



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

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2015**

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial year ended	
		31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue		280,769	280,888	1,019,020	1,013,737
Operating expenses	A8	(234,343)	(254,730)	(881,965)	(883,364)
Other operating income	A9	17,638	8,868	44,530	33,774
Profit from operations		64,064	35,026	181,585	164,147
Finance cost		(3,764)	(2,557)	(11,557)	(10,143)
		60,300	32,469	170,028	154,004
Share of profit/(losses) in associates		45	(169)	45	(583)
Profit before tax		60,345	32,300	170,073	153,421
Tax expense	B5	(8,294)	(8,090)	(39,464)	(41,388)
Profit for the financial period/year		52,051	24,210	130,609	112,033
Attributable to:					
Owners of the parent		49,478	21,482	132,956	111,416
Non-controlling interests		2,573	2,728	(2,347)	617
		52,051	24,210	130,609	112,033
Basic earnings per ordinary share (sen)		6.70	2.91	18.02	15.10
Diluted earnings per ordinary share (sen)		6.70	2.91	18.02	15.10

(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:

(12,956)	(19,119)	(46,313)	(55,992)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2015**

	3 months ended		Financial year ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Profit for the financial period/year	52,051	24,210	130,609	112,033
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	(3,099)	4,377	12,966	4,465
Total comprehensive income for the financial period/year	48,952	28,587	143,575	116,498
Attributable to:				
Owners of the parent	47,125	24,095	142,735	114,429
Non-controlling interests	1,827	4,492	840	2,069
	48,952	28,587	143,575	116,498

(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 December 2015**

	31 December 2015 RM'000	31 December 2014 RM'000
Non-current assets		
Property, plant and equipment	500,350	476,621
Investment properties	105,668	53,730
Intangible assets	136,795	107,478
Investment in associates	1,160	-
Investment in a joint arrangement	-	143
Other investments		
-Financial assets at fair value through profit or loss	41,994	42,104
Other receivables	2,990	88,366
Deferred tax assets	324	621
	789,281	769,063
Current assets		
Inventories	49,899	97,363
Other investments		
-Held-to-maturity investments	-	5,000
-Financial assets at fair value through profit or loss	2,692	-
Trade and other receivables	242,529	175,730
Derivative assets	164	-
Current tax assets	4,045	1,802
Short term deposits	508,047	483,591
Cash and bank balances	123,614	137,763
	930,990	901,249
TOTAL ASSETS	1,720,271	1,670,312

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

	31 December 2015 RM'000	31 December 2014 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(1,633)	(1,633)
Reserves	409,971	405,589
Equity attributable to owners of the parent	1,146,902	1,142,520
Non-controlling interests	59,567	33,807
Total equity	1,206,469	1,176,327
Non-current liabilities		
Other payables	-	3,395
Borrowings	102,997	204,172
Deferred tax liabilities	54,493	62,433
	157,490	270,000
Current liabilities		
Trade and other payables	178,332	154,442
Borrowings	169,861	65,161
Taxation	8,119	4,382
	356,312	223,985
Total Liabilities	513,802	493,985
TOTAL EQUITY AND LIABILITIES	1,720,271	1,670,312
Net assets per share attributable to owners of the parent company (RM)	1.56	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 year ended 31 December 2015

	[----- 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 2015	738,564	24,107	817	(1,633)	380,665	1,142,520	33,807	1,176,327
Total comprehensive income for the year	-	9,132	647	-	132,956	142,735	840	143,575
<u>Transactions with owners</u>								
Additional investment in subsidiaries	-	-	-	-	(5,280)	(5,280)	408	(4,872)
Additional non-controlling interests arising on business combinations	-	-	-	-	(241)	(241)	25,428	25,187
Transfer of share option reserve	-	-	(938)	-	938	-	-	-
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)
<i>Dividends paid to non-controlling interest of a subsidiary</i>	-	-	-	-	-	-	(916)	(916)
Balance as at 31 December 2015	738,564	33,239	526	(1,633)	376,206	1,146,902	59,567	1,206,469

