



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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2017**

**Unaudited Condensed Consolidated Statement of Profit or Loss**

	Note	3 months ended		Financial period ended	
		30.06.2017	30.06.2016	30.06.2017	30.06.2016
		RM'000	RM'000	RM'000	RM'000
Revenue		129,381	165,539	260,506	323,441
Operating expenses	A8	(134,708)	(153,413)	(267,677)	(294,033)
Other operating income	A9	7,174	29,921	16,805	38,535
<b>Profit from operations</b>		<b>1,847</b>	<b>42,047</b>	<b>9,634</b>	<b>67,943</b>
Finance cost		(1,282)	(2,170)	(2,635)	(4,832)
<b>Profit before taxation from continuing operations</b>		<b>565</b>	<b>39,877</b>	<b>6,999</b>	<b>63,111</b>
Taxation	B5	(2,043)	(5,313)	(5,173)	(12,832)
<b>(Loss)/Profit for the financial period from continuing operations</b>		<b>(1,478)</b>	<b>34,564</b>	<b>1,826</b>	<b>50,279</b>
<b>Discontinued operations</b>					
Profit for the financial period from discontinued operations, net of tax		18,557	15,437	24,522	14,581
<b>Profit for the financial period</b>		<b>17,079</b>	<b>50,001</b>	<b>26,348</b>	<b>64,860</b>
<b>Attributable to:</b>					
Owners of the parent		8,509	43,676	15,155	59,165
Non-controlling interests		8,570	6,325	11,193	5,695
		<b>17,079</b>	<b>50,001</b>	<b>26,348</b>	<b>64,860</b>
<b>Basic/Diluted earnings per ordinary share (sen):</b>					
Total		1.15	5.92	2.05	8.02
Continuing operations		(0.17)	4.65	0.34	6.81
Discontinued operations		1.32	1.27	1.71	1.21

**(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 31<sup>st</sup> December 2016)**

Included in the Operating Expenses are depreciation and amortisation expenses:

	(12,168)	(11,113)	(23,820)	(22,329)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income  
For the period ended 30 June 2017**

	3 months ended		Financial period ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
<b>Profit for the financial period</b>	<b>17,079</b>	<b>50,001</b>	<b>26,348</b>	<b>64,860</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
- exchange differences on translating foreign operations	(5,261)	(390)	(6,800)	(7,567)
<b>Total comprehensive income for the financial period</b>	<b>11,818</b>	<b>49,611</b>	<b>19,548</b>	<b>57,293</b>
<b>Attributable to:</b>				
<b>Owners of the parent</b>	5,793	48,969	11,570	54,575
<b>Non-controlling interests</b>	6,025	642	7,978	2,718
	<b>11,818</b>	<b>49,611</b>	<b>19,548</b>	<b>57,293</b>

(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 31<sup>st</sup> December 2016)

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 30 June 2017**

	30 June 2017 RM'000	31 December 2016 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	427,901	571,180
Investment properties	137,713	134,945
Intangible assets	101,858	126,270
Investment in associates	-	819
Other investments		
-Financial assets at fair value through profit or loss	37,215	38,464
Other receivables	-	1,563
Deferred tax assets	128	128
	<b>704,815</b>	<b>873,369</b>
<b>Current assets</b>		
Inventories	40,392	41,072
Trade and other receivables	83,216	230,453
Derivative assets	1,289	416
Current tax assets	10,392	4,504
Short term deposits	271,775	342,728
Cash and bank balances	54,975	156,859
	462,039	776,032
Assets of disposal group classified as held for sale	417,237	-
<b>TOTAL ASSETS</b>	<b>1,584,091</b>	<b>1,649,401</b>

