



STAR MEDIA GROUP BERHAD

Company No. 10894-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial year ended	
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue		260,350	280,769	932,115	1,019,020
Operating expenses	A8	(266,395)	(234,343)	(878,135)	(881,965)
Other operating income	A9	54,868	17,638	101,737	44,530
Profit from operations		48,823	64,064	155,717	181,585
Finance cost		(1,252)	(3,764)	(9,150)	(11,557)
		47,571	60,300	146,567	170,028
Share of (losses)/profit in associates		(54)	45	(361)	45
Profit before taxation		47,517	60,345	146,206	170,073
Taxation	B5	(5,699)	(8,294)	(29,297)	(39,464)
Profit for the financial period/year		41,818	52,051	116,909	130,609
Attributable to:					
Owners of the parent		39,441	49,478	109,911	132,956
Non-controlling interests		2,377	2,573	6,998	(2,347)
		41,818	52,051	116,909	130,609
Basic earnings per ordinary share (sen)		5.34	6.70	14.89	18.02
Diluted earnings per ordinary share (sen)		5.34	6.70	14.89	18.02

(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:

	(14,409)	(12,956)	(54,054)	(46,313)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016**

	3 months ended		Financial year ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Profit for the financial period/year	41,818	52,051	116,909	130,609
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	(11,586)	(3,102)	7,395	12,963
- reclassification of exchange reserve to profit and loss on deregistration of foreign subsidiary	-	-	(21,073)	-
Total comprehensive income for the financial period/year	30,232	48,949	103,231	143,572
Attributable to:				
Owners of the parent	22,663	45,498	91,582	141,108
Non-controlling interests	7,569	3,451	11,649	2,464
	30,232	48,949	103,231	143,572

(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 31 December 2016**

	31 December 2016 RM'000	31 December 2015 RM'000
Non-current assets		
Property, plant and equipment	571,180	500,350
Investment properties	134,945	105,668
Intangible assets	126,270	136,795
Investment in associates	819	1,160
Other investments		
-Financial assets at fair value through profit or loss	38,464	44,686
Other receivables	1,563	2,990
Deferred tax assets	128	324
	873,369	791,973
Current assets		
Inventories	41,072	49,899
Trade and other receivables	230,453	243,128
Derivative assets	416	164
Current tax assets	4,504	4,045
Short term deposits	342,728	508,047
Cash and bank balances	156,859	124,825
	776,032	930,108
TOTAL ASSETS	1,649,401	1,722,081

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 December 2016 (cont'd)**

	31 December 2016 RM'000	31 December 2015 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(1,633)	(1,633)
Reserves	391,506	408,344
Equity attributable to owners of the parent	1,128,437	1,145,275
Non-controlling interests	109,845	61,191
Total equity	1,238,282	1,206,466
Non-current liabilities		
Borrowings	100,905	102,997
Deferred tax liabilities	55,000	54,493
	155,905	157,490
Current liabilities		
Trade and other payables	151,270	180,145
Borrowings	100,832	169,861
Taxation	3,112	8,119
	255,214	358,125
Total Liabilities	411,119	515,615
TOTAL EQUITY AND LIABILITIES	1,649,401	1,722,081
Net assets per share attributable to owners of the parent company (RM)	1.53	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 year ended 31 December 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 year	-	(18,565)	236	-	109,911	91,582	11,649	103,231
<u>Transactions with owners</u>								
Disposal of shares in a subsidiary	-	-	-	-	13,234	13,234	11,784	25,018
Additional shares issued by a subsidiary	-	-	-	-	10,526	10,526	21,650	32,176
Share options granted under ESOS of a subsidiary	-	-	(756)	-	1,626	870	3,571	4,441
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>	-	-	-	-	(218)	(218)	-	(218)
Balance as at 31 December 2016	738,564	13,047	6	(1,633)	378,453	1,128,437	109,845	1,238,282

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	-	7,505	647	-	132,956	141,108	2,464	143,572
<u>Transactions with owners</u>								
Additional investment in a subsidiary	-	-	-	-	(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	31,612	526	(1,633)	376,206	1,145,275	61,191	1,206,466

(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 year ended 31 December 2016

