



STAR MEDIA GROUP BERHAD
(Formerly known as Star Publications (Malaysia) Berhad)
Company No. 10894-D
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2015**

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial period ended	
		30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Revenue		254,506	247,184	738,251	732,849
Operating expenses	A8	(230,720)	(208,093)	(647,622)	(628,634)
Other operating income	A9	8,102	10,239	26,892	24,906
Profit from operations		31,888	49,330	117,521	129,121
Finance cost		(2,686)	(2,445)	(7,793)	(7,586)
		29,202	46,885	109,728	121,535
<i>Share of losses in associates</i>		-	(196)	-	(414)
Profit before taxation		29,202	46,689	109,728	121,121
Taxation	B5	(7,878)	(13,415)	(31,170)	(33,298)
Profit for the financial period		21,324	33,274	78,558	87,823
Attributable to:					
Owners of the parent		23,639	34,296	83,478	89,934
Non-controlling interests		(2,315)	(1,022)	(4,920)	(2,111)
		21,324	33,274	78,558	87,823
Basic earnings per ordinary share (sen)		3.20	4.65	11.31	12.19
Diluted earnings per ordinary share (sen)		3.20	4.65	11.31	12.19

(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:

(11,075)	(12,334)	(33,357)	(36,873)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 2015**

	3 months ended		Financial period ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Profit for the financial period	21,324	33,274	78,558	87,823
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	13,063	(177)	16,065	88
Total comprehensive income for the financial period	34,387	33,097	94,623	87,911
Attributable to:				
Owners of the parent	33,500	34,152	95,610	90,334
Non-controlling interests	887	(1,055)	(987)	(2,423)
	34,387	33,097	94,623	87,911

(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 30 September 2015**

	30 September 2015 RM'000	31 December 2014 RM'000
Non-current assets		
Property, plant and equipment	490,349	476,621
Investment properties	81,547	53,730
Intangible assets	131,483	107,478
Investment in associates	1,136	-
Investment in a joint arrangement	-	143
Other investments		
-Financial assets at fair value through profit or loss	41,360	42,104
Other receivables	65,158	88,366
Deferred tax assets	575	621
	811,608	769,063
Current assets		
Inventories	57,906	97,363
Other investments		
-Held-to-maturity investments	-	5,000
Trade and other receivables	219,921	175,730
Current tax assets	5,495	1,802
Short term deposits	559,639	483,591
Cash and bank balances	144,818	137,763
	987,779	901,249
TOTAL ASSETS	1,799,387	1,670,312

**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2015 (cont'd)**

	30 September 2015 RM'000	31 December 2014 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(1,633)	(1,633)
Reserves	369,667	405,589
Equity attributable to owners of the parent	1,106,598	1,142,520
Non-controlling interests	55,205	33,807
Total equity	1,161,803	1,176,327
Non-current liabilities		
Other payables	-	3,395
Borrowings	103,189	204,172
Deferred tax liabilities	63,144	62,433
	166,333	270,000
Current liabilities		
Trade and other payables	215,514	154,442
Borrowings	182,976	65,161
Dividend payable	66,416	-
Taxation	6,345	4,382
	471,251	223,985
Total Liabilities	637,584	493,985
TOTAL EQUITY AND LIABILITIES	1,799,387	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 30 September 2015

	[----- Attributable to equity holders of the Company -----]							
	[----- 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	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 period	-	11,986	146	-	83,478	95,610	(987)	94,623
<u>Transactions with owners</u>								
Additional investment in a subsidiary	-	-	-	-	1,300	1,300	(2,800)	(1,500)
Additional non-controlling interests arising on business combinations	-	-	-	-	-	-	25,185	25,185
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)
<i>First Interim Dividend and Special Dividend for the financial year ended 31 December 2015, paid on 16 October 2015</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
Balance as at 30 September 2015	738,564	36,093	963	(1,633)	332,611	1,106,598	55,205	1,161,803

Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 30 September 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	-	411	(11)	-	89,934	90,334	(2,423)	87,911
<u>Transactions with owners</u>								
Additional investment in a subsidiary	-	-	-	-	(1,399)	(1,399)	(101)	(1,500)
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)
<i>First Interim Dividend and Special Dividend for the financial year ended 31 December 2014, paid on 17 October 2014</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
Balance as at 30 September 2014	738,564	21,527	1,161	(1,633)	358,806	1,118,425	29,353	1,147,778

(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 30 September 2015

	30 September 2015	30 September 2014
	RM'000	RM'000
Profit before taxation	109,728	121,121
Adjustments for non-cash flow items:-		
Share of losses in associates	-	414
Non-cash items	3,970	35,491
Non-operating items	(7,347)	(5,340)
Operating profit before working capital changes	106,351	151,686
Changes in working capital		
Net change in current assets	33,023	16,908
Net change in current liabilities	17,971	30,186
	50,994	47,094
Cash generated from operations	157,345	198,780
Net tax paid	(32,255)	(42,087)
Net cash from operating activities	125,090	156,693
Investing Activities		
Proceeds from disposal of property, plant and equipment	714	1,153
Proceeds from disposal of quoted securities	74	1,628
Proceeds from liquidation of investment in joint arrangement	1,168	-
Purchases of property, plant and equipment	(5,510)	(10,908)
Purchases of intangible assets	(225)	(851)
Purchases of television programmes rights	(4,453)	(2,935)
Additional investment in a subsidiary	(1,500)	(1,500)
Additional investment in associates	(1,137)	(1,150)
Investment redeemed on maturity	5,000	-
Investment in financial products	(503)	(363)
Interest and investment income received	14,782	12,190
Deposits placed with licensed banks with original maturity more than 3 months	(30,595)	-
Net cash used in investing activities	(22,185)	(2,736)
Financing Activities		
Interest paid	(837)	(5,289)
Repayment of hire purchase	(289)	(126)
Net drawdown of term loan	1,631	2,651
Repayment of finance lease	(759)	(712)
Additional non-controlling interests arising on business combinations	321	-
Dividend paid	(66,416)	(66,416)
Dividend paid to non-controlling interest of a subsidiary	(928)	-
Net cash used in financing activities	(67,277)	(69,892)

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 30 September 2015 (cont'd)

	30 September 2015	30 September 2014
	RM'000	RM'000
Net increase in cash and cash equivalents	35,628	84,065
Effect of exchange rates fluctuations on cash held	16,880	(390)
Cash and cash equivalents at beginning of the period	593,048	537,968
Cash and cash equivalents at end of the period	645,556	621,643

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

	30 September 2015	30 September 2014
	RM'000	RM'000
Deposits placed with licensed banks	559,639	499,520
Cash and bank balances	144,818	122,123
Deposits placed with licensed banks with original maturity more than 3 months	(58,901)	-
	<u>645,556</u>	<u>621,643</u>

(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 30 September 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 30 September 2015.

A6. Dividend paid

	2015 RM'000	2014 RM'000
<u>In respect of the financial year ended 31 December 2013</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 18 April 2014	-	66,416
<u>In respect of the financial year ended 31 December 2014</u>		
First 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 17 October 2014	-	66,416
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 17 April 2015	66,416	-
<u>In respect of the financial year ended 31 December 2015</u>		
First interim dividend of 9.0 sen per ordinary share, single tie, paid on 16 October 2015	66,416	-
	66,416	-

Notes to the interim financial report

A7. Segment Reporting

Business Segment

9 months ended 30 September 2015

	Financial period ended 30 September 2015		
	Assets	Revenue	Segment
	RM'000	RM'000	results
			RM'000
Print and digital	1,320,739	484,819	120,181
Broadcasting	90,841	36,930	(214)
Event, exhibition, interior and thematic	386,000	200,802	(3,623)
Television channel	11,610	8,732	(5,865)
Others	(9,803)	6,968	(751)
	<u>1,799,387</u>	<u>738,251</u>	109,728
Share of results in associates			-
Profit before tax			<u>109,728</u>