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 30 June 2017 (cont'd)**

	30 June 2017 RM'000	31 December 2016 RM'000
<b>EQUITY AND LIABILITIES</b>		
Share capital	738,564	738,564
Treasury shares	(1,633)	(1,633)
Reserves	336,878	391,724
Equity attributable to owners of the parent	<b>1,073,809</b>	<b>1,128,655</b>
Non-controlling interests	117,605	109,627
<b>Total equity</b>	<b>1,191,414</b>	<b>1,238,282</b>
<b>Non-current liabilities</b>		
Borrowings	101,888	100,905
Deferred tax liabilities	52,367	55,000
	<b>154,255</b>	<b>155,905</b>
<b>Current liabilities</b>		
Trade and other payables	67,793	151,270
Borrowings	1,261	100,832
Taxation	29	3,112
	<b>69,083</b>	<b>255,214</b>
Liabilities of disposal group classified as held for sale	169,339	-
<b>Total Liabilities</b>	<b>392,677</b>	<b>411,119</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,584,091</b>	<b>1,649,401</b>
<b>Net assets per share attributable to owners of the parent company (RM)</b>	<b>1.46</b>	<b>1.53</b>

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2016)

**Unaudited Condensed Consolidated Statements of Changes in Equity**  
**For the period ended 30 June 2017**

	[----- 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	
<b>Balance as at 1 January 2017</b>	<b>738,564</b>	<b>13,047</b>	<b>6</b>	<b>(1,633)</b>	<b>378,671</b>	<b>1,128,655</b>	<b>109,627</b>	<b>1,238,282</b>
Total comprehensive income for the period	-	(3,585)	-	-	15,155	11,570	7,978	19,548
<u>Transactions with owners</u>								
Dividend								
<i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2016, paid on 18 April 2017</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
<b>Balance as at 30 June 2017</b>	<b>738,564</b>	<b>9,462</b>	<b>6</b>	<b>(1,633)</b>	<b>327,410</b>	<b>1,073,809</b>	<b>117,605</b>	<b>1,191,414</b>

**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the period ended 30 June 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	
<b>Balance as at 1 January 2016</b>	<b>738,564</b>	<b>31,612</b>	<b>526</b>	<b>(1,633)</b>	<b>376,206</b>	<b>1,145,275</b>	<b>61,191</b>	<b>1,206,466</b>
Total comprehensive income for the period	-	(4,830)	240	-	59,165	54,575	2,718	57,293
<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)
<b>Balance as at 30 June 2016</b>	<b>738,564</b>	<b>5,709</b>	<b>8</b>	<b>(1,633)</b>	<b>394,340</b>	<b>1,136,988</b>	<b>100,900</b>	<b>1,237,888</b>

**(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2016)**

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the period ended 30 June 2017**

	30 June 2017	30 June 2016
	RM'000	RM'000
<b>Profit before taxation</b>		
- continuing operations	6,999	63,111
- discontinued operations	27,188	17,723
<b>Adjustments for non-cash flow items:-</b>		
Share of losses in associates	289	251
Non-cash items	37,605	9,267
Non-operating items	(2,547)	(4,294)
<b>Operating profit before working capital changes</b>	<b>69,534</b>	<b>86,058</b>
<b>Changes in working capital</b>		
Net change in current assets	(31,739)	11,991
Net change in current liabilities	(20,524)	(45,321)
	(52,263)	(33,330)
<b>Cash generated from operations</b>	<b>17,271</b>	<b>52,728</b>
Net tax paid	(16,553)	(15,398)
<b>Net cash from operating activities</b>	<b>718</b>	<b>37,330</b>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	306	486
Proceeds from disposal of quoted securities	3,768	5,000
Proceeds from disposal of shares	-	25,018
Purchases of property, plant and equipment	(32,340)	(61,252)
Purchases of intangible assets	(1,911)	(128)
Purchases of television programme rights	(11,668)	(3,941)
Investment in financial products	(643)	(256)
Investment redeemed on maturity	200	-
Interest and investment income received	5,599	9,219
Deposits placed with licensed banks with original maturity more than 3 months	3,865	35,240
<b>Net cash (used in)/from investing activities</b>	<b>(32,824)</b>	<b>9,386</b>
<b>Financing Activities</b>		
Interest paid	(4,021)	(1,911)
Repayment of hire purchase	(141)	(493)
(Repayment)/Net drawdown of term loan	(12,690)	33,810
Repayment of finance lease	(599)	(535)
Redemption of Medium Term Note	-	(100,000)
Proceeds from shares issue to non-controlling interest of a subsidiary	-	32,223
Proceeds from ESOS exercised with issue of shares to non-controlling interest of a subsidiary	-	4,559
Dividend paid	(66,416)	(66,416)
<b>Net cash used in financing activities</b>	<b>(83,867)</b>	<b>(98,763)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(115,973)</b>	<b>(52,047)</b>
Effect of exchange rates fluctuations on cash held	2,254	(4,540)
Cash and cash equivalents at beginning of the period	488,311	585,127
<b>Cash and cash equivalents at end of the period</b>	<b>374,592</b>	<b>528,540</b>