	31 December 2016	31 December 2015
	RM'000	RM'000
Profit before taxation	146,206	170,073
Adjustments for non-cash flow items:-		
Share of losses/(profit) in associates	361	(45)
Non-cash items	23,739	49,640
Non-operating items	(8,916)	(9,145)
Operating profit before working capital changes	161,390	210,523
Changes in working capital		
Net change in current assets	14,761	35,085
Net change in current liabilities	(47,750)	6,961
	(32,989)	42,046
Cash generated from operations	128,401	252,569
Net tax paid	(34,353)	(48,511)
Net cash from operating activities	94,048	204,058
Investing Activities		
Proceeds from disposal of property, plant and equipment	1,584	848
Proceeds from disposal of intangible assets	171	-
Proceeds from disposal of quoted securities	5,000	74
Proceeds from disposal of a subsidiary company	40,380	-
Proceeds from liquidation of investment in joint arrangement	-	1,168
Proceeds from disposal of shares	25,018	-
Purchases of property, plant and equipment	(120,847)	(34,875)
Purchases of intangible assets	(750)	(507)
Purchases of television programme rights	(15,149)	(4,621)
Purchases of exhibition license	(3,055)	-
Acquisitions of subsidiaries, net of cash acquired	-	(30,865)
Additional investment in a subsidiary	-	(4,872)
Additional investment in associates	-	(1,111)
Investment in financial products	(821)	(3,481)
Investment redeemed on maturity	400	5,000
Interest and investment income received	17,097	19,089
Deposits placed with licensed banks with original maturity more than 3 months	40,205	(19,439)
Net cash used in investing activities	(10,767)	(73,592)
Financing Activities		
Interest paid	(9,805)	(11,557)
Repayment of hire purchase	(605)	(335)
Drawdown of term loan	104,481	41,674
Repayment of term loan	(76,611)	(47,764)
Repayment of finance lease	(1,087)	(1,020)
Repayment of Medium Term Note	(100,000)	-
Proceeds from shares issued to non-controlling interest of a subsidiary	33,429	321
Proceeds from ESOS exercised with issue of shares to non-controlling interest of a subsidiary	4,739	-
Dividend paid	(132,832)	(132,832)
Dividend paid to non-controlling interest of a subsidiary	(218)	(916)
Net cash used in financing activities	(178,509)	(152,429)
Net decrease in cash and cash equivalents	(95,228)	(21,963)
Effect of exchange rates fluctuations on cash held	2,148	14,042
Cash and cash equivalents at beginning of the year	585,127	593,048
Cash and cash equivalents at end of the year	492,047	585,127

**Unaudited Condensed Consolidated Statement of Cash Flows
For the year ended 31 December 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 year:

	31 December 2016	31 December 2015
	RM'000	RM'000
Deposits placed with licensed banks	342,728	508,047
Cash and bank balances	156,859	124,825
Deposits placed with licensed banks with original maturity more than 3 months	(7,540)	(47,745)
	<hr/>	<hr/>
	492,047	585,127
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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 2017

Amendments to MFRS 12	<i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>
Amendments to MFRS 107	<i>Disclosure Initiative</i>
Amendments to MFRS 112	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to MFRS 1	<i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>
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</i>
Amendments to MFRS 2	<i>Clarifications and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 128	<i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>
Amendments to MFRS 140	<i>Transfers of Investment Property</i>
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to MFRS 4	<i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>

Notes to the interim financial report**A1. Basis of Preparation (cont'd)**

Effective for annual periods commencing on or after 1 January 2017 (cont'd)

MFRS 16	<i>Leases</i>
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

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 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 other issuances and repayment of debts and equity securities, share cancellations and resale of treasury shares during the financial year ended 31 December 2016 except for repayment of RM100 million Medium Term Notes ("MTN") which matured on 11 May 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

12 months ended 31 December 2016

	Financial year ended 31 December 2016		
	Assets RM'000	Revenue RM'000	Profit before tax RM'000
^Print and digital	1,114,069	549,604	90,718
Broadcasting	71,511	42,201	(2,307)
Event, exhibition, interior and thematic	407,743	315,354	24,990
Television channel	18,460	13,460	(7,077)
*Others	37,618	11,496	40,243
	<u>1,649,401</u>	<u>932,115</u>	146,567
Share of results in associates			(361)
Profit before tax			<u>146,206</u>

^Includes impairment on other investment amounting to RM1,531,000.

