



## STAR PUBLICATIONS (MALAYSIA) BERHAD

Company no. 10894-D  
(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

#### Unaudited Condensed Consolidated Income Statements

	3 months ended		Financial period ended	
	30.09.2008 RM'000	30.09.2007 RM'000	30.09.2008 RM'000	30.09.2007 RM'000
<b>Revenue</b>	<b>202,968</b>	<b>210,563</b>	<b>619,450</b>	<b>593,219</b>
Operating expenses	(152,751)	(157,750)	(460,195)	(452,985)
Other operating income	9,472	7,844	28,650	22,887
<b>Profit from operations</b>	<b>59,689</b>	<b>60,657</b>	<b>187,905</b>	<b>163,121</b>
Finance cost	(3,532)	(3,516)	(10,450)	(10,434)
	56,157	57,141	177,455	152,687
<i>Share of profits in jointly controlled entity</i>	147	-	147	-
<b>Profit before taxation</b>	<b>56,304</b>	<b>57,141</b>	<b>177,602</b>	<b>152,687</b>
Taxation	(17,252)	(14,343)	(52,054)	(39,252)
<b>Profit for the financial period</b>	<b>39,052</b>	<b>42,798</b>	<b>125,548</b>	<b>113,435</b>
<b>Attributable to:</b>				
<b>Equity holders of the parent</b>	<b>39,092</b>	<b>42,788</b>	<b>125,576</b>	<b>113,721</b>
<b>Minority interest</b>	<b>(40)</b>	<b>10</b>	<b>(28)</b>	<b>(286)</b>
	<b>39,052</b>	<b>42,798</b>	<b>125,548</b>	<b>113,435</b>
<b>Basic earnings per ordinary share (sen)</b>	<b>5.29</b>	<b>5.79</b>	<b>17.00</b>	<b>15.40</b>
<b>Diluted earnings per ordinary share (sen)</b>	<b>5.29</b>	<b>5.79</b>	<b>17.00</b>	<b>15.40</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 :

	(10,935)	(10,822)	(32,573)	(32,224)
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**Unaudited Condensed Consolidated Balance Sheet  
As at 30 September 2008**

	30 September 2008 RM'000	31 December 2007 RM'000
<b>Non-Current assets</b>		
Property, plant and equipment	602,885	626,910
Investment properties	8,983	9,268
Leasehold land	43,568	44,028
Intangible assets	26,508	25,771
Investment in jointly-controlled entity	20,503	-
	<b>702,447</b>	<b>705,977</b>
<b>Current assets</b>		
Inventories	179,409	161,117
Trade receivables	91,757	107,446
Other receivables, deposits and prepayments	17,096	14,039
Tax recoverable	1,263	390
Short term deposits	606,847	623,240
Cash and bank balances	40,211	34,836
	<b>936,583</b>	<b>941,068</b>
<b>TOTAL ASSETS</b>	<b>1,639,030</b>	<b>1,647,045</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	738,564	738,564
Reserves	473,440	479,426
Equity attributable to equity holders of the parent Company	<b>1,212,004</b>	<b>1,217,990</b>
Minority Interest	1,084	1,066
<b>Total equity</b>	<b>1,213,088</b>	<b>1,219,056</b>
<b>Non-current liabilities</b>		
Medium Term Notes	250,000	250,000
Retirement benefits	-	7,694
Deferred tax liabilities	76,388	71,760
	<b>326,388</b>	<b>329,454</b>
<b>Current liabilities</b>		
Trade payables	7,034	4,832
Other payables, accruals and provisions	67,842	74,769
Taxation	24,678	18,934
	<b>99,554</b>	<b>98,535</b>
<b>Total Liabilities</b>	<b>425,942</b>	<b>427,989</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,639,030</b>	<b>1,647,045</b>
<b>Net assets per share attributable to ordinary equity holders of the parent company (RM)</b>	<b>1.64</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 30 September 2008