**Unaudited Condensed Consolidated Statement of Cash Flows  
For the period ended 30 June 2017 (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:*

	<b>30 June 2017 RM'000</b>	<b>30 June 2016 RM'000</b>
Deposits placed with licensed banks		
- continuing operations	271,775	366,366
- discontinued operations	708	-
Cash and bank balances		
- continuing operations	54,975	77,695
- discontinued operations	54,548	96,984
Deposits placed with licensed banks with original maturity more than 3 months	(7,414)	(12,505)
	<hr/>	<hr/>
	374,592	528,540
	<hr/>	<hr/>

**(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2016).**



## 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 2016.

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 2016 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

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>

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

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>
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.

**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 June 2017.

**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 June 2017.

**A6. Dividend paid**

	2017 RM'000	2016 RM'000
<b><u>In respect of the financial year ended 31 December 2016</u></b>		
Second interim dividend of 9.0 sen per ordinary share, single tier, paid on 18 April 2017	66,416	-
<b><u>In respect of the financial year ended 31 December 2015</u></b>		
Second interim dividend of 9.0 sen per ordinary share, single tier, paid on 18 April 2016	-	66,416
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## Notes to the interim financial report

A7. Segment Reporting

## Business Segment

6 months ended 30 June 2017

	Financial period ended 30 June 2017		
	Assets RM'000	Revenue RM'000	Profit before tax RM'000
<u>Continuing operations</u>			
Print and digital	1,012,902	225,549	11,087
Broadcasting	72,266	19,911	1,617
Event and exhibition	30,234	5,750	83
Television channel	15,077	5,559	(3,459)
Others	36,375	3,737	(2,329)
	<u>1,166,854</u>	<u>260,506</u>	<u>6,999</u>
<u>Discontinued operations</u>			
Event, exhibition, interior and thematic (Cityneon)	417,237	156,794	27,477
Share of results in associates	-	-	(289)
	<u>417,237</u>	<u>156,794</u>	<u>27,188</u>
Profit before tax	<u>1,584,091</u>	<u>417,300</u>	<u>34,187</u>

6 months ended 30 June 2016

	Financial period ended 30 June 2016		
	Assets RM'000	Revenue RM'000	Profit before tax RM'000
<u>Continuing operations</u>			
Print and digital	1,115,553	285,154	50,177
Broadcasting	75,918	20,889	(2,251)
Event and exhibition	48,909	7,797	320
Television channel	13,024	4,611	(4,493)
Others	58,289	4,990	19,358
	<u>1,311,693</u>	<u>323,441</u>	<u>63,111</u>
<u>Discontinued operations</u>			
Event, exhibition, interior and thematic (Cityneon)	349,043	141,826	17,974
Share of results in associates	-	-	(251)
	<u>349,043</u>	<u>141,826</u>	<u>17,723</u>
Profit before tax	<u>1,660,736</u>	<u>465,267</u>	<u>80,834</u>

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

	3 months ended		Financial period ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
(Reversal)/Allowance of credit losses	(1)	567	596	1,167
Loss on disposal of quoted investment	-	12	-	12
Foreign exchange loss	(1)	333	1	198

**A9. Other operating income**

	3 months ended		Financial period ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Interest income	660	1,117	1,321	2,599
Investment income	2,182	3,419	5,172	7,495
Foreign exchange gain	129	-	759	-
Gain on deregistration of a subsidiary	-	21,073	-	21,073
Other income	4,203	4,312	9,553	7,368
Total	7,174	29,921	16,805	38,535

## Notes to the interim financial report

**A10. Discontinued operations classified as held for sale**

On 12 May 2017, the Company announced that Laviani Pte Ltd, a wholly-owned subsidiary company, entered into a conditional share purchase agreement with Lucrum 1 Investment for the proposed disposal of its entire equity interest in Cityneon for a disposal consideration of SGD115,612,731 (equivalent to RM360,179,902) to be satisfied entirely via cash.