Unaudited Condensed Consolidated Statements of Changes in Equity
For the year ended 31 December 2014

	[----- 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 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	-	2,991	22	-	111,416	114,429	2,069	116,498
<u>Transactions with owners</u>								
Additional investment in a subsidiary	-	-	-	-	(1,399)	(1,399)	(101)	(1,500)
Disposal of a subsidiary	-	-	-	-	-	-	(38)	(38)
Transfer of share option reserve	-	-	(377)	-	377	-	-	-
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 31 December 2014	738,564	24,107	817	(1,633)	380,665	1,142,520	33,807	1,176,327

(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 year ended 31 December 2015

	31 December 2015	31 December 2014
	RM'000	RM'000
Profit before tax	170,073	153,421
Adjustments for non-cash flow items:-		
Share of (profit)/losses in associates	(45)	583
Non-cash items	48,863	81,294
Non-operating items	(9,145)	(7,795)
Operating profit before working capital changes	209,746	227,503
Changes in working capital		
Net change in current assets	30,040	52,246
Net change in current liabilities	4,442	(9,986)
	34,482	42,260
Cash generated from operations	244,228	269,763
Net tax paid	(48,499)	(48,913)
Net cash from operating activities	195,729	220,850
Investing Activities		
Proceeds from disposal of property, plant and equipment	1,141	1,309
Proceeds from disposal of quoted securities	74	1,723
Proceeds from disposal of a subsidiary	-	125
Proceeds from liquidation of investment in joint arrangement	1,168	-
Purchases of property, plant and equipment	(34,893)	(13,937)
Purchases of intangible assets	(506)	(1,382)
Purchases of television programmes rights	(4,621)	(4,552)
Additional investment in subsidiaries	(36,447)	(1,500)
Additional investment in associates	(1,111)	(1,150)
Investment redeemed on maturity	5,000	8,361
Investment in financial products	(3,478)	(5,417)
Interest and investment income received	21,063	17,799
Deposits placed with licensed banks with original maturity more than 3 months	(17,391)	(16,927)
Net cash used in investing activities	(70,001)	(15,548)
Financing Activities		
Interest paid	(2,257)	(10,143)
Repayment of hire purchase	(348)	(244)
Net (repayment)/drawdown of term loan	(9,480)	3,292
Repayment of finance lease	(1,020)	(956)
Dividend paid	(132,832)	(132,832)
Dividend paid to non-controlling interest of a subsidiary	(916)	-
Net cash used in financing activities	(146,853)	(140,883)

Unaudited Condensed Consolidated Statement of Cash Flows
For the year ended 31 December 2015 (cont'd)

	31 December 2015	31 December 2014
	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(21,125)	64,419
Effect of exchange rates fluctuations on cash held	14,041	2,040
Cash and cash equivalents at beginning of the year	593,048	526,589
Cash and cash equivalents at end of the year	585,964	593,048

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

	31 December 2015	31 December 2014
	RM'000	RM'000
Cash and bank balances	123,614	137,763
Deposits placed with licensed banks	508,047	483,591
Deposits placed with licensed banks with original maturity more than 3 months	(45,697)	(28,306)
	<u>585,964</u>	<u>593,048</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 to 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 10, MFRS 12 and MFRS 128	<i>Investments Entities: Applying the Consolidation Exception</i>
Amendments to MFRS 101	<i>Disclosure Initiative</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 Interests 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>
MFRS 9	<i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>
MFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to MFRSs	<i>Annual Improvements to MFRSs 2012-2014 Cycle</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 year ended 31 December 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 year ended 31 December 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 tier, paid on 16 October 2015	66,416	-

Notes to the interim financial report

A7. Segment Reporting

Business Segment

12 months ended 31 December 2015

	Financial year ended 31 December 2015		
	Assets RM'000	Revenue RM'000	Segment results RM'000
Print and digital	1,273,991	646,696	171,882
Broadcasting	76,189	48,580	(1,035)
Event, exhibition, interior and thematic	322,681	301,141	8,022
Television channel	12,444	12,019	(7,988)
Others	34,966	10,584	(853)
	1,720,271	1,019,020	170,028
Share of results in an associate			45
Profit before tax			170,073

