



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

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2014**

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial period ended	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		RM'000	RM'000	RM'000	RM'000
Revenue		211,140	220,618	211,140	220,618
Operating expenses	A8	(193,212)	(188,202)	(193,212)	(188,202)
Other operating income	A9	6,337	5,368	6,337	5,368
Profit from operations		24,265	37,784	24,265	37,784
Finance cost		(2,530)	(2,485)	(2,530)	(2,485)
		21,735	35,299	21,735	35,299
<i>Share of losses in associates</i>		(84)	-	(84)	-
<i>Share of losses in a joint arrangement</i>		-	(308)	-	(308)
Profit before taxation		21,651	34,991	21,651	34,991
Taxation	B5	(6,188)	(12,153)	(6,188)	(12,153)
Profit for the financial period		15,463	22,838	15,463	22,838
Attributable to:					
Owners of the parent		16,259	26,085	16,259	26,085
Non-controlling interests		(796)	(3,247)	(796)	(3,247)
		15,463	22,838	15,463	22,838
Basic earnings per ordinary share (sen)		2.20	3.53	2.20	3.53
Diluted earnings per ordinary share (sen)		2.20	3.53	2.20	3.53

(The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2013)

Notes on Operating Expenses:

Included in the Operating Expenses are depreciation and amortisation expenses:

	(12,306)	(12,086)	(12,306)	(12,086)
--	----------	----------	----------	----------

**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2014**

	3 months ended		Financial period ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Profit for the financial period	15,463	22,838	15,463	22,838
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	59	(726)	59	(726)
- fair value adjustment on available- for-sale financial assets	-	(12)	-	(12)
Total comprehensive income for the financial period	15,522	22,100	15,522	22,100
Attributable to:				
Owners of the parent	16,827	26,234	16,827	26,234
Non-controlling interests	(1,305)	(4,134)	(1,305)	(4,134)
	15,522	22,100	15,522	22,100

(The unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2013)

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2014

	31 March 2014 RM'000	31 December 2013 RM'000
Non-current assets		
Property, plant and equipment	497,998	507,295
Investment properties	7,941	8,003
Intangible assets	133,063	133,818
Investment in associates	3,266	2,950
Investment in a joint arrangement	143	143
Other investments		
-Held-to-maturity investments	5,000	5,000
-Financial assets at fair value through profit or loss	47,105	45,687
Other receivables	131,534	130,554
Deferred tax assets	2,405	2,376
	828,455	835,826
Current assets		
Inventories	115,016	117,161
Other investments		
-Held-to-maturity investments	5,000	5,000
Trade and other receivables	209,589	201,717
Current tax assets	1,809	278
Short term deposits	482,460	428,329
Cash and bank balances	95,635	109,788
	909,509	862,273
TOTAL ASSETS	1,737,964	1,698,099

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2014 (cont'd)**

	31 March 2014 RM'000	31 December 2013 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(1,633)	(1,633)
Reserves	375,802	425,391
Equity attributable to owners of the parent	1,112,733	1,162,322
Non-controlling interests	30,572	31,877
Total equity	1,143,305	1,194,199
Non-current liabilities		
Other payables	2,940	8,569
Borrowings	204,703	204,966
Deferred tax liabilities	66,785	66,785
	274,428	280,320
Current liabilities		
Trade and other payables	258,100	155,265
Borrowings	60,830	60,749
Taxation	1,301	7,566
	320,231	223,580
Total Liabilities	594,659	503,900
TOTAL EQUITY AND LIABILITIES	1,737,964	1,698,099
Net assets per share attributable to owners of the parent company (RM)	1.51	1.58

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2013)

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 31 March 2014**

[----- 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	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 2014	738,564	21,116	1,172	(1,633)	403,103	1,162,322	31,877	1,194,199
Total comprehensive income for the period	-	570	(2)	-	16,259	16,827	(1,305)	15,522
<u>Transactions with owners</u>								
Dividend								
<i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2013, paid on 18 April 2014</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
Balance as at 31 March 2014	738,564	21,686	1,170	(1,633)	352,946	1,112,733	30,572	1,143,305

**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

(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 2013)

Unaudited Condensed Consolidated Statement of Cash Flows For the period ended 31 March 2014