Accordingly, the Group shall present and disclose in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5 (Non-current Assets Held For Sale and Discontinued Operations) and reclassify Cityneon Group's assets and liabilities as held for sale during the quarter ended 30 June 2017. The segment was not a discontinued operation or classified as Held For Sale as at 30 June 2016. However, comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

An analysis of the results of the discontinued operations is as follows:

	3 months ended		Financial period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	104,818	100,997	156,794	141,826
Operating expenses	(84,942)	(82,239)	(129,108)	(124,034)
Other operating income	747	671	1,177	1,244
Profit from operations	20,623	19,429	28,863	19,036
Finance cost	(709)	(744)	(1,386)	(1,062)
	19,914	18,685	27,477	17,974
<i>Share of losses in associates</i>	(51)	(106)	(289)	(251)
<b>Profit before taxation</b>	19,863	18,579	27,188	17,723
Taxation	(1,306)	(3,142)	(2,666)	(3,142)
<b>Profit for the financial period</b>	<b>18,557</b>	<b>15,437</b>	<b>24,522</b>	<b>14,581</b>

The following amounts have been included in arriving at loss before tax of the discontinued operations:

	3 months ended		Financial year ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Charging / (Crediting):-				
Depreciation and amortisation	3,985	1,958	7,805	3,414
Interest income	(15)	(36)	(76)	(94)
Bad debts recovered	(110)	-	(112)	-

**Notes to the interim financial report**

**A10. Discontinued operations classified as held for sale (cont'd)**

An analysis of the carrying amounts of the assets and liabilities held for sale are as follows:

	As at 30.06.2017 RM'000
Assets of disposal group classified as held for sale:-	
<u>Non-current assets</u>	
- Property, plant and equipment	140,784
- Intangible assets	29,766
- Investment in associates	532
- Other receivables	691
<u>Current assets</u>	
- Inventories	2,451
- Trade and other receivables	187,757
- Short term deposits	708
- Cash and bank balances	54,548
	417,237
Liabilities of disposal group classified as held for sale:-	
<u>Non-current liabilities</u>	
- Borrowings	636
- Deferred tax liabilities	3,408
<u>Current liabilities</u>	
- Trade and other payables	79,322
- Borrowings	85,667
- Taxation	306
	169,339

The cash flow attributable to the discontinued operations is as follows:

	As at 30.06.2017 RM'000	As at 30.06.2016 RM'000
Operating activities	(9,883)	10,047
Investing activities	(16,952)	(53,621)
Financing activities	12,913	70,092
	(13,922)	26,518
Net cash (outflow)/inflow	(13,922)	26,518

**Notes to the interim financial report**

**A11. Events subsequent to the end of the reporting period**

On 12 July 2017, the Company announced the completion on the disposal of Cityneon Holdings Limited by Laviani Pte Ltd, a wholly-owned subsidiary company. Accordingly, Cityneon Holdings Limited and its subsidiaries will cease to be the indirect subsidiary companies of the Company.

**A12. Changes in composition of the Group**

On 16 June 2017, the Company announced the incorporation of SMG Production And Distribution Sdn Bhd (“SMG P&D”) as a wholly-owned subsidiary of SMG Entertainment Sdn Bhd (formerly known as Star Online Sdn Bhd), which in turn is a wholly owned subsidiary of the Company. The present paid-up share capital of SMG P&D is RM2.00 comprising 2 ordinary shares of RM1.00 each. The intended principal activity of SMG P&D is production and distribution of content.

