



STAR PUBLICATIONS (MALAYSIA) BERHAD
Company No. 10894-D
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2013**

Unaudited Condensed Consolidated Income Statement

	Note	3 months ended		Financial period ended	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
		RM'000	RM'000	RM'000	RM'000
Revenue		220,618	229,976	220,618	229,976
Operating expenses	A8	(188,202)	(190,917)	(188,202)	(190,917)
Other operating income	A9	5,368	9,303	5,368	9,303
Profit from operations		37,784	48,362	37,784	48,362
Finance cost		(2,485)	(2,695)	(2,485)	(2,695)
		35,299	45,667	35,299	45,667
<i>Share of profit in an associate</i>		-	141	-	141
<i>Share of losses in a jointly controlled entity</i>		(308)	(1,017)	(308)	(1,017)
Profit before taxation		34,991	44,791	34,991	44,791
Taxation	B5	(12,153)	(15,269)	(12,153)	(15,269)
Profit for the financial period		22,838	29,522	22,838	29,522
Attributable to:					
Owners of the parent		26,085	32,454	26,085	32,454
Non-controlling interests		(3,247)	(2,932)	(3,247)	(2,932)
		22,838	29,522	22,838	29,522
Basic earnings per ordinary share (sen)		3.53	4.39	3.53	4.39
Diluted earnings per ordinary share (sen)		3.53	4.39	3.53	4.39

(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2012)

Notes on Operating Expenses:

Included in the Operating Expenses are depreciation and amortisation expenses:

	(12,086)	(10,827)	(12,086)	(10,827)
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**Unaudited Condensed Statement of Other Comprehensive Income
For the period ended 31 March 2013**

	3 months ended		Financial period ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	22,838	29,522	22,838	29,522
Other comprehensive income				
- exchange differences on translating foreign operations	(726)	(3,034)	(726)	(3,034)
- fair value adjustment on available-for-sale financial assets	(12)	(45)	(12)	(45)
Total comprehensive income for the financial period	22,100	26,443	22,100	26,443
Attributable to:				
Owners of the parent	26,234	29,473	26,234	29,473
Non-controlling interests	(4,134)	(3,030)	(4,134)	(3,030)
	22,100	26,443	22,100	26,443

(The unaudited Condensed Statement of Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2012)

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2013**

	31 March 2013 RM'000	31 December 2012 RM'000
Non-current assets		
Property, plant and equipment	525,364	535,305
Investment properties	8,187	8,249
Intangible assets	120,940	122,255
Investment in a jointly-controlled entity	731	2,650
Other investments		
-Held-to-maturity investments	15,000	15,000
-Financial assets at fair value through profit or loss	39,192	39,179
-Available-for-sale investment	6,828	6,772
Deferred tax assets	585	585
Other receivables	127,194	122,950
	844,021	852,945
Current assets		
Inventories	168,169	160,285
Trade and other receivables	196,616	208,711
Short term deposits	342,167	363,569
Cash and bank balances	92,964	110,166
	799,916	842,731
TOTAL ASSETS	1,643,937	1,695,676

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2013 (cont'd)**

	31 March 2013 RM'000	31 December 2012 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(591)	(583)
Reserves	360,873	401,092
Equity attributable to owners of the parent	1,098,846	1,139,073
Non-controlling interests	27,276	31,410
Total equity	1,126,122	1,170,483
Non-current liabilities		
Other payables	10,272	10,095
Borrowings	206,271	206,580
Deferred tax liabilities	68,361	68,362
	284,904	285,037
Current liabilities		
Trade and other payables	170,676	171,938
Borrowings	54,514	58,218
Taxation	7,721	10,000
	232,911	240,156
Total Liabilities	517,815	525,193
TOTAL EQUITY AND LIABILITIES	1,643,937	1,695,676
Net assets per share attributable to owners of the parent company (RM)	1.49	1.54

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2012)

Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 31 March 2013

[----- Attributable to equity holders of the Company -----]
 [-----Non-distributable -----] [-----Distributable-----]
 Reserves Reserves