	31 March 2014	31 March 2013
	RM'000	RM'000
Profit before taxation	21,651	34,991
Adjustments for non-cash flow items:-		
Share of losses in associates	84	-
Share of losses in a joint arrangement	-	308
Non-cash items	11,572	15,161
Non-operating items	(1,010)	(1,622)
Operating profit before working capital changes	32,297	48,838
Changes in working capital		
Net change in current assets	(18,190)	(3,296)
Net change in current liabilities	41,034	(404)
	22,844	(3,700)
Cash generated from operations	55,141	45,138
Net tax paid	(13,988)	(14,480)
Net cash from operating activities	41,153	30,658
Investing Activities		
Proceeds from disposal of property, plant and equipment	450	4,572
Purchases of property, plant and equipment	(1,832)	(5,732)
Purchases of intangible assets	(528)	(549)
Purchases of television programmes rights	(1,501)	-
Investment in unquoted securities	(400)	-
Investment in financial products	(151)	(167)
Interest and investment income received	2,959	2,353
Net cash (used in)/from investing activities	(1,003)	477
Financing Activities		
Interest paid	(237)	(97)
Repurchase of shares	-	(8)
Repayment of hire purchase	(30)	(52)
Net drawdown/(Repayment) of term loan	181	(3,368)
Repayment of finance lease	(233)	(219)
Dividend paid	-	(66,453)
Net cash used in financing activities	(319)	(70,197)
Net increase/(decrease) in cash and cash equivalents	39,831	(39,062)
Effect of exchange rates fluctuations on cash held	154	465
Cash and cash equivalents at beginning of the period	537,968	473,558
Cash and cash equivalents at end of the period	577,953	434,961

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

	31 March 2014	31 March 2013
	RM'000	RM'000
Deposits placed with licensed banks	482,460	342,167
Cash and bank balances	95,635	92,964
Bank overdrafts included in borrowings	(142)	(170)
	577,953	434,961

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2013).

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 2013.

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 2013 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

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>
Amendments to MFRS 136	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</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 July 2014

Amendments to MFRS 119	<i>Defined Benefit Plans: Employee Contributions</i>
Amendments to MFRSs	<i>Annual Improvements 2010-2012 Cycle</i>
Amendments to MFRSs	<i>Annual Improvements 2011-2013 Cycle</i>
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)	
Mandatory Effective Date of MFRS 9 and Transition Disclosures MFRS 9	<i>Financial Instruments</i>

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.

Notes to the interim financial report

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 2014.

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 cancellations and resale of treasury shares during the financial period ended 31 March 2014.

A6. Dividend paid

	2014 RM'000	2013 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
	<hr/>	<hr/>

Notes to the interim financial report

A7. Segment Reporting

Business Segment

3 months ended 31 March 2014

	Financial period ended 31 March 2014		
	Assets RM'000	Revenue RM'000	Segment results RM'000
Print and digital	1,356,116	163,172	24,936
Broadcasting	97,376	12,082	(1,147)
Event, exhibition, interior and thematic	218,759	30,920	(5)
Television channel	24,020	2,717	(1,316)
Others	41,693	2,249	(733)
	<u>1,737,964</u>	<u>211,140</u>	<u>21,735</u>
Share of results in associates			(84)
Profit before tax			<u>21,651</u>

3 months ended 31 March 2013

	Financial period ended 31 March 2013		
	Assets RM'000	Revenue RM'000	Segment results RM'000
Print and digital	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>	<u>35,299</u>
Share of results in a joint arrangement			(308)
Profit before tax			<u>34,991</u>

A8. Operating expenses

	3 months ended		Financial period ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Allowance of credit losses	601	691	601	691
Write-off of receivables	2	-	2	-
Impairment on investment in a joint arrangement	-	1,611	-	1,611
Foreign exchange loss	372	76	372	76

Notes to the interim financial report**A9. Other operating income**

	3 months ended		Financial period ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	1,639	2,119	1,639	2,119
Investment income	2,552	1,988	2,552	1,988
Accretion of non-current receivable	1,050	1,050	1,050	1,050
Foreign exchange gain	140	-	140	-
Other income	956	211	956	211
Total	<u>6,337</u>	<u>5,368</u>	<u>6,337</u>	<u>5,368</u>

A10. Events subsequent to the end of the reporting year

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

There are no changes in the composition of the Group during the quarter under review.

A12. Changes in contingent liabilities

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

Project related bonds/ Guarantee	RM'000
Rental guarantee	29,024
	2,006
	<u>31,030</u>

A13. Capital commitments

Authorised capital expenditure not provided for in the financial statements	RM'000
- contracted	36,033
- not contracted	7,321
	<u>43,354</u>

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 31.03.2014 (1Q 2014) RM'000	Preceding Year Corresponding Quarter 31.03.2013 (1Q 2013) RM'000
Revenue	211,140	220,618
Consolidated Profit before taxation	21,651	34,991
Consolidated Profit after taxation	15,463	22,838

Group revenue in 1Q 2014 decreased by 4.3% to RM211.14 million from RM220.62 million in the same quarter of 2013 mainly due to lower advertising revenue. Group profit before tax and profit after tax in 1Q 2014 fell by 38.1% and 32.3% respectively against the corresponding quarter of 2013 mainly due to lower revenue and higher operating expenses related to a Voluntary Separation Scheme (VSS) amounting to RM9.58 million. If this amount was excluded, profit before tax for the Group contracted by only 10.7%.

Performance of the respective business segments for 1Q 2014 compared to the corresponding quarter of 2013 is as follows:-

Print and Digital – Revenue declined by 10.7% to RM163.17 million mainly due to lower advertising revenue caused by uncertainties in our economy and MH370 incident. The latter has caused advertisers to be more cautious over advertisements placed during that period. Profit before tax for this segment contracted by 42.9% as compared to the corresponding period in 2013 mainly due to VSS expenses in 1Q 2014.