**A13. Changes in contingent liabilities**

The contingent liabilities of the Group, arising from a subsidiary company, are as follow:

	RM'000
Project related bonds/ Guarantee	77,393
Rental guarantee	510
	<hr/>
	<u>77,903</u>

**A14. Capital commitments**

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	13,864
- not contracted	8,400
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	<u>22,264</u>

**A15. Significant related party transactions**

Significant related party transactions which were entered into on agreed terms and prices for the current financial period ended 30 June 2017 are as set out below:

	<b>6 months ended 30.06.2017 RM'000</b>
Transactions with related party in relation to approved shareholders' mandate for recurrent related party transactions:	
- Sales of advertisements	<hr/>
	<u>7,141</u>

**Notes to the interim financial report****A16. Derivative financial instruments**

As at 30 June 2017, the Group has the following outstanding forward foreign exchange contracts:

	Contract value		Fair value –
	Foreign		net gain
	FC'000	RM'000	RM'000
With maturity less than 1 year:			
United States Dollar	176	755	13
Swiss Franc	500	2,178	91
Singapore Dollar	50,000	154,735	1,185

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 30.06.2017 (2Q 2017) RM'000	Preceding Year Corresponding Quarter 30.06.2016 (2Q 2016) RM'000
Revenue ( <i>continuing operations</i> )	129,381	165,539
Consolidated Profit before taxation ( <i>continuing operations</i> )	565	39,877
Consolidated (Loss)/Profit after taxation ( <i>continuing operations</i> )	(1,478)	34,564

In Note A10, the Group reclassified related assets and liabilities for Cityneon Group as Held for Sale during the current quarter. As such, the quarter results had been presented separately between continuing operations and discontinued operations.

Continuing operations

Group revenue in 2Q 2017 decreased by 21.8% to RM129.38 million from RM165.54 million in the corresponding quarter of the preceding year mainly due to lower revenue contribution from the Print and Digital as well as Event and Exhibition segment. Group profit before tax and loss after tax in 2Q 2017 decreased to RM0.57 million and RM1.48 million respectively due to lower profit from Print and Digital segment.

*Performance of the respective business segments for 2Q 2017 compared to the corresponding quarter of 2016 are as follows:-*

*Print and Digital* – Revenue declined by 22.3% due to lower advertising revenue caused by poor market sentiments. According to Nielsen Media Research, Newspaper's Advertising Expenditure fell by 24.2% in 2Q 2017 against 2Q 2016. Overall profit before tax for this segment decreased to RM2.99 million from RM23.02 million in 2Q 2016.

*Radio Broadcasting* – Revenue increased by 0.6% in the current quarter. Advertisers have remained cautious with their spending due to weak consumer sentiments. However, this segment recorded a profit before tax of RM0.55 million in 2Q 2017 as compared to a loss before tax of RM1.89 million in 2Q 2016 largely due to cost savings arising from the disposal of Red FM and Capital FM stations in 2016.

*Event and exhibition* – This segment consists of I.Star Ideas Factory (Perfect Livin'). Revenue decreased to RM3.59 million from RM6.61 million due to lower number of events held and exhibitors' participation. This segment recorded a profit before tax of RM0.13 million in 2Q 2017 as compared to RM1.37 million in 2Q 2016.

*Television channel* – Revenue decreased to RM2.20 million from RM2.59 million in the current quarter under review due to lower advertising revenue. Li TV's loss before tax has also decreased to RM2.15 million as compared to RM2.52 million in 2Q 2016 as a result of lower costs incurred.

Discontinued operations

*Event, exhibition, interior and thematic* – This segment consists of Cityneon. Revenue increased from RM100.99 million to RM104.82 million mainly contributed by Cityneon's exhibition services and Intellectual Property Rights. This segment recorded a profit before tax of RM19.92 million in 2Q 2017 as compared to RM18.69 million in 2Q 2016.

## Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance (cont'd)

	6 months ended 30.06.2017 (1H 2017) RM'000	6 months ended 30.06.2016 (1H 2016) RM'000
Revenue ( <i>continuing operations</i> )	260,506	323,441
Consolidated Profit before taxation ( <i>continuing operations</i> )	6,999	63,111
Consolidated Profit after taxation ( <i>continuing operations</i> )	1,826	50,279

Continuing operations

*Performance of the company and subsidiaries for 6 months ended 30 June 2017 vs 30 June 2016:-*

Group revenue in 1H 2017 decreased by 19.5% to RM260.51 million from RM323.44 million in 1H 2016 mainly due to lower print and digital revenue. Group profit before tax in 1H 2017 decreased to RM6.99 million due to lower profit from print and digital segment. Gain on deregistration of a subsidiary company which amounted to RM21.07 million was recognised in 1H 2016.