	Share capital RM'000	Foreign exchange translation reserves RM'000	Share option reserve RM'000	Available- for-sale reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
Balance as at 1 January 2013	738,564	22,361	1,040	261	(583)	377,430	1,139,073	31,410	1,170,483
Total comprehensive income for the period	-	77	84	(12)	-	26,085	26,234	(4,134)	22,100
<u>Transactions with owners</u>									
Repurchase of shares	-	-	-	-	(8)	-	(8)	-	(8)
Dividend									
<i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2012, paid on 29 March 2013</i>	-	-	-	-	-	(66,453)	(66,453)	-	(66,453)
Balance as at 31 March 2013	738,564	22,438	1,124	249	(591)	337,062	1,098,846	27,276	1,126,122

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 31 March 2012**

[----- Attributable to equity holders of the Company -----]
[-----Non-distributable-----] [-----Distributable-----]
Reserves Reserves

	Share capital RM'000	Foreign exchange translation reserves RM'000	Share option reserve RM'000	Available- for-sale reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
Balance as at 1 January 2012	738,564	23,972	854	233	(225)	302,261	1,065,659	40,195	1,105,854
Total comprehensive income for the period	-	(2,934)	(2)	(45)	-	32,454	29,473	(3,030)	26,443
<u>Transactions with owners</u>									
Acquisition of subsidiaries	-	-	-	-	-	-	-	191	191
Dividend									
<i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2011, paid on 18 April 2012</i>	-	-	-	-	-	(66,464)	(66,464)	-	(66,464)
Balance as at 31 March 2012	738,564	21,038	852	188	(225)	268,251	1,028,668	37,356	1,066,024

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2012)

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2013

	31 March 2013	31 March 2012
	RM'000	RM'000
Profit before taxation	34,991	44,791
Adjustments for non-cash flow items:-		
Share of profit in an associate	-	(141)
Share of losses in a jointly controlled entity	308	1,017
Non-cash items	15,161	11,531
Non-operating items	(1,622)	(1,280)
Operating profit before working capital changes	48,838	55,918
Changes in working capital		
Net change in current assets	(3,296)	6,240
Net change in current liabilities	(404)	(5,502)
	(3,700)	738
Cash generated from operations	45,138	56,656
Net tax paid	(14,480)	(18,905)
Net cash from operating activities	30,658	37,751
Investing Activities		
Proceeds from disposal of property, plant and equipment	4,572	238
Purchases of property, plant and equipment	(5,732)	(14,941)
Purchases of intangible assets	(549)	(609)
Acquisition of a subsidiary, net of cash acquired	-	(1,553)
Investment redeemed on maturity	-	5,000
Investment in financial products	(167)	(5,104)
Interest and investment income received	2,353	2,126
Net cash from/(used in) investing activities	477	(14,843)
Financing Activities		
Interest paid	(97)	(80)
Repurchase of shares	(8)	-
Repayment of hire purchase	(52)	(65)
Repayment of term loan	(3,368)	(836)
Repayment of finance lease	(219)	(211)
Dividend paid	(66,453)	-
Net cash used in financing activities	(70,197)	(1,192)
Net (decrease)/increase in cash and cash equivalents	(39,062)	21,716
Effect of exchange rates fluctuations on cash held	465	(1,977)
Cash and cash equivalents at beginning of the period	473,558	493,683
Cash and cash equivalents at end of the period	434,961	513,422

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	31 March 2013	31 March 2012
	RM'000	RM'000
Deposits placed with licensed banks	342,167	404,082
Cash and bank balances	92,964	109,340
Bank overdrafts included in borrowings	(170)	-
	434,961	513,422

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2012).

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 Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market 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 2012.

