15,839	14,039
Tax recoverable	865	390
Short term deposits	669,204	623,240
Cash and bank balances	38,243	34,836
	962,503	941,068
TOTAL ASSETS	1,651,254	1,647,045
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Reserves	511,332	479,426
Equity attributable to equity holders of the parent Company	1,249,896	1,217,990
Minority Interest	1,078	1,066
Total equity	1,250,974	1,219,056
Non-current liabilities		
Medium Term Notes	250,000	250,000
Retirement benefits	7,447	7,694
Deferred tax liabilities	73,416	71,760
	330,863	329,454
Current liabilities		
Trade payables	3,832	4,832
Other payables, accruals and provisions	41,522	74,769
Taxation	24,063	18,934
	69,417	98,535
Total Liabilities	400,280	427,989
TOTAL EQUITY AND LIABILITIES	1,651,254	1,647,045
Net assets per share attributable to ordinary equity holders of the parent company (RM)	1.69	1.65

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

Unaudited Condensed Consolidated Statements of Changes in Equity For the period 30 June 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		
Balance as at 1 January 2008	738,564	-	18,505	460,921	1,217,990	1,066	1,219,056
Currency translation differences	-	-	8,569	-	8,569	-	8,569
Net income recognised directly in equity	-	-	8,569	-	8,569	-	8,569
Net profit for the financial period	-	-	-	86,484	86,484	12	86,496
Total recognised income for the period	-	-	8,569	86,484	95,053	12	95,065
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)
Balance as at 30 June 2008	738,564	-	27,074	484,258	1,249,896	1,078	1,250,974
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 expense 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

(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 2007)

Unaudited Condensed Consolidated Cash Flow Statement For the period ended 30 June 2008

	30 June 2008 RM'000	30 June 2007 RM'000
Profit before taxation	121,298	95,546
Adjustments for non-cash flow:-		
Non-cash items	24,633	27,148
Non-operating items	(6,930)	(3,662)
Operating profit before working capital changes	139,001	119,032
Changes in working capital		
Net change in current assets	27,220	921
Net change in current liabilities	(34,262)	(4,852)
	(7,042)	(3,931)
Cash generated from operations	131,959	115,101
Tax paid	(28,609)	(18,140)
Retirement benefit paid	(1,203)	-
Net cash from operating activities	102,147	96,961
Investing Activities		
Proceeds from disposal of property, plant and equipment	315	30
Purchases of property, plant and equipment	(5,034)	(4,698)
Proceeds from the redemption of bonds upon maturity	-	21,000
Investment in jointly-controlled entity	(350)	-
Interest received	13,847	10,580
Net cash from investing activities	8,778	26,912
Financing Activities		
Proceeds from the issue of shares to minorities	-	1,350
Interest paid	(6,975)	(6,975)
Dividend paid	(63,147)	(58,900)
Net cash used in financing activities	(70,122)	(64,525)
Net Increase in Cash & Cash Equivalents	40,803	59,348
Effect of exchange rates fluctuations on cash held	8,569	5,315
Cash & Cash Equivalents at beginning of year	658,075	523,699
Cash & Cash Equivalents at end of the period	707,447	588,362

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st 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 period ended 30 June 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 period ended 30 June 2008.

A6. Dividend paid

	2008 RM'000	2007 RM'000
<u>In respect of the financial year ended 31 December 2006</u>		
Second interim dividend of 7.5 sen per ordinary share, less tax and special tax exempt dividend of 2.5 sen per ordinary share, paid on 18 April 2007		58,900
<u>In respect of the financial year ended 31 December 2007</u>		
First interim dividend of 7.5 sen per ordinary share, less tax and special tax exempt dividend of 3.0 sen per ordinary share, paid on 18 October 2007		62,593
Second interim dividend of 7.5 sen per ordinary share, less tax and special tax exempt dividend of 3.0 sen per ordinary share, paid on 18 April 2008	63,147	
	63,147	121,493

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.

Notes to the interim financial report

A9. Changes in composition of the Group

- On 7 April 2008, the Company announced 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.