9 months ended 30 September 2014

	Financial period ended 30 September 2014		
	Assets	Revenue	Segment
	RM'000	RM'000	results
			RM'000
Print and digital	1,368,949	526,324	117,316
Broadcasting	97,901	38,487	(2,621)
Event, exhibition, interior and thematic	227,284	153,527	10,888
Television channel	23,301	7,648	(4,792)
Others	25,175	6,863	744
	<u>1,742,610</u>	<u>732,849</u>	121,535
Share of results in a joint arrangement			(414)
Profit before tax			<u>121,121</u>

Notes to the interim financial report

A8. Operating expenses

	3 months ended		Financial period ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Allowance of credit losses	430	715	1,245	2,409
Write-off of receivables	1	84	10	87
Loss on disposal of quoted investment	-	-	69	-
Foreign exchange loss	(445)	168	553	644

A9. Other operating income

	3 months ended		Financial period ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Interest income	2,159	1,721	5,398	5,065
Investment income	3,273	2,839	9,743	7,861
Accretion of non-current receivable	1,050	1,050	3,150	3,150
Foreign exchange gain	79	632	596	814
Gain on disposal of quoted investment	-	277	-	406
Gain on liquidation of investment in a joint arrangement	-	-	1,025	-
Other income	1,541	3,720	6,980	7,610
Total	8,102	10,239	26,892	24,906

A10. Events subsequent to the end of the reporting period

On 16 October 2015, the Company entered into a Sale and Purchase Agreement with Juita Viden International Ltd ("Juita Viden") to acquire from Juita Viden the remaining 3,266,667 Ordinary Shares in Li TV Holdings Limited ("Li TV"), representing 49% of the issued and paid-up ordinary share capital of Li TV, for a total purchase consideration of USD1.5 million only. With the acquisition, Li TV becomes a wholly-owned subsidiary of the Company.

A11. Changes in composition of the Group

On 12 May 2015, the Company acquired from the existing shareholders of Capital FM, namely ISY Holdings Sdn Bhd and Multimedia Distribution & Marketing Sdn Bhd, a total of 1,000,000 ordinary shares of RM1.00 each, representing the remaining 20% equity interest in Capital FM for a total cash consideration of RM1.5 million only. As a result of the acquisition, Capital FM has become a wholly-owned subsidiary of the Company.

On 23 June 2015, the Company announced that Leaderonomics Sdn Bhd ("Leaderonomics"), a subsidiary of the Company had acquired two ordinary shares of RM1.00 each in Leaderonomics Good Monday Sdn Bhd ("LGM") for a cash consideration of RM2.00 only ("the Acquisition"), resulting in LGM becoming a wholly-owned subsidiary of Leaderonomics.

Notes to the interim financial report

A11. Changes in composition of the Group (cont'd)

On 2 September 2015, the Company announced that 701Panduan Sdn Bhd, a 50-50 joint venture entity between the Company and SPH Interactive International Pte Ltd, a wholly-owned subsidiary of Singapore Press Holdings Limited, has been dissolved on 29 August 2015 pursuant to members' voluntary liquidation proceedings commenced earlier. This dissolution has no material impact on the earnings or net assets of the Company for the financial year ending 31 December 2015.

On 23 September 2015, with reference made to announcements dated 2 April 2015, 3 June 2015, 20 July 2015 and 21 August 2015, the Company announced the subscription results of the Rights Issue of its sub-subsidiary, Cityneon Holdings Limited, Singapore. In addition to subscribing for its Rights entitlements, the Company subscribed for an additional 30,000,000 excess Rights Shares through Laviani Pte Ltd, its wholly-owned subsidiary. The proposed acquisition of Victory Hill Exhibitions Pte Ltd by Cityneon Holdings was completed on 30 September 2015.

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	48,010
Rental guarantee	2,465
	50,475

A13. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	7,363
- not contracted	62,004
	69,367

A14. Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current financial period ended 30 September 2015 are as set out below.

