



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

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2015**

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial period ended	
		31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Revenue		217,434	211,140	217,434	211,140
Operating expenses	A8	(187,331)	(193,212)	(187,331)	(193,212)
Other operating income	A9	10,004	6,337	10,004	6,337
Profit from operations		40,107	24,265	40,107	24,265
Finance cost		(2,507)	(2,530)	(2,507)	(2,530)
		37,600	21,735	37,600	21,735
<i>Share of losses in associates</i>		-	(84)	-	(84)
Profit before taxation		37,600	21,651	37,600	21,651
Taxation	B5	(13,680)	(6,188)	(13,680)	(6,188)
Profit for the financial period		23,920	15,463	23,920	15,463
Attributable to:					
Owners of the parent		26,547	16,259	26,547	16,259
Non-controlling interests		(2,627)	(796)	(2,627)	(796)
		23,920	15,463	23,920	15,463
Basic earnings per ordinary share (sen)		3.60	2.20	3.60	2.20
Diluted earnings per ordinary share (sen)		3.60	2.20	3.60	2.20

(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 2014)

Notes on Operating Expenses:

Included in the Operating Expenses are depreciation and amortisation expenses:

	(10,932)	(12,306)	(10,932)	(12,306)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 March 2015**

	3 months ended		Financial period ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	23,920	15,463	23,920	15,463
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	3,821	59	3,821	59
Total comprehensive income for the financial period	27,741	15,522	27,741	15,522
Attributable to:				
Owners of the parent	29,714	16,827	29,714	16,827
Non-controlling interests	(1,973)	(1,305)	(1,973)	(1,305)
	27,741	15,522	27,741	15,522

(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 2014)

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2015**

	31 March 2015 RM'000	31 December 2014 RM'000
Non-current assets		
Property, plant and equipment	467,355	476,621
Investment properties	68,598	53,730
Intangible assets	107,912	107,478
Investment in a joint arrangement	143	143
Other investments		
-Financial assets at fair value through profit or loss	42,757	42,104
Other receivables	74,662	88,366
Deferred tax assets	604	621
	762,031	769,063
Current assets		
Inventories	95,535	97,363
Other investments		
-Held-to-maturity investments	5,000	5,000
Trade and other receivables	207,747	175,730
Current tax assets	2,451	1,802
Short term deposits	524,166	483,591
Cash and bank balances	108,100	137,763
	942,999	901,249
TOTAL ASSETS	1,705,030	1,670,312

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2015 (cont'd)**

	31 March 2015 RM'000	31 December 2014 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(1,633)	(1,633)
Reserves	368,887	405,589
Equity attributable to owners of the parent	1,105,818	1,142,520
Non-controlling interests	31,834	33,807
Total equity	1,137,652	1,176,327
Non-current liabilities		
Other payables	-	3,395
Borrowings	203,862	204,172
Deferred tax liabilities	63,078	62,433
	266,940	270,000
Current liabilities		
Trade and other payables	159,782	154,442
Borrowings	66,095	65,161
Dividend payable	66,416	-
Taxation	8,145	4,382
	300,438	223,985
Total Liabilities	567,378	493,985
TOTAL EQUITY AND LIABILITIES	1,705,030	1,670,312
Net assets per share attributable to owners of the parent company (RM)	1.50	1.55

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2014)

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 31 March 2015**

[----- 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 2015	738,564	24,107	817	(1,633)	380,665	1,142,520	33,807	1,176,327
Total comprehensive income for the year	-	3,149	18	-	26,547	29,714	(1,973)	27,741
<u>Transactions with owners</u>								
Dividend								
<i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2014, paid on 17 April 2015</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
Balance as at 31 March 2015	738,564	27,256	835	(1,633)	340,796	1,105,818	31,834	1,137,652

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

	[----- Attributable to equity holders of the Company -----]							Total Equity RM'000
	[----- Non-distributable -----] Reserves			[----- Distributable -----] 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	
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 year	-	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

(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 2014)

**Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2015**

	31 March 2015	31 March 2014
	RM'000	RM'000
Profit before taxation	37,600	21,651
Adjustments for non-cash flow items:-		
Share of losses in associates	-	84
Non-cash items	11,475	11,572
Non-operating items	(1,635)	(1,010)
Operating profit before working capital changes	47,440	32,297
Changes in working capital		
Net change in current assets	(14,253)	(18,190)
Net change in current liabilities	(15,450)	41,034
	(29,703)	22,844
Cash generated from operations	17,737	55,141
Net tax paid	(9,926)	(13,988)
Net cash from operating activities	7,811	41,153
Investing Activities		
Proceeds from disposal of property, plant and equipment	1,627	450
Purchases of property, plant and equipment	(2,306)	(1,832)
Purchases of intangible assets	(68)	(528)
Purchases of television programmes rights	(1,646)	(1,501)
Investment in unquoted securities	-	(400)
Investment in financial products	(203)	(151)
Interest and investment income received	3,851	2,959
Deposits placed with licensed banks with original maturity more than 3 months	32	-
Net cash from/(used in) investing activities	1,287	(1,003)
Financing Activities		
Interest paid	(213)	(237)
Repayment of hire purchase	(602)	(30)
(Repayment)/Net drawdown of term loan	(471)	181
Repayment of finance lease	(249)	(233)
Net cash used in financing activities	(1,535)	(319)
Net increase in cash and cash equivalents	7,563	39,831
Effect of exchange rates fluctuations on cash held	3,381	154
Cash and cash equivalents at beginning of the period	593,048	537,968
Cash and cash equivalents at end of the period	603,992	577,953

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 2015	31 March 2014
	RM'000	RM'000
Deposits placed with licensed banks	524,166	482,460
Cash and bank balances	108,100	95,635
Deposits placed with licensed banks with original maturity more than 3 months	(28,274)	-
Bank overdrafts included in borrowings	-	(142)
	603,992	577,953

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2014).

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 2014.

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 2014 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

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>

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 2016

MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 10 and MFRS128	<i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>
Amendments to MFRS 116 and MFRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interest in Joint Operations</i>
Amendments to MFRS 116 and MFRS 141	<i>Agriculture: Bearer Plants</i>
Amendments to MFRS 127	<i>Equity Method in Separate Financial Statements</i>
Amendments to MFRSs	<i>Annual Improvements to 2012-2014 Cycle</i>
Amendments to MFRS 101	<i>Disclosure Initiative</i>
Amendments to MFRS 10, MFRS 12 and MFRS 128	<i>Investment Entities: Applying the Consolidation Exception</i>
MFRS 15	<i>Revenue from Contracts with Customers</i>
MFRS 9	<i>Financial Instruments (IFRS as issued by IASB in July 2014)</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 2015.

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 2015.

A6. Dividend paid

No dividend was paid in the current financial period ended 31 March 2015.

Notes to the interim financial report

A7. Segment Reporting

Business Segment

3 months ended 31 March 2015

	Financial period ended 31 March 2015		
	Assets RM'000	Revenue RM'000	Segment results RM'000
Print and digital	1,356,976	162,602	44,439
Broadcasting	89,848	11,803	774
Event, exhibition, interior and thematic	223,111	38,090	(5,292)
Television channel	11,742	2,853	(1,603)
Others	23,353	2,086	(718)
	<u>1,705,030</u>	<u>217,434</u>	<u>37,600</u>

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 a joint arrangement			(84)
Profit before tax			<u><u>21,651</u></u>

Notes to the interim financial report

A8. Operating expenses

	3 months ended		Financial period ended	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Allowance of credit losses	703	601	703	601
Write-off of receivables	-	2	-	2
Foreign exchange loss	29	372	29	372

A9. Other operating income

	3 months ended		Financial period ended	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Interest income	901	1,639	901	1,639
Investment income	3,241	2,552	3,241	2,552
Accretion of non-current receivable	1,050	1,050	1,050	1,050
Foreign exchange gain	485	140	485	140
Other income	4,327	956	4,327	956
Total	10,004	6,337	10,004	6,337