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 2012 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

Amendments to MFRS 101	<i>Presentation of Items of Other Comprehensive Income</i>
MFRS 10	<i>Consolidated Financial Statements</i>
MFRS 11	<i>Joint Arrangements</i>
MFRS 12	<i>Disclosure of Interests in Other Entities</i>
MFRS 13	<i>Fair Value Measurements</i>
MFRS 119	<i>Employee Benefits (revised)</i>
MFRS 127	<i>Separate Financial Statements</i>
MFRS 128	<i>Investments in Associates and Joint Ventures</i>
Amendments to MFRS 7	<i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRSs	<i>Annual Improvements 2009-2011 Cycle</i>
Amendments to MFRS 10, MFRS 11 and MFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>
MFRS 3	<i>Business Combinations (as issued by the International Accounting Standards Board (‘IASB’) in March 2004)</i>
MFRS 127	<i>Consolidated and Separate Financial Statements (as issued by the IASB in December 2003)</i>
IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>

The adoption of the above did not have any significant impact on the financial statements of the Group.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127	<i>Investment Entities</i>
Amendments to MFRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i>

Notes to the interim financial report

A1. Basis of Preparation (cont'd)

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group (continued):

Effective for annual period commencing on or after 1 January 2015

Mandatory Effective Date of MFRS 9 and Transition Disclosures
MFRS 9 *Financial Instruments*

The Group will adopt the above when they become effective in the respective financial periods. These MFRSs and Amendments to MFRSs are not expected to have any significant effect to the financial statements of the Group upon their initial application.

A2. Seasonal or cyclical factors

The operations of our major business segment 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 31 March 2013.

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

As at the date of this report, the Company has repurchased 3,000 of its issued and paid-up ordinary share capital from the open market. The average price paid for the shares repurchased was RM2.54 per share. The repurchase transactions were financed by internally generated funds and the shares repurchased are held as Treasury Shares by the Company in accordance with the requirement of the Section 67A of the Companies Act 1965.

Other than the above, there were no other issuances and repayment of debts and equity securities, share cancellations and resale of treasury shares during the financial period ended 31 March 2013.

Notes to the interim financial report

A6. Dividend paid

	2013 RM'000	2012 RM'000
<u>In respect of the financial year ended 31 December 2012</u>		
Second interim dividend of 6.0 sen per ordinary share, single tier, and special tax exempt dividend of 3.0 sen per ordinary share, paid on 29 March 2013	66,453	-

A7. Segment Reporting

Business Segment

3 months ended 31 March 2013

	Financial period ended 31 March 2013		
	Assets RM'000	Revenue RM'000	Segment results RM'000
Print and new media	1,251,046	182,672	43,699
Broadcasting	109,551	11,837	(1,226)
Event, exhibition, interior and thematic	197,184	23,536	(5,035)
Television channel	28,382	1,234	(2,103)
Others	57,774	1,339	(36)
	<u>1,643,937</u>	<u>220,618</u>	35,299
Share of results of a jointly controlled entity			(308)
Profit before tax			<u>34,991</u>

3 months ended 31 March 2012

	Financial period ended 31 March 2012		
	Assets RM'000	Revenue RM'000	Segment results RM'000
Print and new media	1,236,697	188,928	53,584
Broadcasting	111,765	11,982	(947)
Event, exhibition, interior and thematic	181,124	26,377	(6,555)
Television channel	48,849	1,874	(381)
Others	52,189	815	(34)
	<u>1,630,624</u>	<u>229,976</u>	45,667
Share of results of an associate			141
Share of results of a jointly controlled entity			(1,017)
Profit before tax			<u>44,791</u>

Notes to the interim financial report**A8. Operating expenses**

	3 months ended		Financial period ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Allowance of credit losses	691	775	691	775
Impairment on investment in a jointly controlled entity	1,611	-	1,611	-
Foreign exchange loss	76	467	76	467

A9. Other operating income

	3 months ended		Financial period ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Interest income	2,119	3,128	2,119	3,128
Investment income	1,988	845	1,988	845
Gain on disposal of quoted investment	-	82	-	82
Accretion of non-current receivable	1,050	-	1,050	-
Foreign exchange gain	-	11	-	11
Other income	211	5,237	211	5,237
Total	5,368	9,303	5,368	9,303

A10. Events subsequent to the end of the reporting period

There are no material events subsequent to the end of the reporting period under review that have not been reflected in the quarterly financial statements.

A11. Changes in composition of the Group

On 15 April 2013, the Company announced the acquisition of 2 ordinary shares of RM1.00 each representing 100% equity interest in Eighth Power Sdn. Bhd. ("Eighth Power") for a total cash consideration of RM2.00 only. The intended principal activity of Eighth Power is to invest in high growth technology-based startups/industries.