*Includes the following:-

- 1) Gain on disposal of subsidiary amounting to RM40,257,000.
- 2) Gain on reclassification of exchange reserve to profit and loss on deregistration of foreign subsidiary amounting to RM21,073,000.
- 3) Impairment on goodwill amounting to RM19,827,000.

12 months ended 31 December 2015

	Financial year ended 31 December 2015		
	Assets RM'000	Revenue RM'000	Profit before tax RM'000
Print and digital	1,275,202	646,696	171,882
Broadcasting	76,189	48,580	(1,035)
Event, exhibition, interior and thematic	323,280	301,141	8,022
Television channel	12,444	12,019	(7,989)
Others	34,966	10,584	(852)
	<u>1,722,081</u>	<u>1,019,020</u>	170,028
Share of results in associates			45
Profit before tax			<u>170,073</u>

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

	3 months ended		Financial year ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
(Reversal)/Allowance of credit losses	(928)	(2,216)	839	(971)
Write-off of receivables	651	674	651	684
Impairment on goodwill	19,827	-	19,827	-
Impairment on other investment	1,531	-	1,531	-
Loss on disposal of quoted investment	-	107	12	176
Foreign exchange (gain)/loss	(199)	589	642	1,142

A9. Other operating income

	3 months ended		Financial year ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Interest income	825	246	4,177	5,644
Investment income	2,999	5,315	13,889	15,058
Accretion of non-current receivable	-	-	-	3,150
Bad debts recovered	1,225	4	1,225	4
Foreign exchange gain	3,328	583	3,431	1,179
Gain on disposal of quoted investment	147	-	147	-
Gain on liquidation of investment in a joint arrangement	-	-	-	1,025
Reclassification of exchange reserve to profit and loss on deregistration of foreign subsidiary	-	-	21,073	-
Gain on disposal of a subsidiary	40,257	-	40,257	-
Other income	6,087	11,490	17,538	18,470
Total	54,868	17,638	101,737	44,530

A10. Events subsequent to the end of the reporting year

There are no material events subsequent to the end of the reporting 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 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.

On 30 December 2016, the Company announced that the Company and its wholly owned subsidiary, Star RFM Sdn Bhd have completed the disposal of the entire issued and paid-up share capital of Capital FM Sdn Bhd to Measat Broadcast Network Systems Sdn Bhd, a wholly-owned subsidiary of Astro Malaysia Holdings Berhad for a total cash consideration of RM40,380,000 in accordance with the terms of the Sale and Purchase of Shares Agreement dated 9 September 2016 between the parties. With the completion of the disposal, Capital FM Sdn Bhd had ceased to be a 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	49,409
Rental guarantee	2,511
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	51,920
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A13. Capital commitments

	RM’000
Authorised capital expenditure not provided for in the financial statements	
- contracted	27,759
- not contracted	28,344
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	56,103
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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 2016 are as set out below:

	Financial year ended 31.12.2016 RM’000
Transactions with related party in relation to approved shareholders’ mandate for recurrent related party transactions:	
- Sales of advertisements	18,235
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Notes to the interim financial report**A15. Derivative financial instruments**

As at 31 December 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	1,244	5,236	412
Swiss Franc	441	1,960	11
Sterling Pound	35	202	(7)

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 31.12.2016 (4Q 2016) RM'000	Preceding Year Corresponding Quarter 31.12.2015 (4Q 2015) RM'000
Revenue	260,350	280,769
Consolidated Profit before taxation	47,517	60,345
Consolidated Profit after taxation	41,818	52,051

Group revenue in 4Q decreased by 7.3% to RM260.35 million from RM280.77 million in the corresponding quarter of the preceding year mainly due to lower revenue from Print segment. Group profit before tax decreased by 21% against the corresponding quarter of the preceding year. The lower profit before tax in 2016 was mainly due to lower revenue from Print and impairment on goodwill and other investment. This was partially offset by the gain on disposal of a subsidiary company.

