



STAR MEDIA GROUP BERHAD
Company No. 10894-D
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2016**

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial period ended	
		30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Revenue		206,498	254,506	671,765	738,251
Operating expenses	A8	(193,673)	(230,720)	(611,740)	(647,622)
Other operating income	A9	7,090	8,102	46,869	26,892
Profit from operations		19,915	31,888	106,894	117,521
Finance cost		(2,004)	(2,686)	(7,898)	(7,793)
		17,911	29,202	98,996	109,728
<i>Share of losses in associates</i>		(56)	-	(307)	-
Profit before taxation		17,855	29,202	98,689	109,728
Taxation	B5	(7,624)	(7,878)	(23,598)	(31,170)
Profit for the financial period		10,231	21,324	75,091	78,558
Attributable to:					
Owners of the parent		11,305	23,639	70,470	83,478
Non-controlling interests		(1,074)	(2,315)	4,621	(4,920)
		10,231	21,324	75,091	78,558
Basic earnings per ordinary share (sen)		1.53	3.20	9.55	11.31
Diluted earnings per ordinary share (sen)		1.53	3.20	9.55	11.31

(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 2015)

Notes on Operating Expenses:

Included in the Operating Expenses are depreciation and amortisation expenses:

	(13,902)	(11,075)	(39,645)	(33,357)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 2016**

	3 months ended		Financial period ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	10,231	21,324	75,091	78,558
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	5,475	13,063	(2,092)	16,065
Total comprehensive income for the financial period	15,706	34,387	72,999	94,623
Attributable to:				
Owners of the parent	14,344	33,500	68,919	95,610
Non-controlling interests	1,362	887	4,080	(987)
	15,706	34,387	72,999	94,623

(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 2015)

**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2016**

	30 September 2016 RM'000	31 December 2015 RM'000
Non-current assets		
Property, plant and equipment	557,309	500,350
Investment properties	131,859	105,668
Intangible assets	138,203	136,795
Investment in associates	856	1,160
Other investments		
-Financial assets at fair value through profit or loss	40,584	44,686
Other receivables	1,805	2,990
Deferred tax assets	324	324
	870,940	791,973
Current assets		
Inventories	38,601	49,899
Trade and other receivables	217,059	243,128
Derivative assets	543	164
Current tax assets	5,460	4,045
Short term deposits	397,018	508,047
Cash and bank balances	131,986	124,825
	790,667	930,108
TOTAL ASSETS	1,661,607	1,722,081

**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2016 (cont'd)**

	30 September 2016 RM'000	31 December 2015 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(1,633)	(1,633)
Reserves	347,985	408,344
Equity attributable to owners of the parent	1,084,916	1,145,275
Non-controlling interests	102,048	61,191
Total equity	1,186,964	1,206,466
Non-current liabilities		
Borrowings	101,734	102,997
Deferred tax liabilities	54,669	54,493
	156,403	157,490
Current liabilities		
Trade and other payables	158,397	180,145
Borrowings	89,143	169,861
Dividend payable	66,416	-
Taxation	4,284	8,119
	318,240	358,125
Total Liabilities	474,643	515,615
TOTAL EQUITY AND LIABILITIES	1,661,607	1,722,081
Net assets per share attributable to owners of the parent company (RM)	1.47	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 2015)

Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 30 September 2016

	[----- 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 2016	738,564	31,612	526	(1,633)	376,206	1,145,275	61,191	1,206,466
Total comprehensive income for the period	-	(1,791)	240	-	70,470	68,919	4,080	72,999
<u>Transactions with owners</u>								
Disposal of shares in a subsidiary	-	-	-	-	13,234	13,234	11,784	25,018
Deregistration of a subsidiary	-	(21,073)	-	-	-	(21,073)	-	(21,073)
Additional shares issued by a subsidiary	-	-	-	-	10,526	10,526	21,644	32,170
Share options granted under ESOS of a subsidiary	-	-	(756)	-	1,623	867	3,563	4,430
Transfer of share options reserve	-	-	(2)	-	2	-	-	-
Dividend								
<i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2015, paid on 18 April 2016</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
<i>First Interim Dividend and Special Dividend for the financial year ended 31 December 2016, paid on 18 October 2016</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
<i>Dividends paid to non-controlling interest of a subsidiary</i>	-	-	-	-	-	-	(214)	(214)
Balance as at 30 September 2016	738,564	8,748	8	(1,633)	339,229	1,084,916	102,048	1,186,964