12 months ended 31 December 2014

	Financial year ended 31 December 2014		
	Assets RM'000	Revenue RM'000	Segment results RM'000
*Print and digital	1,315,874	706,474	162,823
^Broadcasting	89,642	51,368	(5,968)
Event, exhibition, interior and thematic	208,360	235,533	19,050
#Television channel	10,944	10,877	(19,125)
~Others	45,492	9,485	(2,776)
	1,670,312	1,013,737	154,004
Share of results in associates			(583)
Profit before tax			153,421

* Including impairment losses on film rights amounting to RM5,747,000.

^ Including impairment loss on radio license amounting to RM4,350,000.

Including impairment loss on goodwill amounting to RM12,415,000.

~ Including impairment loss on investment in associates amounting to RM3,517,000.

Notes to the interim financial report

A8. Operating expenses

	3 months ended		Financial year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
(Reversal)/Allowance of credit losses	(2,216)	(1,815)	(971)	594
Write-off of receivables	674	(73)	684	14
Impairment on goodwill	-	12,415	-	12,415
Impairment on radio license	-	4,350	-	4,350
Impairment on film rights	-	2,297	-	2,297
Impairment on other receivables	-	3,450	-	3,450
Impairment on investment in associates	-	3,517	-	3,517
Foreign exchange (gain)/loss	(393)	124	160	768
Loss on disposal of a subsidiary	-	2,537	-	2,537
Loss on disposal of quoted investment	107	-	176	-

A9. Other operating income

	3 months ended		Financial year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Interest income	3,081	1,696	8,479	6,761
Investment income	2,480	3,316	12,223	11,177
Accretion of non-current receivable	-	1,050	3,150	4,200
Bad debts recovered	79	70	79	70
Foreign exchange gain/(loss)	503	(610)	1,099	204
(Loss)/Gain on disposal of quoted investment	-	(325)	-	81
Gain on liquidation of investment in a joint arrangement	-	-	1,025	-
Other income	11,495	3,671	18,475	11,281
Total	17,638	8,868	44,530	33,774

A10. Events subsequent to the end of the reporting year

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

Notes to the interim financial report

A11. Changes in composition of the Group

On 12 May 2015, the Company acquired from the existing minority 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.

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 ended 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.

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. With the acquisition, Li TV becomes a wholly-owned subsidiary of the Company.

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	49,144
Rental guarantee	2,409
	51,553
	51,553

A13. Capital commitments

	RM’000
Authorised capital expenditure not provided for in the financial statements	
- contracted	50,297
- not contracted	20,059
	70,356
	70,356

Notes to the interim financial report

A14. Significant related party transactions

Significant related party transactions which were entered into on agreed terms and prices for the current financial year ended 31 December 2015 are as set out below:

	Financial year ended 31.12.2015 RM'000
Transactions with related party in relation to approved shareholders' mandate for recurrent related party transactions:	
- Sales of advertisements	21,809

A15. Derivative financial instruments

As at 31 December 2015, the Group has the following outstanding forward foreign exchange contracts:

	Contract value		Fair value – net gains
	FC'000	RM'000	RM'000
With maturity less than 1 year:			
United States Dollar	924	3,906	62
Swiss Franc	1,725	7,304	102

These forward contracts are to hedge the foreign currency risk associated with trade payables.

The above derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Current Year Quarter 31.12.2015 (4Q 2015) RM'000	Preceding Year Corresponding Quarter 31.12.2014 (4Q 2014) RM'000
Revenue	280,769	280,888
Consolidated Profit before taxation	60,345	32,300
Consolidated Profit after taxation	52,051	24,210

Group revenue in 4Q 2015 remained almost the same at RM280.77 million as compared to RM280.89 million in the corresponding quarter of the preceding year due to lower revenue from the Print segment. Group profit before tax increased to RM60.35 million as compared to RM32.30 million in 4Q 2014. The lower profit before tax in 2014 was mainly due to impairment losses on goodwill, radio license, film rights and investment in associates amounting to RM26.03 million recognised in 4Q 2014.