Performance of the respective business segments for 4Q 2016 compared to the corresponding quarter of 2015 are as follows:-

Print and Digital – Revenue declined by 20.7% mainly due to lower advertising revenue resulting from poor consumer and business sentiments. Newspaper Adex fell by 15.6% for 4Q 2016 as compared to 4Q 2015. Profit before tax for this segment decreased to RM16.32 million from RM51.70 million due to the decline in revenue.

Radio Broadcasting – Revenue decreased by 1.5% in the current quarter under review. Poor consumer and business sentiments due to weak economic conditions have affected the airtime revenue. With better cost management, this segment recorded a profit before tax of RM1.2 million in 4Q 2016 as compared to loss before tax of RM0.82 million in 4Q 2015.

Event, exhibition, interior and thematic – This segment consists of Cityneon and I.Star Ideas Factory (Perfect Livin' and Perfect Lifestyle).

Cityneon's revenue increased to RM106.97 from RM89.79 million mainly contributed by thematic and Intellectual Property Rights ("IPR"). IPR is a new business unit which arose from the acquisition of Victory Hill Exhibitions Pte Ltd, which was completed on 30 September 2015. Revenue from IPR was mainly generated from both the travelling and permanent exhibitions. Profit recorded in 4Q 2016 is RM7.14 million as compared to RM7.49 million in 4Q 2015.

I.Star Ideas Factory's revenue decreased to RM4.63 million from RM10.55 million as only 2 shows were held in 4Q 2016 as compared to 6 shows in 4Q 2015. I.Star Ideas Factory recorded a lower profit before tax of RM1.54 million in 4Q 2016 as compared to RM4.15 million in 4Q 2015 due to the decline in revenue.

Television channel – Revenue increased to RM5.87 million as compared to RM3.29 million in 4Q 2015. This segment registered a lower loss before tax of RM0.76 million in 4Q 2016 as compared to RM2.12 million in 4Q 2015 due to higher revenue and better cost management.

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance

	Financial year 31.12.2016 RM'000	Preceding year 31.12.2015 RM'000
Revenue	932,115	1,019,020
Consolidated Profit before taxation	146,206	170,073
Consolidated Profit after taxation	116,909	130,609

Performance of the company and subsidiaries for financial year ended 31 December 2016 vs 31 December 2015:-

Group revenue for the financial year ended 31 December 2016 decreased by 8.5% to RM932.12 million from RM1.02 billion mainly due to lower revenue contribution from Print and Radio segments. The Group recorded a lower profit before tax amounting to RM146.21 million as compared to RM170.07 million in 2015. Lower profit recorded by the Group was due to lower print revenue as well as RM21.36 million of impairment on goodwill and other investment. However, this was offset by the gain on disposal and deregistration of subsidiaries which amounted to RM61.33 million.

Performance of the respective business segments are as follows:-

Print and Digital – Print and digital revenue decreased by 15% mainly due to lower print revenue. Newspaper Adex fell by 13.1% in the current financial year as compared financial year 2015 due to poor consumer and business sentiments. As a result of lower revenue, profit before tax decreased by 47.2%. Impairment on other investment which amounted to RM1.53 million was also recognised during the financial year.

Radio Broadcasting – Revenue declined by 13.1% or RM6.38 million as a result of poor consumer and business sentiments. Radio Adex fell by 4.7% in 2016 as compared to 2015. Challenging market environment has caused this segment to record a loss before tax of RM2.31 million in 2016 as compared to loss before tax of RM1.04 million in 2015.

Event, exhibition, interior and thematic – This segment consists of Cityneon and I.Star Ideas Factory (Perfect Livin' and Perfect Lifestyle).

Cityneon's revenue increased to RM301.68 million from RM277.88 million mainly contributed by exhibition services and Intellectual Property Rights ("IPR"). IPR contributed 18.3% of Cityneon's revenue in the current financial year which amounted to RM55 million. Profit increased from RM2.43 million to RM23.60 million in the current financial year.

Revenue from I.Star Ideas Factory decreased to RM13.67 million from RM23.26 million as only 10 shows were held in 2016 as compared to 16 shows in 2015. I.Star Ideas Factory recorded a lower profit before tax of RM1.40 million as compared to RM5.59 million in 2015 due to the decline in revenue.