	---- Attributable to equity holders of the Parent Company ----							
	Non-distributable			Distributable		Total	Minority interest	Total Equity
	Share capital	Reserves	Other reserves	Reserves Retained earnings	RM'000			
RM'000	Share premium RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	(5,268)	-	(5,268)	-	(5,268)	
Net income recognised directly in equity	-	-	(5,268)	-	(5,268)	-	(5,268)	
Net profit for the financial period	-	-	-	125,576	125,576	18	125,594	
<b>Total recognised income for the period</b>	<b>-</b>	<b>-</b>	<b>(5,268)</b>	<b>125,576</b>	<b>120,308</b>	<b>18</b>	<b>120,326</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)	
<i>First Interim Dividend and Special Dividend for the financial year ended 31 December 2008, paid on 30 September 2008</i>	-	-	-	(63,147)	(63,147)	-	(63,147)	
<b>Balance as at 30 September 2008</b>	<b>738,564</b>	-	<b>13,237</b>	<b>460,203</b>	<b>1,212,004</b>	<b>1,084</b>	<b>1,213,088</b>	
<b>Balance as at 1 January 2007</b>	<b>738,564</b>	-	<b>14,211</b>	<b>413,250</b>	<b>1,166,025</b>	-	<b>1,166,025</b>	
Currency translation differences	-	-	7,544	-	7,544	-	7,544	
Net expense recognised directly in equity	-	-	7,544	-	7,544	-	7,544	
Net profit for the financial period	-	-	-	113,721	113,721	(286)	113,435	
<b>Total recognised income for the period</b>	<b>-</b>	<b>-</b>	<b>7,544</b>	<b>113,721</b>	<b>121,265</b>	<b>(286)</b>	<b>120,979</b>	
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)	
<i>First interim Dividend/ Special Dividend for the financial year ended 31 December 2006, paid on 18 October 2007</i>	-	-	-	(62,593)	(62,593)	-	(62,593)	
<b>Balance as at 30 September 2007</b>	<b>738,564</b>	-	<b>21,755</b>	<b>405,478</b>	<b>1,165,797</b>	<b>1,064</b>	<b>1,166,861</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 30 September 2008**

	30 September 2008 RM'000	30 September 2007 RM'000
<b>Profit before taxation</b>	177,602	152,687
<b>Adjustments for non-cash flow:-</b>		
Share of profits in Jointly Controlled Entity	(147)	-
Non-cash items	36,643	39,662
Non-operating items	(10,230)	(6,360)
<b>Operating profit before working capital changes</b>	<b>203,868</b>	<b>185,989</b>
<b>Changes in working capital</b>		
Net change in current assets	(4,002)	10,496
Net change in current liabilities	(1,240)	(6,111)
	(5,242)	4,385
<b>Cash generated from operations</b>	<b>198,626</b>	<b>190,374</b>
Tax paid	(42,438)	(22,650)
Retirement benefit paid	(8,649)	-
<b>Net cash from operating activities</b>	<b>147,539</b>	<b>167,724</b>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	321	191
Purchases of property, plant and equipment	(7,941)	(8,540)
Proceeds from the redemption of bonds upon maturity	-	21,000
Acquisition of subsidiary company net of cash acquired	(2,029)	-
Investment in jointly-controlled entity	(20,356)	-
Interest received	17,013	16,793
<b>Net cash used in from investing activities</b>	<b>(12,992)</b>	<b>29,444</b>
<b>Financing Activities</b>		
Proceeds from the issue of shares to minorities	-	1,350
Interest paid	(13,950)	(13,950)
Dividend paid	(126,294)	(58,900)
<b>Net cash used in financing activities</b>	<b>(140,244)</b>	<b>(71,500)</b>
Exchange differences	141	(169)
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(5,556)</b>	<b>125,499</b>
Effect of exchange rates fluctuations on cash held	(5,461)	8,421
Cash & Cash Equivalents at beginning of year	658,075	523,699
<b>Cash &amp; Cash Equivalents at end of the period</b>	<b>647,058</b>	<b>657,619</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 period ended 30 September 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.

### 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 September 2008.

**Notes to the interim financial report****A6. Dividend paid**

	2008 RM'000	2007 RM'000
<b><u>In respect of the financial year ended 31 December 2006</u></b>		
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
<b><u>In respect of the financial year ended 31 December 2007</u></b>		
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	
<b><u>In respect of the financial year ending 31 December 2008</u></b>		
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 30 September 2008	63,147	
	126,294	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**

There were no changes in the composition of the Group during the current quarter.