A10. Events subsequent to the end of the reporting period

On 2 April 2015, the Company announced that Cityneon, a 64.1%-owned subsidiary of Laviani Pte Ltd ("Laviani"), which in turn is a wholly-owned subsidiary of the Company, had released an announcement to the Singapore Exchange on the Sale and Purchase Agreement ("SPA") entered into by Cityneon and Philadelphia Investments Pte Ltd ("Vendor") for the acquisition of the entire issued share capital of Victory Hill Exhibitions Pte Ltd ("VHE") for a total purchase consideration of S\$21.0 million in the form of both cash and shares.

On 12 May 2015, the Company announced the acquisition of remaining 20% equity interest in Capital FM Sdn Bhd for a total cash consideration of RM1.5 million. As a result, Capital FM has become a wholly-owned subsidiary of the Company.

Notes to the interim financial report

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:

	RM'000
Project related bonds/ Guarantee	36,878
Rental guarantee	2,135
	<hr/>
	39,013
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A13. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	8,433
- not contracted	6,748
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	15,181
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Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 31.03.2015 (1Q 2015) RM'000	Preceding Year Corresponding Quarter 31.03.2014 (1Q 2014) RM'000
Revenue	217,434	211,140
Consolidated Profit before taxation	37,600	21,651
Consolidated Profit after taxation	23,920	15,463

Group revenue in 1Q 2015 increased marginally by 3.0% to RM217.43 million from RM211.14 million in the corresponding quarter of the preceding year mainly due to higher revenue contribution from the Event, exhibition, interior and thematic segment. Group profit before tax and profit after tax in 1Q 2015 increased by 73.7% and 54.7% respectively against the corresponding quarter of 2014.

Performance of the respective business segments for 1Q 2015 compared to the corresponding quarter of 2014 are as follows:-

Print and Digital – Print and digital revenue contracted by 0.3% mainly due to lower print circulation and digital revenue. Overall advertising expenditure has been affected by poor consumer sentiments as a result of the rising cost of living and the impending implementation of goods and services tax in April. Profit before tax for this segment increased by 78.2% as compared to last corresponding quarter due to cost reductions in direct cost and the impact of Voluntary Separation Scheme (VSS) expenses of RM9.58 million in 1Q 2014.

Radio Broadcasting – Revenue declined by 2.3% or RM0.28 million in the current quarter under review due to the uncertainties and challenging market environment. Advertisers were generally more cautious and were holding back on their spending. However, this segment recorded a small profit before tax of RM0.77 million as there were no amortisation cost on Capital FM's radio license in 1Q 2015. Full impairment loss on Capital FM's radio license was recognised in 4Q 2014.

Event, exhibition, interior and thematic – This segment consists of Cityneon and I.Star Ideas Factory. Revenue for this segment increased to RM38.09 million from RM30.92 million mainly due to higher exhibition and thematic segment revenue recognised by Cityneon in the current quarter under review. Higher direct cost and lower profit margin especially by Cityneon has resulted in a loss before tax amounting to RM5.29 million in this segment.

Television channel – Revenue for 1Q 2015 improved marginally to RM2.85 million as compared to RM2.72 million in 1Q 2014. However, higher direct cost caused this segment to suffer a loss before tax of RM1.60 million as compared to RM1.32 million in 1Q 2014.

Additional information required by Bursa Malaysia Securities Listing Requirements

B2. Variation of results against preceding quarter

	Current Quarter 31.03.2015 RM'000	Preceding Quarter 31.12.2014 RM'000
Revenue	217,434	280,888
Consolidated Profit before taxation	37,600	32,300
Consolidated Profit after taxation	23,920	24,210

Group revenue for 1Q 2015 declined to RM217.43 million from RM280.89 million in 4Q 2014 due to lower contribution from Print, Digital and Cityneon as a result of seasonal factors. However, Group profit before tax increased by 16.4% to RM37.60 million as compared to RM32.30 million mainly due to impairment losses recognised in the preceding quarter.