On 18 April 2013, the Company announced the acquisition of 2 ordinary shares of RM1.00 each representing 100% equity interest in Axis Genesis Sdn. Bhd. ("Axis Genesis") for a total cash consideration of RM2.00 only. The intended principal activity of Axis Genesis is to carry on the business of publishers of magazines and books.

On 7 May 2013, the Company announced the acquisition of 2 ordinary shares of RM1.00 each in I.Star Events Sdn. Bhd. ("I.Star Events") for a cash consideration of RM2.00 only, resulting in I.Star Events becoming a wholly-owned subsidiary of the Company. The intended principal activities of I.Star Events are to carry on the business as managers, promoted and organisers of all kinds of events.

Notes to the interim financial report

A12. Changes in contingent liabilities

The contingent liabilities of the Group, arising from a subsidiary company, are as follow:

	RM'000
Project related bonds/ Guarantee	14,559
Rental guarantee	1,587
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	<u>16,146</u>

A13. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	36,755
- not contracted	14,674
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	<u>51,429</u>

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 31.03.2013 RM'000	Preceding Year Corresponding Quarter 31.03.2012 RM'000
Revenue	220,618	229,976
Consolidated Profit before taxation	34,991	44,791
Consolidated Profit after taxation	22,838	29,522

Group revenue in 1Q 2013 decreased by 4.1% to RM220.62 million from RM229.98 million in the same quarter of 2012. As a result, Group profit before tax and profit after tax in 1Q 2013 fell 21.9% and 22.6% respectively against the corresponding quarter of 2012.

Performance of the respective business segments for 1Q 2013 compared to the corresponding quarter of 2012 is as follows:-

Print and New Media – Print revenue decreased by 2.9% to RM176.82 million and new media segment revenue also declined by 14.0% to RM5.85 million respectively mainly due to uncertainties related to the general election which caused advertisers to be more cautious. The lower advertising revenue in 1Q 2013 has resulted in a decrease in profit before tax from RM53.58 million to RM43.70 million for both print and new media.

Radio Broadcasting – Revenue declined slightly by 1.2% to RM11.84 million as compared to RM11.98 million in the corresponding quarter of 2012. Due to higher advertising and promotion expenses for Star Radio Group, this segment recorded a loss before tax of RM1.23 million in 1Q 2013 as compared to RM0.95 million in the last corresponding quarter.

Event, exhibition, interior and thematic – This segment is contributed by Cityneon and I.Star Ideas Factory (Perfect Livin'). During the quarter under review, this segment's revenue decreased by 10.8% to RM23.54 million from RM26.38 million in the corresponding quarter of 2012. However, loss before tax narrowed down by 23.2% from RM6.56 million to RM5.04 million in 1Q 2013 mainly due to lower administrative expenses.

Television channel – Li TV Holdings Ltd had revenue of RM1.23 million during the quarter but suffered a loss before tax of RM2.10 million due to higher programme and marketing expenses.

Additional information required by Bursa Malaysia Securities Listing Requirements**B2. Variation of results against preceding quarter**

	Current Quarter 31.03.2013 RM'000	Preceding Quarter 31.12.2012 RM'000
Revenue	220,618	294,106
Consolidated Profit before taxation	34,991	112,505
Consolidated Profit after taxation	22,838	94,482

Group revenue for 1Q 2013 decreased to RM220.62 million compared to RM294.11 million in the preceding quarter ended 31 December 2012 mainly due to seasonal factors as 1Q 2013 print revenue was affected by the Chinese New Year holidays and shorter publication days. Group profit before tax also showed a significant decrease from RM112.51 million to RM34.99 million mainly due to the gain from disposal of section 13 land in 4Q 2012.

B3. Current year prospects

The Malaysian Institute of Economic Research ("MIER") is forecasting a GDP growth of 5.6% in 2013 with continued implementation of Economic Transformation Programme (ETP) projects which is expected to boost domestic demands. The Consumer Sentiments Index for the 1Q 2013 improved 4.2 points quarter-on-quarter to 122.9 points. However, the Business Condition Index showed a downward trend settling at 92.6 points due to lower business confidence level.

