



STAR PUBLICATIONS (MALAYSIA) BERHAD

Company no. 10894-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

Unaudited Condensed Consolidated Income Statements

	3 months ended		Financial year ended	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Revenue	211,590	212,646	831,040	805,865
Operating expenses	(190,962)	(146,622)	(651,157)	(599,607)
Other operating income	7,189	8,171	35,839	31,058
Profit from operations	27,817	74,195	215,722	237,316
Finance cost	(3,752)	(3,516)	(14,202)	(13,950)
	24,065	70,679	201,520	223,366
<i>Share of loss in jointly controlled entity</i>	(204)	-	(57)	-
Profit before taxation	23,861	70,679	201,463	223,366
Taxation	(10,708)	(15,233)	(62,762)	(54,485)
Profit for the financial period	13,153	55,446	138,701	168,881
Attributable to:				
Equity holders of the parent	13,329	55,444	138,905	169,165
Minority interest	(176)	2	(204)	(284)
	13,153	55,446	138,701	168,881
Basic earnings per ordinary share (sen)	1.80	7.51	18.81	22.90
Diluted earnings per ordinary share (sen)	1.80	7.51	18.81	22.90

(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 :

	(11,283)	(10,835)	(43,856)	(43,059)
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**Unaudited Condensed Consolidated Balance Sheet
As at 31 December 2008**

	31 December 2008 RM'000	31 December 2007 RM'000
Non-Current assets		
Property, plant and equipment	604,378	626,910
Investment properties	8,888	9,269
Leasehold land	43,415	44,028
Deferred tax asset	486	-
Intangible assets	51,966	25,770
Investment in jointly-controlled entity	20,299	-
Club membership	807	-
	730,239	705,977
Current assets		
Inventories	214,910	161,117
Trade and other receivables	161,586	121,485
Tax recoverable	889	390
Short term deposits	565,147	623,240
Cash and bank balances	56,409	34,836
	998,941	941,068
TOTAL ASSETS	1,729,180	1,647,045
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Reserves	472,308	479,426
Equity attributable to equity holders of the parent Company	1,210,872	1,217,990
Minority Interest	23,117	1,066
Total equity	1,233,989	1,219,056
Non-current liabilities		
Borrowings	251,265	250,000
Retirement benefits	500	7,694
Deferred tax liabilities	77,628	71,760
	329,393	329,454
Current liabilities		
Trade and other payables	120,904	79,601
Borrowings	34,418	-
Taxation	10,476	18,934
	165,798	98,535
Total Liabilities	495,191	427,989
TOTAL EQUITY AND LIABILITIES	1,729,180	1,647,045
Net assets per share attributable to ordinary equity holders of the parent company (RM)	1.64	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 year ended 31 December 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	Share premium	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2008	738,564	-	18,504	460,922	1,217,990	1,066	1,219,056	
Currency translation differences	-	-	(19,729)	-	(19,729)	-	(19,729)	
Net income recognised directly in equity	-	-	(19,729)	-	(19,729)	-	(19,729)	
Net profit for the financial period	-	-	-	138,905	138,905	22,051	160,956	
Total recognised income for the year	-	-	(1,225)	599,827	1,337,166	23,117	1,360,283	
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)	
Balance as at 31 December 2008	738,564	-	(1,225)	473,533	1,210,872	23,117	1,233,989	
Balance as at 1 January 2007	738,564	-	14,211	413,250	1,166,025	-	1,166,025	
Currency translation differences	-	-	4,293	-	4,293	-	4,293	
Net expense recognised directly in equity	-	-	4,293	-	4,293	-	4,293	
Net profit for the financial period	-	-	-	169,165	169,165	(284)	168,881	
Total recognised income for the period			4,293	169,165	173,458	(284)	173,174	
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)	
Balance as at 31 December 2007	738,564	-	18,504	460,922	1,217,990	1,066	1,219,056	

(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 year ended 31 December 2008**