B3. Current year prospects

According to the Malaysian Institute of Economic Research (“MIER”), the Malaysian economy is expected to be moderate in 2015 depending on the magnitude of fluctuations in crude oil prices and movements of the ringgit exchange rates against other currencies.

Consumer sentiment has turned cautious and many are holding back and adopting a wait-and-see approach due to the uncertainties with the Goods and Services tax.

The Group has devised a growth strategy based on five key strategies that will see it enhance its corporate governance, improve on efficiency and cost control, rebuild its core assets, digital transformation and look at strategic and synergistic acquisitions. The Group will also embark on an expansion drive into Asean markets.

The Group will be launching its Audience Interest Marketing (AIM) service, the first by a Malaysian media company in June. This will connect advertisers directly with their target market, tailoring online advertising to match the preferences of consumers of media content.

In the events and exhibition business segment, the Group will also look to add more exhibitions, given the success of I.Star Ideas Factory, which organises the successful Perfect Livin’ exhibition. Cityneon will also continue to seek out more opportunities both locally and in other emerging markets.

In view of the above, the Group and the Board of Directors will do its best to achieve a satisfactory performance for the financial year ending 31 December 2015.

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	
	31.03.2015 RM'000	31.03.2014 RM'000	31.03.2015 RM'000	31.03.2014 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	13,004	6,172	13,004	6,172
2. Foreign taxation	30	16	30	16
3. Deferred taxation	646	-	646	-
	13,680	6,188	13,680	6,188

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

B6. Retained Earnings

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits of Star Publications (Malaysia) Berhad and its subsidiaries		
-Realised	364,418	403,597
-Unrealised	(59,806)	(59,145)
	<u>304,612</u>	<u>344,452</u>
Total share of accumulated losses from associates		
-Realised	(583)	(583)
Total share of accumulated losses from a joint arrangement		
-Realised	(18,188)	(18,188)
Consolidation adjustments	54,955	54,984
Total group retained profits as per consolidated accounts	<u>340,796</u>	<u>380,665</u>

Additional information required by Bursa Malaysia Securities Listing Requirements

B7. Status of corporate proposal announced

On 2 April 2015, the Company announced that Cityneon, a 64.1%-owned subsidiary of Laviani Pte Ltd (“Laviani”), which in turn is a wholly-owned subsidiary of the Company, had released an announcement to the Singapore Exchange on the Sale and Purchase Agreement (“SPA”) entered into by Cityneon and Philadelphia Investments Pte Ltd (“Vendor”) for the acquisition of the entire issued share capital of Victory Hill Exhibitions Pte Ltd (“VHE”) for a total purchase consideration of S\$21.0 million in the form of both cash and shares.

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 31.03.2015 RM'000	As at 31.03.2014 RM'000
<u>Short Term Borrowings</u>		
Unsecured		
Hire purchase	213	123
Finance lease	1,036	968
	1,249	1,091
Secured		
Bank borrowings	64,846	59,597
Bank overdraft	-	142
	66,095	60,830
<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	573	374
Finance lease	3,289	4,329
	203,862	204,703

Except for the secured term loan of RM64,846,000 and hire purchase of RM593,000 which are denominated in Singapore Dollar, other borrowings are in Ringgit Malaysia.

Additional information required by Bursa Malaysia Securities Listing Requirements

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.

B10. Dividend

No interim dividend has been recommended for the current quarter under review (Quarter 1, 2014: Nil).

In respect of the financial year ended 31 December 2014, 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 17 April 2015 (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	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Group's profit after taxation attributable to owners of the parent (RM'000)	26,547	16,259	26,547	16,259
Number of shares at the beginning of the period/year ('000)	737,956	737,956	737,956	737,956
Effect of Share Buy Back during the period/year ('000)	-	-	-	-
Weighted average number of ordinary shares outstanding ('000)	737,956	737,956	737,956	737,956
Basic earnings per share (sen)	3.60	2.20	3.60	2.20

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
19 May 2015
Petaling Jaya, Selangor Darul Ehsan