Performance of the respective business segments for 4Q 2015 compared to the corresponding quarter of 2014 are as follows:-

Print and Digital – Revenue declined by 10.1% mainly due to lower advertising revenue caused by poor consumer sentiments, slowdown in the economy and the weaker Ringgit. Overall advertising expenditure has remained soft and advertisers were generally more cautious in the current quarter under review. Profit before tax increased by 13.6% as compared to 4Q 2014. Lower profit before tax in 2014 was partially due to impairment losses recognised in 4Q 2014.

Radio Broadcasting – Revenue decreased by 9.6% or RM1.23 million in the current quarter under review due to poor sentiments and economic uncertainties. This segment recorded a smaller loss before tax amounting to RM0.82 million as compared to RM3.35 million in the last corresponding quarter. Higher loss before tax in 2014 was due to impairment loss on Capital FM's radio license 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 to RM100.34 million from RM82.01 million mainly contributed by event, exhibition and interior projects completed by Cityneon and more exhibitions held by I.Star Ideas Factory. As a result, profit before tax increased to RM11.65 million in the current quarter as compared to RM8.16 million in 4Q 2014.

Television channel – Revenue for 4Q 2015 increased to RM3.29 million as compared to RM3.23 million in the last quarter under review. This segment suffered a loss before tax of RM2.12 million in 4Q 2015 as compared to RM14.33 million in 4Q 2014. Higher loss before tax in 2014 was due to impairment loss on goodwill of RM12.42 million recognised in 4Q 2014.

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance (cont'd)

	Financial Year 31.12.2015 RM'000	Preceding Year 31.12.2014 RM'000
Revenue	1,019,020	1,013,737
Consolidated Profit before taxation	170,073	153,421
Consolidated Profit after taxation	130,609	112,033

Performance of the company and subsidiaries for financial year ended 31 December 2015 vs 31 December 2014:-

Group revenue for the financial year ended 31 December 2015 increased marginally by 0.5% to RM1.02 billion from RM1.01 billion due to higher revenue contribution from Cityneon. The Group recorded a higher profit before tax amounting to RM170.07 million as compared to RM153.42 million in 2014. Lower Group profit before tax in 2014 was mainly due to Voluntary Separation Scheme (“VSS”) expenses and impairment losses recognised which amounted to RM37.53 million. The higher profitability in 2015 is also due to prudent cost management by the Group.

Performance of the respective business segments are as follows:-

Print and Digital – Revenue decreased by 8.5% mainly due to poor consumer sentiments resulting from the weaker Ringgit, post Goods and Services Tax impact, weak oil prices and slowing local and global economies. Profit before tax increased to RM171.88 million from RM162.82 million in 2014 as prudent cost management helped this segment to maintain its profitability despite lower revenue in 2015. Lower profit before tax in 2014 was mainly due to the impact of VSS expenses of RM11.50 million and losses on impairment of film rights of RM5.75 million.

Radio Broadcasting – Airtime revenue declined by 5.4% to RM48.58 million mainly due to uncertainties in the economy and challenging media environment. This segment recorded a smaller loss before tax of RM1.04 million in the current year as there were no amortisation cost on Capital FM’s radio license in 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 RM235.53 million to RM301.14 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 lower profit before tax of RM8.02 million as compared to RM19.05 million in 2014.

Television channel – This segment’s revenue increased to RM12.02 million from RM10.88 million. Loss before tax decreased to RM7.99 million as compared to RM19.13 million in 2014. Higher loss before tax in 2014 was mainly due to impairment loss on goodwill recognised in 2014 which amounted to RM12.42 million.