	31 December 2008 RM'000	31 December 2007 RM'000
Profit before taxation	201,463	223,366
Adjustments for non-cash flow:-		
Share of loss in Jointly Controlled Entity	57	-
Non-cash items	74,778	52,359
Non-operating items	(11,969)	(8,925)
Operating profit before working capital changes	264,329	266,800
Changes in working capital		
Net change in current assets	(41,126)	25,609
Net change in current liabilities	15,776	(9,716)
	(25,350)	15,893
Cash generated from operations	238,979	282,693
Tax paid	(65,602)	(52,265)
Retirement benefit paid	(8,649)	-
Net cash from operating activities	164,728	230,428
Investing Activities		
Proceeds from disposal of property, plant and equipment	1,383	518
Proceed from disposal of investment in quoted shares	-	13
Purchases of property, plant and equipment	(10,214)	(11,136)
Proceeds from the redemption of bonds upon maturity	-	21,000
Acquisition of subsidiary company net of cash acquired	(74,583)	-
Investment in jointly-controlled entity	(20,356)	-
Interest received	26,170	22,875
Net cash (used in)/ from investing activities	(77,600)	33,270
Financing Activities		
Proceeds from the issue of shares to minorities	-	1,350
Interest paid	(14,202)	(13,950)
Drawdown and repayment of borrowings	34,229	-
Dividend paid	(126,294)	(121,494)
Net cash used in financing activities	(106,267)	(134,094)
Net (Decrease)/ Increase in Cash & Cash Equivalents	(19,139)	129,604
Effect of exchange rates fluctuations on cash held	(17,381)	4,773
Cash & Cash Equivalents at beginning of year	658,076	523,699
Cash & Cash Equivalents at end of the year	621,556	658,076

(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

During the current quarter, the Group made impairment on goodwill from acquisition of subsidiaries amounting to RM24.30 million.

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 December 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	
<u>In respect of the financial year ended 31 December 2008</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 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

- On 31 October 2008, the Company's 51% owned subsidiary company, Leaderonomics Sdn Bhd ("LSB") increased its issued and paid up share capital from 49,000 ordinary shares of RM1.00 each to 4,100,000 ordinary shares of RM1.00 each. The Company acquired 2,066,010 shares of the newly issued shares through its wholly owned subsidiary, Impian Ikon Sdn Bhd. Equity interest of the Company in LSB remained unchanged at 51%.
- On 20 November 2008, the Company completed the voluntary conditional cash offer for all the issued ordinary shares (other than those already owned, controlled or agreed to be acquired by the Company's wholly-owned subsidiary company, Laviani Pte. Ltd. and parties acting in concert with it) in the capital of Cityneon Holdings Limited ("Cityneon") through its wholly-owned subsidiary company incorporated in Singapore, Laviani Pte. Ltd. ("Laviani"). The offer was at S\$0.610 in cash for each Offer Share.

With effect from abovementioned date, the Company holds 63.73% equity interest of Cityneon through Laviani.

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	3,063
- not contracted	3,701

	6,764
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Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 31.12.2008 RM'000	Preceding Year Corresponding Quarter 31.12.2007 RM'000
Revenue	211,590	212,646
Consolidated Profit before taxation	23,861	70,679
Consolidated Profit after taxation	13,153	55,446

For the current financial quarter under review, the Group's revenue was lower at RM211.59 million as compared to RM212.65 million in the same quarter last year.

The Group's profit before tax for the current quarter was lower at RM23.86 million as compared to that of the 2007's corresponding results of RM70.68 million, due to higher operating expenses and goodwill impairment in the current quarter.

The lower Group's profit after tax for the current quarter was in line with the decrease in the Group's profit before tax.

	Financial Year To Date 31.12.2008 RM'000	Preceding Year To Date 31.12.2007 RM'000
Revenue	831,040	805,865
Consolidated Profit before taxation	201,463	223,366
Consolidated Profit after taxation	138,701	168,881

The decrease in the profit before tax for the financial year to date was mainly due to the impairment on goodwill from acquisition of certain subsidiary companies.

The lower Group's profit after tax for the current financial year to date was in line with the decrease in the Group's profit before tax.

In the opinion of the Directors, the result of the financial year and quarter under review have been partly affected by the goodwill impairment made in the current quarter.

Additional information required by Bursa Malaysia Securities Listing Requirements

B2. Variation of results against preceding quarter

	Current Quarter 31.12.2008 RM'000	Preceding Quarter 30.09.2008 RM'000
Revenue	211,590	202,968
Consolidated Profit before taxation	23,861	56,304

The Group's revenue for the current quarter was higher at RM211.59 million as compared to RM202.97 million in the preceding quarter. However operating expenses were higher in the current quarter compared to the preceding quarter. The goodwill impairment further contributed to a lower consolidated profit before taxation for the current quarter.

B3. Current year prospects

According to the Malaysian Institute of Economic Research ("MIER"), monthly indicators have been losing momentum and industrial output has contracted. It also reported that consumer and business confidence have dropped sharply. Consumer Sentiments Index dropped by 17.5 points compared to 88.9 points in 3Q08. The dismal sectoral indices compelled MIER to adjust estimated GDP growth for 2008 from 5.5% to 5.1%. These are all evidence of a softer economy condition affecting the performance of the Company and the Group.