**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	59,065
- not contracted	3,875
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	62,940
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**Additional information required by Bursa Malaysia Securities Listing Requirements**

**B1. Review of performance**

	Current Year Quarter 30.09.2008 RM'000	Preceding Year Corresponding Quarter 30.09.2007 RM'000
Revenue	202,968	210,563
Consolidated Profit before taxation	56,304	57,141
Consolidated Profit after taxation	39,052	42,798

For the current financial quarter under review, the Group's revenue was 3.61% lower at RM202.97 million as compared to RM210.56 million in the same quarter last year.

The Group's profit before tax for the current quarter was marginally lower at RM56.30 million as compared to that of the 2007's corresponding results of RM57.14 million, due to softer market conditions.

The increase in profit before tax for the financial year to date was mainly due to higher revenue partially offset by higher 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 30.09.2008 RM'000	Preceding Quarter 30.06.2008 RM'000
Revenue	202,968	211,754
Consolidated Profit before taxation	56,304	62,124

The Group's revenue for the current quarter was lower at RM202.97 million as compared to RM211.75 million in the preceding quarter. Consequently, the Group's profit before tax in the current quarter decreased to RM56.30 million from RM62.12 million as a result of the drop in revenue.



**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 has been resilient in the first-half of 2008, but is increasingly being affected by the global downturn.

Nielsen Media reports that the slowing global economy creates a tough business environment for many business sectors, with advertising sector being one of the affected sectors. Therefore, the strong advertising expenditure growth seen in the first half of this year may not be sustained for the remainder of 2008.

The Group is also experiencing rising direct costs and operating expenses due particularly to the sharp increases in newsprint and fuel prices, during the period under review.

Despite the challenging circumstances, the Board of Directors expects the performance for the year ending 31 December 2008 to be reasonably satisfactory.

**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	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	13,814	12,465	46,147	32,665
2. Foreign taxation	445	381	1,279	1,255
3. Deferred taxation	2,993	1,497	4,628	5,332
	17,252	14,343	52,054	39,252

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 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 much lower than the statutory tax rate due to the 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.

## Additional information required by Bursa Malaysia Securities Listing Requirements

### **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**

The status of corporate proposals announced by the Group but not completed as at 5 November 2008 (being a date not earlier than 7 days from the date of issue of this quarterly report) are as follows:-

- On 3 October 2008, the Company announced its intention to make a voluntary conditional cash offer for all the issued ordinary shares in the capital of Cityneon Holdings Limited through its wholly-owned subsidiary company incorporated in Singapore, Laviani Pte. Ltd.

The offer was for S\$0.580 in cash for each Offer Share.

On 15 October 2008, the Company announced it revised offer in relation to the voluntary take-over offer to acquire all issued ordinary shares in the capital of Cityneon Holdings Limited (other than those already owned, controlled or agreed to be acquired by the wholly-owned subsidiary Laviani Pte Ltd, and parties acting in concert with it).

The offer has been revised from S\$0.580 in cash per Offer Share to S\$0.610 in cash per Offer Share.

The offer closes on 20 November 2008.

- An announcement was made on 24 October 2008, on the execution of Heads of Agreement between a wholly-owned subsidiary of the Company, I.Star Ideas Factory Sdn. Bhd. ("I.STARIF") and Forcast Berton Enterprises Limited ("FBEL"), a company incorporated in British Virgin Island, in relation to the establishment of a joint venture in the proportion of 51% (FBEL) and 49% (I.STARIF).

The proposed Joint Venture will undertake the business of developing, managing and marketing of Asian Lifestyle TV channel.

**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 30.09.2008 RM'000	As at 30.09.2007 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

**B10. Off balance sheet financial instruments**

- **Forward Foreign Exchange Contracts**

As at the 5 November 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	1,000,000	3,545,500	03 Dec 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.

**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 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 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 period ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Group's profit after taxation attributable to equity holders of the parent (RM'000)	39,092	42,788	125,576	113,721
Weighted average number of ordinary shares outstanding ('000)	738,564	738,564	738,564	738,564
<b>Basic earnings per share (sen)</b>	<b>5.29</b>	<b>5.79</b>	<b>17.00</b>	<b>15.40</b>

**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  
12 November 2008  
Petaling Jaya, Selangor Darul Ehsan