Television channel – Revenue increased by 12% to RM13.46 million as compared to RM12.02 million in 2015. This segment managed to narrow its loss before tax to RM7.08 million in 2016 as compared to RM7.99 million in 2015.

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

	Current Quarter 31.12.2016 (4Q 2016) RM'000	Preceding Quarter 30.09.2016 (3Q 2016) RM'000
Revenue	260,350	206,498
Consolidated Profit before taxation	47,517	17,855
Consolidated Profit after taxation	41,818	10,231

Group revenue for 4Q 2016 increased to RM260.35 million mainly due to higher revenue contribution from Cityneon. Group profit before tax has also increased from RM17.86 million in the preceding quarter to RM47.52 million in 4Q 2016. A net gain arising from gain on disposal of a subsidiary and impairment on goodwill and investment which amounted to RM40.26 million, RM19.83 million and RM1.53 million respectively were recognised in the current quarter under review.

B3. Prospects

The outlook on the Malaysian economy in 2017 is expected to remain challenging due the weak Ringgit and economic uncertainties. Advertising expenditure for the year 2017 is expected to remain soft due to weak market sentiments.

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.

The Group has recently embarked on its next digital transformation plan with the launch of dimsum.my, its 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.

With the sale of the two radio stations (Capital FM and Red FM) which were loss making, this segment would be able to concentrate better and is expected to contribute positively to the Group.

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 its Intellectual Property Rights (“IPR”) for Avengers S.T.A.T.I.O.N and Transformers. Having these two strong IPR, Avengers and Transformers, from Marvel Characters B.V. and Hasbro International Inc. respectively, the Group continues to develop and implement the existing business plans as well as expanding its foothold across the regions particularly in China. 2017 is yet going to be another busy year, with the completion of the Avengers S.T.A.T.I.O.N tour in Singapore; the openings in Taiwan and Australia; the launch of Avengers S.T.A.T.I.O.N and transformers experiences in China; focusing on the theme park build projects; and our Middle Eastern focuses.

I.Star Ideas Factory (Perfect Livin’) has been affected by the poor consumer sentiments and weak retail market and as such will continue to face a challenging environment even in 2017.

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	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Current period tax expense based on profit for the financial period/year				
1. Malaysian taxation	6,357	19,569	26,186	50,032
2. Foreign taxation	(1,137)	(93)	2,642	(63)
3. Deferred taxation	479	(11,182)	469	(10,505)
	5,699	8,294	29,297	39,464

The effective tax rate on the Group's profit for the financial year 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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of Star Media Group Berhad and its subsidiaries		
-Realised	329,931	357,751
-Unrealised	(53,028)	(52,330)
	<u>276,903</u>	<u>305,421</u>
Total share of accumulated losses from associates		
-Realised	(899)	(538)
Consolidation adjustments	102,449	71,323
Total group retained profits as per consolidated accounts	<u>378,453</u>	<u>376,206</u>

B7. Status of corporate proposal announced

The Company announced that Asian Center For Media Studies Sdn Bhd ("ACMS"), Acacia Forecast Sdn Bhd ("Acacia") and Venus Agency Sdn Bhd ("Venus Agency"), wholly-owned subsidiaries of the Company, have been placed under Member's Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965 and pursuant to the passing of special resolution by their members at extraordinary general meeting held in December 2016.

The voluntary winding-up of ACMS, Acacia and Venus Agency is not expected to have any material impact on the net assets and earnings per share of the Group for the financial year ended 31 December 2016.

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 31.12.2016 RM'000	As at 31.12.2015 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	88	265
Finance lease	819	1,087
	907	101,352
Secured		
Bank borrowings	99,925	68,509
	100,832	169,861
<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	118	529
Finance lease	787	2,468
	100,905	102,997

Except for the secured term loan of RM99,925,000 and hire purchase of RM37,000 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 (2015: interim dividend of 9.0 sen per ordinary share, single tier) in respect of the financial year ending 31 December 2016.

The dividend is to be payable to the shareholders on 18 April 2017.

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 2017 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Group's profit after taxation attributable to owners of the parent (RM'000)	39,441	49,478	109,911	132,956
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)	5.34	6.70	14.89	18.02

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
27 February 2017
Petaling Jaya, Selangor Darul Ehsan