Radio Broadcasting – Revenue improved marginally by 2.1% to RM12.08 million as compared to RM11.84 million in the corresponding period of 2013. Due to better cost management in the first quarter of the current financial year, this segment narrowed its losses by 6.4% to RM1.15 million in 1Q 2014.

Event, exhibition, interior and thematic – This segment consists of Cityneon and I.Star Ideas Factory (Perfect Livin'). During the quarter under review, this segment's revenue increased to RM30.92 million from RM23.54 million in 1Q 2013 which was mainly due to additional projects secured by Cityneon. This segment's loss before tax reduced significantly mainly due to better gross margins and reduction in administrative expenses from Cityneon in the current period under review as Cityneon managed to secure more projects in Middle East where their gross margins are generally better.

Television channel – Revenue for 1Q 2014 increased to RM2.72 million as compared to RM1.23 million in 1Q 2013, attributable to higher distribution and regional revenue. Whilst this segment is still operating at a loss, it has shown reduction in the loss position from RM 2.10 million to RM1.32 million in the current financial period under review.

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

	Current Quarter 31.03.2014 RM'000	Preceding Quarter 31.12.2013 RM'000
Revenue	211,140	289,172
Consolidated Profit before taxation	21,651	60,560
Consolidated Profit after taxation	15,463	44,358

Group revenue for 1Q 2014 declined to RM211.14 million compared to RM289.17 million in the preceding quarter ended 31 December 2013 due to lower revenue contribution from Print, Digital and Cityneon as a result of seasonal factors. Group profit before tax for the current quarter was lower at RM21.65 million as compared to RM60.56 million in the preceding quarter due to lower revenue and higher costs attributed to the VSS expenses in 1Q 2014. The preceding quarter also had higher profit contribution from events and exhibition business as Perfect Livin' held more exhibitions while Cityneon completed the 2nd Asian Youth Games in Nanjing.

B3. Current year prospects

According to the Malaysian Institute of Economic Research ("MIER"), the Consumer Sentiments Index for 1Q 2014 went up 14.4 points quarter-on-quarter but confidence level still remains below the threshold of 100 points. Business Conditions Index improved and settled at 103.1 points in 1Q 2014. MIER mentioned that both Indices have shown slight improvement but consumers remain cautious in their spending.

In the media related segments of the Group, things are expected to pick up with the upcoming 2014 FIFA World Cup although it must be noted that this event is principally television-driven.

In the events and exhibition business segment, Cityneon will continue to seek out more opportunities in the emerging markets such as China and South East Asia, especially for the thematic and interior design businesses. Perfect Livin' will continue to enhance its financial performance by organising more events in 2014 and strengthening its market position.

The Group will continue to improve its cost control measures and increase its revenue streams.

The Company and the Board of Directors expect the business environment in the media industry to remain highly challenging in 2014, and will do its best to achieve a satisfactory performance for the financial year ending 31 December 2014.

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	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	6,172	12,129	6,172	12,129
2. Foreign taxation	16	24	16	24
3. Deferred taxation	-	-	-	-
	6,188	12,153	6,188	12,153

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 31.03.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of Star Publications (Malaysia) Berhad and its subsidiaries		
-Realised	393,329	446,653
-Unrealised	(61,497)	(62,793)
	<u>331,832</u>	<u>383,860</u>
Total share of accumulated losses from associates		
-Realised	(84)	-
Total share of accumulated losses from a joint arrangement		
-Realised	(18,188)	(18,188)
Consolidation adjustments	39,386	37,431
Total group retained profits as per consolidated accounts	<u>352,946</u>	<u>403,103</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 31.03.2014 RM'000	As at 31.03.2013 RM'000
<u>Short Term Borrowings</u>		
Unsecured		
Hire purchase	123	273
Finance lease	968	912
	1,091	1,185
Secured		
Term loan	59,597	53,159
Bank overdraft	142	170
	60,830	54,514
<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	374	974
Finance lease	4,329	5,297
	204,703	206,271

Except for the secured term loan of RM59,597,202 and hire purchase of RM167,416 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 has been recommended for the current quarter under review (Quarter 1, 2013: Nil).

In respect of the financial year ended 31 December 2013, 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 18 April 2014 (2013: 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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Group's profit after taxation attributable to owners of the parent (RM'000)	16,259	26,085	16,259	26,085
Number of shares at the beginning of the year ('000)	737,956	738,368	737,956	738,368
Effect of Share Buy Back during the period ('000)	-	(2)	-	(2)
Weighted average number of ordinary shares outstanding ('000)	737,956	738,366	737,956	738,366
Basic earnings per share (sen)	2.20	3.53	2.20	3.53

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

Group Company Secretary
21 May 2014
Petaling Jaya, Selangor Darul Ehsan