- On 18 June 2008, the Company announced that it had acquired 2 ordinary shares of RM1.00 each fully paid, representing 100% of the total issued and paid up share capital of Impian Ikon (M) Sdn Bhd, a dormant shelf company.
- On 19 June 2008, Impian Ikon (M) Sdn Bhd, a wholly-owned subsidiary of Star Publications (Malaysia) Berhad had entered into a Sale & Purchase Agreement with Roshan Thiran a/l Nyanen Thiran, Ang Hui Ming, Samuel Kurian a/k Kurian Samuel, Ang Ming Ern and Dots Computer Sdn Bhd to acquire a total of 24,990 ordinary shares of RM1 each fully paid in Leaderonomics Sdn Bhd representing a 51% equity interest for a total cash consideration of RM2,033,990.

The acquisition will not 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.

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	8,863
- not contracted	3,906

	12,769
	=====

Additional information required by Bursa Malaysia Securities Listing Requirements**B1. Review of performance**

	Current Year Quarter 30.06.2008 RM'000	Preceding Year Corresponding Quarter 30.06.2007 RM'000
Revenue	211,754	198,081
Consolidated Profit before taxation	62,124	48,950
Consolidated Profit after taxation	43,969	36,187

For the current financial quarter under review, the Group's revenue was 6.90% higher at RM211.75 million as compared to RM198.08 million in the same quarter last year.

The Group's profit before tax for the current quarter was higher at RM62.12 million as compared to that of the 2007's corresponding results of RM48.95 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 30.06.2008 RM'000	Preceding Quarter 31.03.2008 RM'000
Revenue	211,754	204,728
Consolidated Profit before taxation	62,124	59,174

The Group's revenue for the current quarter was higher at RM211.75 million as compared to RM204.73 million in the preceding quarter. Consequently, the Group's profit before tax in the current quarter increased to RM62.12 million from RM59.17 million, mainly due to higher revenue partially offset by the increase in direct costs and operating expenses.

B3. Current year prospects

The Malaysian Institute of Economic Research (MIER) has revised its GDP growth forecast from 5.4% to 4.6% for 2008 due to the impact of slowing US economy, soaring food prices and rising global oil prices. 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 costs and operating expenses due particularly to the sharp increases in newsprint prices and fuel prices.

Barring any unforeseen circumstances, the Board of Directors expects to achieve a satisfactory performance for the second half of 2008.

Additional information required by Bursa Malaysia Securities Listing Requirements**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	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	17,626	11,268	32,333	20,200
2. Foreign taxation	529	430	834	874
3. Deferred taxation	-	1,065	1,635	3,835
	18,155	12,763	34,802	24,909

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.

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.

Additional information required by Bursa Malaysia Securities Listing Requirements**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 second quarter are as follows:

	As at 30.06.2008 RM'000	As at 30.06.2007 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

- **Forward Foreign Exchange Contracts**

As at the 23 July 2008 (being a date not earlier than 7 days from the date of issue of the quarterly report) , the Group had the following outstanding forward foreign exchange contract to hedge its committed purchase in foreign currency:

Currency	Contract Amount (‘000)	Equivalent amount in Ringgit Malaysia(RM) (‘000)	Expiry Date
USD	633	2,042	29 August 2008

Transaction in foreign currency is converted into Ringgit Malaysia at the rate of exchange specified in the forward foreign exchange contract. The above financial instrument is executed with creditworthy financial institution in Malaysia and the possibility of non-performance by the 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 of which the outcome and probable compensation, if any, is currently indeterminable.

B12. Dividend

The Board of Directors is pleased to declare an interim dividend of 7.5 sen per ordinary share less tax, (2007: interim dividend of 7.5 sen per ordinary share, less tax) and a special tax exempt dividend of 3.0 sen per ordinary share (2007: special tax exempt dividend of 3.0 sen per ordinary share) to be payable to the shareholders on 30 September 2008. The entitlement date for the said dividend shall be 2 September 2008.

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 2 September 2008 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.

	3 months ended		Financial year ended	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
Group's profit after taxation attributable to equity holders of the parent (RM'000)	43,963	36,483	86,484	70,933
Weighted average number of ordinary shares outstanding ('000)	738,564	738,564	738,564	738,564
Basic earnings per share (sen)	5.95	4.94	11.71	9.60

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
30 July 2008
Petaling Jaya, Selangor Darul Ehsan