Unaudited Condensed Consolidated Statements of Changes in Equity For the period ended 30 September 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 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

(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 2015)

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 30 September 2016

	30 September 2016	30 September 2015
	RM'000	RM'000
Profit before taxation	98,689	109,728
Adjustments for non-cash flow items:-		
Share of losses in associates	307	-
Non-cash items	25,010	3,970
Non-operating items	(6,345)	(7,347)
Operating profit before working capital changes	117,661	106,351
Changes in working capital		
Net change in current assets	27,675	33,023
Net change in current liabilities	(43,237)	17,971
	(15,562)	50,994
Cash generated from operations	102,099	157,345
Net tax paid	(28,879)	(32,255)
Net cash from operating activities	73,220	125,090
Investing Activities		
Proceeds from disposal of property, plant and equipment	828	714
Proceeds from disposal of intangible assets	171	-
Proceeds from disposal of quoted securities	5,000	74
Proceeds from liquidation of investment in joint arrangement	-	1,168
Proceeds from disposal of shares	25,018	-
Purchases of property, plant and equipment	(97,725)	(5,510)
Purchases of intangible assets	(726)	(225)
Purchases of television programme rights	(5,994)	(4,453)
Additional investment in a subsidiary	-	(1,500)
Additional investment in associates	-	(1,137)
Investment in financial products	(524)	(503)
Investment redeemed on maturity	-	5,000
Interest and investment income received	13,274	14,782
Deposits placed with licensed banks with original maturity more than 3 months	35,240	(30,595)
Net cash used in investing activities	(25,438)	(22,185)
Financing Activities		
Interest paid	(2,705)	(837)
Repayment of hire purchase	(559)	(289)
Net drawdown of term loan	19,196	1,631
Repayment of finance lease	(809)	(759)
Redemption of Medium Term Note	(100,000)	-
Additional non-controlling interests arising on business combinations	32,833	321
Proceeds from ESOS exercised with issue of shares to non-controlling interest of a subsidiary	4,650	-
Dividend paid	(66,416)	(66,416)
Dividend paid to non-controlling interest of a subsidiary	-	(928)
Net cash used in financing activities	(113,810)	(67,277)
Net (decrease)/increase in cash and cash equivalents	(66,028)	35,628
Effect of exchange rates fluctuations on cash held	(2,600)	16,880
Cash and cash equivalents at beginning of the period	585,127	593,048
Cash and cash equivalents at end of the period	516,499	645,556

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 30 September 2016 (cont'd)

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 2016	30 September 2015
	RM'000	RM'000
Deposits placed with licensed banks	397,018	559,639
Cash and bank balances	131,986	144,818
Deposits placed with licensed banks with original maturity more than 3 months	(12,505)	(58,901)
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	516,499	645,556
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(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2015).

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 2015.

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 2015 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

MFRS 14	<i>Regulatory Deferral Accounts</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>

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 2018

MFRS 9	<i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>
MFRS 15	<i>Revenue from Contracts with Customers</i>
MFRS 15	<i>Clarifications to MFRS 15 Revenue from Contracts with Customers</i>
MFRS 16	<i>Leases</i>
Amendments to MFRS 2	<i>Clarifications and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>
Amendments to MFRS 107	<i>Disclosure Initiative</i>
Amendments to MFRS 112	<i>Recognition of Deferred Tax Assets for Unrealised Losses</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 2016.