*Performance of the respective business segments are as follows:-*

*Print and Digital* – Print and digital revenue decreased by 20.9% in the current period under review. Poor consumer and business sentiments have affected the overall Adex. Newspaper Adex fell by 23.4% in 1H 2017 as compared to 1H 2016. As a result of the lower revenue, profit before tax decreased to RM11.09 million in 1H 2017 as compared to RM50.18 million in the 1H 2016.

*Radio Broadcasting* – Revenue declined by 4.7% or RM0.98 million in 1H 2017 as a result of poor consumer and business sentiments. However, this segment recorded a profit before tax of RM1.62 million in 1H 2017 as compared to a loss before tax of RM2.25 million in 1H 2016 largely due to cost savings arising from the disposal of Red FM and Capital FM stations in 2016.

*Event and exhibition* – This segment consists of I.Star Ideas Factory (Perfect Livin'). Revenue from I.Star Ideas Factory has decreased to RM5.75 million from RM7.80 million as only 5 shows were held in 1H 2017 as compared to 6 shows in 1H 2016. As a result of lower revenue, profit before tax decreased to RM0.08 million in 1H 2017 from RM0.32 million in 1H 2016.

*Television channel* – Revenue for 1H 2017 increased by 20.6% to RM5.56 million as compared to RM4.61 million in 1H 2016 due to higher distribution revenue. As a result of higher revenue and lower costs incurred, this segment narrowed its loss before tax to RM3.46 million in 1H 2017 as compared to RM4.49 million in 1H 2016.

Discontinued operations

*Event, exhibition, interior and thematic* – This segment consists of Cityneon. Revenue increased to RM156.79 million from RM141.83 million mainly contributed by exhibitions and intellectual property rights held by Cityneon. As a result of higher revenue from its exhibitions and intellectual property rights division, Cityneon recorded a profit before tax of RM27.48 million in 1H 2017 as compared to RM17.97 million in 1H 2016.

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

	Current Quarter 30.06.2017 (2Q 2017) RM'000	Preceding Quarter 31.03.2017 (1Q 2017) RM'000
Revenue ( <i>continuing operations</i> )	129,381	131,125
Consolidated Profit before taxation ( <i>continuing operations</i> )	565	6,434
Consolidated (Loss)/Profit after taxation ( <i>continuing operations</i> )	(1,478)	3,304

Group revenue for 2Q 2017 decreased to RM129.38 million from RM131.13 million mainly due to lower print revenue. Advertisers have remained cautious with their spending due to poor consumer sentiments and sluggish economy. Overall advertising expenditure has been affected which led to a fall in loss before tax to RM1.48 million from our continuing operations as compared to RM3.30 million in the preceding quarter.

**B3. Current year prospects**

The outlook on Malaysian economy in the second half of 2017 is expected to remain challenging. Although the GDP growth of the country is expected to expand by more than 4.8% in 2017 (Bank Negara's Press Release, 2Q 2017), this has yet to filter through to consumers. The Consumer Sentiments Index according to Malaysian Institute of Economic Research remains below 100 points as consumers are affected by low wage growth and higher inflation. Advertising expenditure for the rest of the year 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 as well as organising client driven events. The Group is also expanding aggressively into the digital businesses.

With the sale of the two radio stations (Capital FM and Red FM) which were loss making in the last financial year, Radio segment is expected to contribute positively to the Group.

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. Currently, we are also building its library content to secure a much higher subscribers base.

In the events and exhibition business segment, I.Star Ideas Factory (Perfect Livin') has been affected by the poor consumer sentiments and weak retail market. However, Perfect Livin' will continue its efforts to strengthen its market position.