In the media sector, advertising expenditure is expected to pick up slightly and show an uptrend post the general election.

The media related segments of the Group, such as the Print, New Media, Broadcasting and Television will continue their efforts in growing the advertising revenue and to offer wider advertising platforms to its clients.

In the events and exhibition business segment, Cityneon will try to turn around its business in 2013 by reducing operating expenses and closing loss making divisions as well as grow its revenue especially in the thematic and interior design businesses where there are expected to be more opportunities. I.Star Ideas Factory meanwhile will continue its efforts to grow its revenue and profits by organising more events in 2013 compared to 2012.

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 period ended	
	31.03.2013 RM'000	31.03.2012 RM'000	31.03.2013 RM'000	31.03.2012 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	12,129	15,070	12,129	15,070
2. Foreign taxation	24	199	24	199
3. Deferred taxation	-	-	-	-
	12,153	15,269	12,153	15,269

The effective tax rate on the Group's profit for the financial period under review is higher than the statutory tax rate due to the tax impact of non-deductible expenses.

B6. Retained Earnings

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of Star Publications (Malaysia) Berhad and its subsidiaries		
-Realised	370,368	414,446
-Unrealised	(67,371)	(69,283)
	<u>302,997</u>	<u>345,163</u>
Total share of accumulated losses from a jointly controlled entity		
-Realised	(17,600)	(17,292)
Consolidation adjustments	51,665	49,559
Total group retained profits as per consolidated accounts	<u>337,062</u>	<u>377,430</u>

Additional information required by Bursa Malaysia Securities Listing Requirements**B7. Status of corporate proposal announced**

There were no corporate proposals announced but not completed as at the date of this report.

B8. Borrowings and debt securities

The Group's borrowings and debt securities as at the end of the first quarter are as follows:

	As at 31.03.2013 RM'000	As at 31.03.2012 RM'000
<u>Short Term Borrowings</u>		
Unsecured		
Hire purchase	273	169
Finance lease	912	855
	1,185	1,024
Secured		
Term loan	53,159	53,506
Bank overdraft	170	-
	54,514	54,530
<u>Long Term Borrowings</u>		
Unsecured		
5-years MTN 2011/2016 with a coupon rate of 4.50% per annum, maturing on 11 May 2016	100,000	100,000
7-years MTN 2011/2018 with a coupon rate of 4.80% per annum, maturing on 11 May 2018	100,000	100,000
	200,000	200,000
Hire purchase	974	863
Finance lease	5,297	6,209
	206,271	207,072

Except for the secured term loan of RM53,158,535 and hire purchase of RM957,195 which are denominated in Singapore Dollar, other borrowings are in Ringgit Malaysia.

B9. Changes in material litigation

There are several libel suits which involve claims against the Company of which the outcome and probable compensation, if any, cannot be determined at this juncture.

Additional information required by Bursa Malaysia Securities Listing Requirements

B10. Dividend

No interim dividend have been recommended for the current quarter under review (Quarter 1 2012: Nil).

In respect of the financial year ended 31 December 2012, the Board of Directors declared a second interim dividend of 6.0 sen per ordinary shares, single tier, and a special interim dividend of 3.0 sen per ordinary share, tax exempt, which was paid on 29 March 2013 (2012: second interim dividend of 6.0 sen per ordinary shares, single tier, and a special interim dividend of 3.0 sen per ordinary share, tax exempt).

B11. Basic earnings per share

The basic earnings per share has been calculated based on the Group's profit after taxation attributable to owners of the parent divided by the weighted average number of ordinary shares outstanding during the financial period.

	3 months ended		Financial period ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Group's profit after taxation attributable to owners of the parent (RM'000)	26,085	32,454	26,085	32,454
Number of shares at the beginning of the year ('000)	738,368	738,493	738,368	738,493
Effect of Share Buy Back during the period ('000)	(2)	-	(2)	-
Weighted average number of ordinary shares outstanding ('000)	738,366	738,493	738,366	738,493
Basic earnings per share (sen)	3.53	4.39	3.53	4.39

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
22 May 2013
Petaling Jaya, Selangor Darul Ehsan