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 2016.

A6. Dividend paid

	2016 RM'000	2015 RM'000
<u>In respect of the financial year ended 31 December 2016</u>		
First interim dividend of 9.0 sen per ordinary share, single tier, paid on 18 October 2016	66,416	-
<u>In respect of the financial year ended 31 December 2015</u>		
Second interim dividend of 9.0 sen per ordinary share, single tier, paid on 18 April 2016	66,416	-
First interim dividend of 9.0 sen per ordinary share, single tier, paid on 16 October 2015	-	66,416
<u>In respect of the financial year ended 31 December 2014</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 17 April 2015	-	66,416

Notes to the interim financial report

A7. Segment Reporting

Business Segment

9 months ended 30 September 2016

	Financial period ended 30 September 2016		
	Assets RM'000	Revenue RM'000	Profit before tax RM'000
Print and digital	1,114,125	421,264	74,397
Broadcasting	74,175	30,722	(3,519)
Event, exhibition, interior and thematic	411,554	203,747	16,312
Television channel	15,268	7,587	(6,317)
Others	46,485	8,445	18,123
	<u>1,661,607</u>	<u>671,765</u>	98,996
Share of results in associates			(307)
Profit before tax			<u>98,689</u>

9 months ended 30 September 2015

	Financial period ended 30 September 2015		
	Assets RM'000	Revenue RM'000	Profit before tax 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

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

	3 months ended		Financial period ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Allowance of credit losses	600	430	1,767	1,245
Write-off of receivables	-	1	-	10
Loss on disposal of quoted investment	-	-	12	69
Foreign exchange loss	558	(445)	841	553

A9. Other operating income

	3 months ended		Financial period ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Interest income	659	2,159	3,352	5,398
Investment income	3,395	3,273	10,890	9,743
Accretion of non-current receivable	-	1,050	-	3,150
Foreign exchange gain	18	79	103	596
Gain on liquidation of investment in a joint arrangement	-	-	-	1,025
Gain on deregistration of a subsidiary	-	-	21,073	-
Other income	3,018	1,541	11,451	6,980
Total	7,090	8,102	46,869	26,892

A10. Events subsequent to the end of the reporting period

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

Notes to the interim financial report

A11. Changes in composition of the Group

On 13 April 2016, the Company announced that its wholly-owned subsidiary in Australia, Excel and its dormant subsidiary, AIUS were deregistered under Section 601AA(4) of the Corporations Act 2001 with The Australian Securities And Investments Commission (“ASIC”) on 5 April 2016. Excel and AIUS were not in financial difficulty or insolvent and had met all the requirements to deregister with ASIC. The said deregistration was part of the corporate restructuring exercise.

On 20 May 2016, Cityneon Holdings Limited (“Cityneon”) had released an announcement to the Singapore Stock Exchange on the change in the Company’s shareholding from 65% to 52%. The change in shareholding was due to issuance of 20,000,000 new ordinary shares via a placement by Cityneon and completion of the sale of 15,000,000 Cityneon's shares via a placement by Laviani Pte Ltd and employee share option exercised.

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	36,083
Rental guarantee	2,467
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	<u>38,550</u>

A13. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	33,967
- not contracted	10,027
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	<u>43,994</u>

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 2016 are as set out below:

	9 months ended 30.09.2016 RM'000
Transactions with related party in relation to approved shareholders' mandate for recurrent related party transactions:	
- Sales of advertisements	<hr/> <u>15,018</u>

Notes to the interim financial report

A15. Derivative financial instruments

As at 30 September 2016, the Group has the following outstanding forward foreign exchange contracts:

	Contract value		Fair value –
	FC'000	RM'000	net gain/ (losses) RM'000
With maturity less than 1 year:			
United States Dollar	2,768	11,311	364
Swiss Franc	1,645	6,938	234
Sterling Pound	199	1,145	(55)

These forward contracts were entered into with the objective of managing and hedging the exposure of the Company to adverse price movements in foreign currencies.