For 2009, Nielsen Media Research expects a slowing down in adex due to the weakening economic climate and the absence of major events.

Despite the challenging circumstances, the Board of Directors expects the performance for the year ending 31 December 2009 to be reasonably satisfactory.

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 year ended	
	31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	9,626	19,723	55,773	52,388
2. Foreign taxation	326	455	1,605	1,710
3. Deferred taxation	756	(4,945)	5,384	387
	10,708	15,233	62,762	54,485

The effective tax rate on the Group's profit for the financial year under review is higher than the statutory tax rate as the Group has fully utilized the remaining balance of reinvestment allowances available in 2007. The higher effective tax rate is also due to some non-deductible expenses and certain deferred tax assets which are not recognised at group level.

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.

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

The status of corporate proposals announced by the Group but not completed as at 19 February 2009 (being a date not earlier than 7 days from the date of issue of this quarterly report) are as follows:-

- 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.

B9. Borrowing and debt securities

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

	As at 31.12.2008 RM'000	As at 31.12.2007 RM'000
<u>Short Term Borrowings</u>		
<u>Unsecured</u>		
Term Loan	34,251	-
Hire Purchase	167	-
	34,418	-
<u>Long Term Borrowings</u>		
<u>Unsecured</u>		
Medium Term Notes ("MTN")		
5-years MTN 2005/2010 with a coupon rate of 5.50% per annum, maturing on 26 February 2010	150,000	150,000
5-years MTN 2005/2010 with a coupon rate of 5.70% per annum, maturing on 27 August 2010	100,000	100,000
	250,000	250,000
Hire Purchase	1,265	-
	251,265	250,000

Except for the Medium Term Notes which are denominated in Ringgit Malaysia, other borrowings of the Group are denominated in Singapore Dollar.

Additional information required by Bursa Malaysia Securities Listing Requirements**B10. Off balance sheet financial instruments**

- **Forward Foreign Exchange Contracts**

As at the 19 February 2009 (being a date not earlier than 7 days from the date of issue of the quarterly report) , structured forward exchange contracts of the Group are as follows:-

Description	Notional Amount ('000)	Expiry Date
Euro/ USD Foreign Exchange Forward Contract	Euro 300	15 April 2009
Euro/ USD Foreign Exchange Forward Contract	Euro 200	15 December 2009
Euro/ USD Foreign Exchange Forward Contract	Euro 250	15 April 2010
Euro/ USD Foreign Exchange Forward Contract	Euro 200	15 December 2010

The above contracts were entered into to limit the exposure to potential changes in the foreign exchange rates with respect to certain subsidiary companies' foreign currencies denominated estimated receipts and payments. The forward contract entered is to buy Euro and sell USD.

There is minimal credit risk as the contracts were entered with reputable financial institutions.

B11. Changes in material litigation

There are several libel suits which involve claims against the Company of which adequate provision for cases which are determinable, have been made in the financial statements of the Company for the year ended 31 December 2008.

Additional information required by Bursa Malaysia Securities Listing Requirements

B12. Dividend

The Board of Directors has on 25 February 2009 declared a second interim dividend as shown below in respect of the financial year ended 31 December 2008 to be paid to the shareholders on 18 April 2009, whose names appear in the Record of Depositors at the close of business on 31 March 2009:-

- (1) 7.5 sen per ordinary share less tax (2007: 7.5 sen per ordinary share less tax); and
- (2) Special tax exempt dividend of 3.0 sen per ordinary share, (2007: special tax exempt dividend of 3.0 sen per ordinary share).

The second interim dividend of 7.5 sen less tax and the special tax exempt dividend of 3.0 sen, together with the first interim dividend of 7.5 sen less tax and special tax exempt dividend of 3.0 sen paid on 30 September 2008, would make a total dividend of 21 sen per ordinary share, 15 sen less tax and special tax exempt dividend of 6 sen, for the year ended 31 December 2008 (2007: total 21.0 sen per ordinary share, 15.0 sen less tax and special tax exempt dividend of 6.0 sen).

The second interim dividend declared has not been recognised as a liability at the balance sheet date and will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2009.

The directors do not recommend the payment of any final dividend in respect of the current financial year (2007: Nil).

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 year ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Group's profit after taxation attributable to equity holders of the parent (RM'000)	13,329	55,444	138,905	169,165
Weighted average number of ordinary shares outstanding ('000)	738,564	738,564	738,564	738,564
Basic earnings per share (sen)	1.80	7.51	18.81	22.90

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
25 February 2009
Petaling Jaya, Selangor Darul Ehsan