Additional information required by Bursa Malaysia Securities Listing Requirements

B2. Variation of results against preceding quarter

	Current Quarter 31.12.2015 RM'000	Preceding Quarter 30.09.2015 RM'000
Revenue	280,769	254,506
Consolidated Profit before taxation	60,345	29,202
Consolidated Profit after taxation	52,051	21,324

Group revenue for 4Q 2015 increased to RM280.77 million from RM254.51 million in 3Q 2015 mainly due to higher revenue contribution from the Print and Event segment. Group profit before tax for the current quarter was also higher at RM60.35 million compared to RM29.20 million in the preceding quarter due to higher revenue recorded in the current quarter.

B3. Current year prospects

The Malaysian Institute of Economic Research (“MIER”) estimates Malaysia’s Gross Domestic Product growth for 2016 at 4.7 per cent as compared to the estimated 4.9 per cent growth for 2015. The economic uncertainties, poorer crude oil and palm oil prices, depreciation of the Ringgit exchange rates against other currencies have affected the consumer and business sentiments. The consumer confidence index has hit a new low in 4Q 2015 at 63.8 points, down 19.2 points year-on-year.

The outlook on the Malaysian economy remains highly challenging and advertising expenditure for the upcoming year 2016 is expected to remain soft.

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 Audience Interest Marketing (AIM).

In the events and exhibition business segment, Cityneon will continue to look out for new opportunities to grow their revenue base. On 30 September 2015, Cityneon completed the acquisition of Victory Hill Exhibitions Pte Ltd (“VHE”). This acquisition is expected to diversify the revenue stream and enhance its performance in the foreseeable future. VHE is projecting to open a minimum of 3 exhibitions – AVENGERS STATION in Las Vegas, USA, AVENGERS STATION in Paris, France and the TRANSFORMERS Exhibition in Las Vegas, USA in 2016. On the other hand, I.Star Ideas Factory will also 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. We will continue to defend the Print segment whilst building on our other media platforms and also continue our prudent cost management.

B4. Profit forecast

The Group has not provided any profit forecast in a public document.

Additional information required by Bursa Malaysia Securities Listing Requirements

B5. Taxation

Taxation comprises the following: -

	3 months ended		Financial year ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	19,569	10,452	50,032	43,690
2. Foreign taxation	(93)	467	(63)	527
3. Deferred taxation	(11,182)	(2,829)	(10,505)	(2,829)
	8,294	8,090	39,464	41,388

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

B6. Retained Earnings

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits of Star Media Group Berhad and its subsidiaries		
-Realised	359,471	403,597
-Unrealised	(52,330)	(59,145)
	307,141	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	87,836	54,984
Total group retained profits as per consolidated accounts	376,206	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 fourth quarter are as follows:

	As at 31.12.2015 RM'000	As at 31.12.2014 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	265	209
Finance lease	1,087	1,019
	101,352	1,228
Secured		
Bank borrowings	68,509	63,933
	169,861	65,161
<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	529	617
Finance lease	2,468	3,555
	102,997	204,172

Except for the secured term loan of RM68,509,000 and hire purchase of RM539,000 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 is pleased to declare an interim dividend of 9.0 sen per ordinary share, single tier (2014: interim dividend of 6.0 sen per ordinary share, single tier and special tax exempt dividend of 3.0 sen per ordinary share) in respect of the financial year ending 31 December 2015.

The dividend is to be payable to the shareholders on 18 April 2016.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Securities transferred into the Depositor's Securities Account before 4.00pm on 31 March 2016 in respect of transfer;
- (b) Securities bought on Bursa Malaysia on a cum entitlement basis according to the rules of Bursa Malaysia.

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/year.

	3 months ended		Financial year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Group's profit after taxation attributable to owners of the parent (RM'000)	49,478	21,482	132,956	111,416
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/year ('000)	-	-	-	-
Weighted average number of ordinary shares outstanding ('000)	737,956	737,956	737,956	737,956
Basic earnings per share (sen)	6.70	2.91	18.02	15.10

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
26 February 2016
Petaling Jaya, Selangor Darul Ehsan