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 30.09.2016 (3Q 2016) RM'000	Preceding Year Corresponding Quarter 30.09.2015 (3Q 2015) RM'000
Revenue	206,498	254,506
Consolidated Profit before taxation	17,855	29,202
Consolidated Profit after taxation	10,231	21,324

Group revenue in 3Q decreased by 18.9% to RM206.50 million from RM254.51 million in the corresponding quarter of the preceding year mainly due to lower revenue from most of the segments. This has resulted in lower Group profit before tax and after tax in 3Q 2016 which decreased by 38.9% and 52.0% respectively against the corresponding quarter of the preceding year.

Performance of the respective business segments for 3Q 2016 compared to the corresponding quarter of 2015 are as follows:-

Print and Digital – Revenue declined by 13.4% mainly due to lower advertising revenue resulting from poor consumer and business sentiments. Newspaper Adex fell by 14.6% for 3Q 2016 as compared to 3Q 2015. Profit before tax for this segment decreased by 32.6% or RM11.7 million due to lower print revenue.

Radio Broadcasting – Revenue decreased by 23.4% or RM3 million in the current quarter under review. Poor consumer and business sentiments due to weak economic conditions have affected the airtime revenue. This segment recorded a higher loss before tax of RM1.27 million in 3Q 2016 as compared to RM0.44 million in 3Q 2015.

Event, exhibition, interior and thematic – This segment consists of Cityneon and I.Star Ideas Factory (Perfect Livin'). Revenue decreased to RM54.12 million from RM78.23 million which is mainly due to fewer projects carried out by Cityneon in 3Q 2016 as compared to 3Q 2015. However, this segment recorded a lower loss before tax of RM1.98 million in 3Q 2016 as compared to RM3.51 million in 3Q 2015.

Television channel – Revenue decreased to RM2.98 million as compared to RM3.66 million in 3Q 2015. This segment registered a lower loss before tax of RM1.82 million in 3Q 2016 as compared to RM2.32 million in 3Q 2015 due to better cost management.

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	9 months ended 30.09.2016 (9M 2016) RM'000	9 months ended 30.09.2015 (9M 2015) RM'000
Revenue	671,765	738,251
Consolidated Profit before taxation	98,689	109,728
Consolidated Profit after taxation	75,091	78,558

Performance of the company and subsidiaries for 9 months ended 30 September 2016 vs 30 September 2015:-

Group revenue in 9M 2016 decreased by 9.0% to RM671.77 million from RM738.25 million in 9M 2015 mainly due to lower print revenue. Group profit before tax in 9M 2016 decreased by 10.1% due to lower profit recorded by Print segment which were partially offset by the gain on deregistration of a subsidiary company.

Performance of the respective business segments are as follows:-

Print and Digital – Print and digital revenue decreased by 13.1% mainly due to lower print revenue. Newspaper Adex fell by 11.2% in 9M 2016 as compared to 9M 2015 due to poor consumer and business sentiments. As a result of the lower revenue, profit before tax decreased by 38.1%.

Radio Broadcasting – Revenue declined by 16.8% or RM6.21 million in 9M 2016 as a result of poor consumer and business sentiments. Challenging market environment has caused this segment to record a loss before tax of RM3.52 million in 9M 2016 as compared to loss before tax of RM0.21 million in 9M 2015.

Event, exhibition, interior and thematic – This segment consists of Cityneon and I.Star Ideas Factory. Revenue increased to RM203.75 million from RM200.80 million mainly contributed by exhibitions and intellectual property rights held by Cityneon. However, revenue from I.Star Ideas Factory has decreased as only 8 shows were held in 9M 2016 as compared to 10 shows in 9M 2015. As a result of stronger performance by Cityneon's exhibitions and intellectual property rights division, this segment recorded a profit before tax of RM16.31 million in 9M 2016 as compared to a loss before tax of RM3.62 million in 9M 2015.