On 12 July 2017, the Company completed its sale of Cityneon. The disposal will enable Star Media Group to concentrate on its primary business activities as well as its other business segments. Concurrently, Star will also actively search for new investment opportunities especially in the digital sector to further complement and enhance its existing assets. The fast evolving media landscape into all things digital and the ever changing consumer preferences make it a priority for Star to maintain its engagement with its audiences via the latest technologies.

While pursuing a digital sector focused approach to its investments, Star is also cognisant of investment opportunities that may arise in other industries and will also consider investments in non-core businesses which have the potential to enhance the performance of the Group.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B3. Current year prospects (cont'd)**

All TV broadcasting companies globally are facing headwinds and with digital disruption within the media industry, the Company does not expect a turnaround from Li TV. In view thereof, the Board has decided to cease the business operations of Li TV Group to mitigate further losses.

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.

**B5. Taxation**

Taxation comprises the following: -

	3 months ended		Financial period ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	2,115	5,313	5,245	12,832
2. Foreign taxation	-	-	-	-
3. Deferred taxation	(72)	-	(72)	-
	2,043	5,313	5,173	12,832

The effective tax rate on the Group's profit for the financial period under review is higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes and non-eligibility of losses incurred in other entities for group tax relief.

**B6. Retained Earnings**

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits of Star Media Group Berhad and its subsidiaries		
-Realised	276,437	330,150
-Unrealised	(51,018)	(53,029)
	<u>225,419</u>	<u>277,121</u>
Total share of accumulated losses from associates		
-Realised	(1,188)	(899)
Consolidation adjustments	103,179	102,449
Total group retained profits as per consolidated accounts	<u>327,410</u>	<u>378,671</u>

**B7. Status of corporate proposal announced**

On 12 July 2017, the Company announced that its wholly-owned subsidiary, Li TV Holdings Limited ("Li TV") and its wholly-owned subsidiaries namely Li TV Asia Pte Ltd and Li TV Asia Sdn Bhd will cease business operations with effect from 7 October 2017.

**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 second quarter are as follows:

	As at 30.06.2017 RM'000	As at 30.06.2016 RM'000
<b><u>Continuing operations</u></b>		
<b>Short Term Borrowings</b>		
Unsecured		
- Hire purchase	-	128
- Finance lease	1,261	1,122
	1,261	1,250
Secured		
- Bank borrowings	-	101,230
	1,261	102,480
<b>Long Term Borrowings</b>		
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	-	143
- Finance lease	1,888	1,897
	101,888	102,040
<b><u>Discontinuing operations</u></b>		
<b>Short Term Borrowings</b>		
Unsecured		
- Hire purchase	176	100
	176	100
Secured		
- Bank borrowings	85,491	58,705
	85,667	58,805
<b>Long Term Borrowings</b>		
Unsecured		
- Hire purchase	636	143
	636	143

Except for the secured term loan of RM84,624,000 and hire purchase of RM674,000 which are denominated in Singapore Dollar, other borrowings are in Ringgit Malaysia.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B9. Changes in material litigation**

There are several libel suits which involve claims against the Company of which the outcome and probable compensation, if any, cannot be determined at this juncture.

**B10. Dividend**

The Board of Directors is pleased to declare an interim dividend of 6.0 sen per ordinary share, single tier and a special interim dividend of 30.0 sen per ordinary share, single tier (2016: interim dividend of 9.0 sen per ordinary share, single tier) in respect of the financial year ending 31 December 2017, which will be paid on 17 October 2017 to shareholders whose names appear on the Record of Depositors on 29 September 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 29 September 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.

	3 months ended		Financial period ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Group's (losses)/profit after taxation attributable to owners of the parent (RM'000)				
- From continuing operations	(1,252)	34,297	2,487	50,286
- From discontinued operations	9,761	9,379	12,668	8,879
	8,509	43,676	15,155	59,165
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
<b>Basic earnings per share (sen)</b>				
- From continuing operations	(0.17)	4.65	0.34	6.81
- From discontinued operations	1.32	1.27	1.71	1.21
Total	1.15	5.92	2.05	8.02

**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  
21 August 2017  
Petaling Jaya, Selangor Darul Ehsan