	9 months ended 30.09.2015 RM'000
Transactions with related party in relation to approved shareholders' mandate for recurrent related party transactions:	
- Sales of advertisement space	17,747

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 30.09.2015 (3Q 2015) RM'000	Preceding Year Corresponding Quarter 30.09.2014 (3Q 2014) RM'000
Revenue	254,506	247,184
Consolidated Profit before taxation	29,202	46,689
Consolidated Profit after taxation	21,324	33,274

Group revenue in 3Q 2015 increased by 2.96% to RM254.51 million from RM247.18 million in the corresponding quarter of the preceding year mainly due to higher revenue contribution from the Event segment. Group profit before tax and after tax in 3Q 2015 decreased by 37.5% and 35.9% respectively against corresponding quarter of 2014 due to higher direct costs from Cityneon and lower revenue from Print segment and I.Star Ideas Factory (Perfect Livin' and Perfect Lifestyle).

Performance of the respective business segments for 3Q 2015 compared to the corresponding quarter of 2014 are as follows:-

Print and Digital – Revenue declined by 7.4% mainly due to lower advertising revenue caused by poor consumer sentiments, slowdown in the economy and weakening Ringgit. This has affected the overall Adex and as a result, profit before tax for this segment fell by 19.0% as compared to last corresponding quarter. Newspaper adex for 3Q 2015 fell by 15.6%.

Radio Broadcasting – Revenue decreased by 4.0% or RM0.54 million in the current quarter under review. Poor sentiments and the sluggish economy have affected the airtime revenue and resulted in higher loss before tax of RM0.44 million as compared RM0.25 million in the last corresponding quarter.

Event, exhibition, interior and thematic – This segment consists of Cityneon and I.Star Ideas Factory (Perfect Livin' and Perfect Lifestyle). Revenue increased to RM78.23 million from RM58.85 million mainly contributed by event, exhibition and interior projects completed by Cityneon. However, this segment recorded a loss before tax of RM3.51 million due to lower gross profit margins from Cityneon as well as drop in revenue for I.Star Ideas Factory which was partially due to postponement of one exhibition show to 4Q 2015. This is attributed to the challenging market environment coupled with the weakening Ringgit and GST.

Television channel – Revenue for 3Q 2015 increased to RM3.66 million as compared to RM2.55 million in last quarter under review. However, Li TV's functional currency is denominated in USD and due to the weakening of Ringgit, this segment suffered a loss before tax of RM2.32 million in 3Q 2015 as compared to RM1.79 million in 3Q 2014.

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance (cont'd)

	9 months ended 30.09.2015 (9M 2015) RM'000	9 months ended 30.09.2014 (9M 2014) RM'000
Revenue	738,251	732,849
Consolidated Profit before taxation	109,728	121,121
Consolidated Profit after taxation	78,558	87,823

Performance of the company and subsidiaries for 9 months ended 30 September 2015 vs 30 September 2014:-

Group revenue in 9M 2015 increased marginally by 0.7% to RM738.25 million from RM732.85 million in 9M 2014. Group profit before tax in 9M 2015 decreased by 9.4% to RM109.73 million due to higher direct costs from Cityneon and lower revenue from Print Segment and I.Star Ideas Factory.

Performance of the respective business segments are as follows:-

Print and Digital – Revenue decreased by 7.9% mainly due to poor consumer sentiments and overall soft market has caused consumers to be more cautious and held back on the advertising spending as a result of GST, the weakening Ringgit and also the weakening local economy. Profit before tax recorded a slight increase by 2.4% partially due to the impact of Voluntary Separation Scheme (VSS) expenses of RM11.5 million in 1H 2014.