Television channel – Revenue for 9M 2016 decreased by 13.1% to RM7.59 million as compared to RM8.73 million in 9M 2015 as a result of the decline in distribution revenue. This segment suffered a higher loss before tax of RM6.32 million in 9M 2016 as compared to RM5.87 million in 9M 2015.

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

	Current Quarter 30.09.2016 (3Q 2016) RM'000	Preceding Quarter 30.06.2016 (2Q 2016) RM'000
Revenue	206,498	266,536
Consolidated Profit before taxation	17,855	58,456
Consolidated Profit after taxation	10,231	50,001

Group revenue for 3Q 2016 decreased to RM206.50 million mainly due to lower revenue contribution from Print and Event segment. Group profit before tax has also decreased from RM58.46 million in the preceding quarter to RM17.86 million in 3Q 2016. In 2Q 2016, figures included the gain on deregistration of a subsidiary of RM21 million.

B3. Current year prospects

Outlook for this year remains challenging as market sentiments remained cautious due to economic uncertainties and weak commodity prices. Advertising expenditure for the rest of the year is expected to be 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).

The Group has recently embarked on its next digital transformation plan with the launch of dimsum.my, our very own video on demand service. It offers Asian content and much of it on an exclusive basis. Dimsum also provides news in three languages – Bahasa Malaysia, Mandarin and English and the next stage will be to introduce more Malay and Indian contents. This is also part of the Group's initiative to diversify its revenue stream.

In the events and exhibition business segment, Cityneon will continue to look out for new opportunities to grow their revenue base. Victory Hill Exhibitions Pte Ltd ("VHE") is expected to diversify the revenue stream and enhance its performance in the foreseeable future via exhibitions for AVENGERS STATION and TRANSFORMERS. The exhibition is currently in Treasure Island, Las Vegas and Singapore Science Centre and will be extended to Taipei, followed by Australia next year. I.Star Ideas Factory has been affected by the poor consumer sentiments and weak retail market and as such will continue to face a challenging environment for the rest of the year.

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 period ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	6,997	7,853	19,829	30,463
2. Foreign taxation	637	-	3,779	30
3. Deferred taxation	(10)	25	(10)	677
	7,624	7,878	23,598	31,170

The effective tax rate on the Group's profit for the financial period under review is lower than the statutory tax rate mainly due to certain income which is not subject to tax.

B6. Retained Earnings

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of Star Media Group Berhad and its subsidiaries		
-Realised	300,356	357,751
-Unrealised	(51,742)	(52,330)
	248,614	305,421
Total share of accumulated losses from associates		
-Realised	(845)	(538)
Consolidation adjustments	91,460	71,323
Total group retained profits as per consolidated accounts	339,229	376,206

B7. Status of corporate proposal announced

The Company announced that the Company and its wholly owned subsidiary, Star RFM Sdn Bhd have on 9 September 2016 entered into a conditional sale and purchase of shares agreement with Measat Broadcast Network Systems Sdn Bhd for the disposal of 5,000,000 Ordinary Shares of RM1.00 each in Capital FM Sdn Bhd ("CFSB"), representing the entire issued and paid-up share capital of CFSB for a total cash consideration of RM42 million only.

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 30.09.2016 RM'000	As at 30.09.2015 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	110	227
Finance lease	1,140	1,070
	1,250	101,297
Secured		
Bank borrowings	87,893	81,679
	89,143	182,976
<u>Long Term Borrowings</u>		
Unsecured		
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	100,000
Hire purchase	128	443
Finance lease	1,606	2,746
	101,734	103,189

Except for the secured term loan of RM87,893,000 and hire purchase of RM52,000 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	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Group's profit after taxation attributable to owners of the parent (RM'000)	11,305	23,639	70,470	83,478
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)	1.53	3.20	9.55	11.31

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 November 2016
Petaling Jaya, Selangor Darul Ehsan