Radio Broadcasting – Airtime revenue declined by 4.0% to RM36.93 million mainly due to uncertainties in the economy and challenging media environment. This segment recorded a smaller loss before tax of RM0.21 million in the current quarter as there were no amortisation cost on Capital FM's radio license in 9M 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 (Perfect Livin' and Perfect Lifestyle). Revenue increased from RM153.53 million to RM200.80 million mainly due to completion of projects carried out by Cityneon. However, due to lower profit margin and acquisition related cost of Victory Hill Exhibitions Pte Ltd in Cityneon as well as drop in revenue for I.Star Ideas Factory, this segment recorded a loss before tax of RM3.62 million in 9M 2015.

Television channel – This segment's revenue increased to RM8.73 million from RM7.65 million. As a result of the increase in direct costs and also weakening of the Ringgit, loss before tax has increased to RM5.87 million from RM4.79 million.

Additional information required by Bursa Malaysia Securities Listing Requirements

B2. Variation of results against preceding quarter

	Current Quarter 30.09.2015 RM'000	Preceding Quarter 30.06.2015 RM'000
Revenue	254,506	266,311
Consolidated Profit before taxation	29,202	42,926
Consolidated Profit after taxation	21,324	33,314

Group revenue for 3Q 2015 decreased to RM254.51 million from RM266.31 million in 2Q 2015 mainly due to Print and Event segment. Advertisers have remained cautious with their spending due to the weakening of Ringgit and slowdown in economy. This has affected the overall adex for 3Q 2015 which led to a fall in profit before tax to RM29.20 million as compared to RM42.93 million in the preceding quarter.

B3. Current year prospects

The outlook on Malaysian economy remains highly challenging in view of the economic uncertainties, poorer crude and palm oil prices, depreciation of the ringgit exchange rates against other currencies and the implementation of the Goods and Services Tax. Advertising expenditure for the rest of the year is expected to remain subdued.

The media related segments of the Group will continue to enhance its respective media platforms to extend their reach to wider audiences by continuing to provide more bundled products and creative buys to advertisers. The Group is also expanding aggressively into the digital businesses in video content (TheStarTV) and its recently launched Audience Interest Marketing (AIM).

In the events and exhibition business segment, Cityneon will continue to seek out more opportunities both locally and in other emerging markets such as Vietnam and Myanmar. I.Star Ideas Factory will continue its efforts to strengthen its market position.

The Company and the Board of Directors will continue to focus and strengthen its key strategies in the media industry and is cautiously optimistic that it will 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	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	7,853	13,371	30,463	33,238
2. Foreign taxation	-	44	30	60
3. Deferred taxation	25	-	677	-
	7,878	13,415	31,170	33,298

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 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits of Star Media Group Berhad and its subsidiaries		
-Realised	346,054	403,597
-Unrealised	(61,081)	(59,145)
	284,973	344,452
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	66,409	54,984
Total group retained profits as per consolidated accounts	332,611	380,665

B7. Status of corporate proposal announced

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

Additional information required by Bursa Malaysia Securities Listing Requirements

B8. Borrowings and debt securities

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

	As at 30.09.2015 RM'000	As at 30.09.2014 RM'000
<u>Short 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	-
Hire purchase	227	235
Finance lease	1,070	1,003
	101,297	1,238
Secured		
Bank borrowings	81,679	61,614
	182,976	62,852
<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
7-years MTN 2011/2018 with a coupon rate of 4.80% per annum, maturing on 11 May 2018	100,000	100,000
	100,000	200,000
Hire purchase	443	682
Finance lease	2,746	3,816
	103,189	204,498

Except for the secured term loan of RM81,679,000 and hire purchase of RM597,000 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

The Board of Directors does not recommend any payment of dividend for the quarter under review.

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	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Group's profit after taxation attributable to owners of the parent (RM'000)	23,639	34,296	83,478	89,934
Number of shares at the beginning of the year ('000)	737,956	737,956	737,956	737,956
Effect of Share Buy Back during the period ('000)	-	-	-	-
Weighted average number of ordinary shares outstanding ('000)	737,956	737,956	737,956	737,956
Basic earnings per share (sen)	3.20	4.65	11.31	12.19

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
16 November 2015
Petaling Jaya, Selangor Darul Ehsan