



STAR MEDIA GROUP BERHAD

Company No. 10894-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial period ended	
		30.09.2018 RM'000	30.09.2017 RM'000 (Restated)	30.09.2018 RM'000	30.09.2017 RM'000 (Restated)
Revenue		91,123	119,111	299,639	354,873
Operating expenses	A8	(97,176)	(117,796)	(295,540)	(360,729)
Other operating income	A9	8,511	220,366	20,196	237,171
Profit from operations		2,458	221,681	24,295	231,315
Finance cost		(5)	(1,209)	(2,002)	(3,844)
Profit before taxation from continuing operations		2,453	220,472	22,293	227,471
Taxation	B5	(877)	(2,275)	(7,880)	(7,448)
Profit for the financial period from continuing operations		1,576	218,197	14,413	220,023
Discontinued operations					
Profit for the financial period from discontinued operations, net of tax		-	-	-	24,522
Profit for the financial period		1,576	218,197	14,413	244,545
Attributable to:					
Owners of the parent		1,596	230,288	14,325	245,443
Non-controlling interests		(20)	(12,091)	88	(898)
		1,576	218,197	14,413	244,545
Basic/Diluted earnings per ordinary share (sen):					
Total		0.21	31.21	1.94	33.26
Continuing operations		0.21	31.21	1.94	31.55
Discontinued operations		-	-	-	1.71
(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 2017)					
Included in the Operating Expenses are depreciation and amortisation expenses:		(6,665)	(11,455)	(20,454)	(35,275)

**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 2018**

	3 months ended		Financial period ended	
	30.09.2018	30.09.2017 (Restated)	30.09.2018	30.09.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,576	218,197	14,413	244,545
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	(90)	(528)	(126)	(7,328)
Total comprehensive income for the financial period	1,486	217,669	14,287	237,217
Attributable to:				
Owners of the parent	1,506	218,964	14,199	230,534
Non-controlling interests	(20)	(1,295)	88	6,683
	1,486	217,669	14,287	237,217

(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 2017)

**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2018**

	30 September 2018 RM'000	31 December 2017 RM'000
Non-current assets		
Property, plant and equipment	315,257	330,061
Investment properties	137,701	137,846
Intangible assets	41,865	43,024
Other investments		
-Financial assets at fair value through profit or loss	10,425	10,660
Deferred tax assets	3,404	3,333
	508,652	524,924
Current assets		
Inventories	30,107	25,607
Trade and other receivables	76,229	101,488
Derivative assets	106	30
Current tax assets	21,524	20,328
Short term deposits	249,260	407,636
Cash and bank balances	63,923	73,171
	441,149	628,260
TOTAL ASSETS	949,801	1,153,184

**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2018 (cont'd)**

	30 September 2018 RM'000	31 December 2017 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(1,769)	(1,769)
Reserves	105,695	136,818
Equity attributable to owners of the parent	842,490	873,613
Non-controlling interests	(1,996)	1,660
Total equity	840,494	875,273
Non-current liabilities		
Borrowings	950	1,455
Deferred tax liabilities	25,726	26,034
	26,676	27,489
Current liabilities		
Trade and other payables	81,650	145,739
Borrowings	799	101,042
Taxation	182	3,641
	82,631	250,422
Total Liabilities	109,307	277,911
TOTAL EQUITY AND LIABILITIES	949,801	1,153,184
Net assets per share attributable to owners of the parent company (RM)	1.14	1.18

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2017)

Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 30 September 2018

	[----- 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 31 December 2017	738,564	(66)	-	(1,769)	136,884	873,613	1,660	875,273
Impacts arising from adoption of: - MFRS 9 (Note A1)	-	-	-	-	(1,049)	(1,049)	(102)	(1,151)
At 1 January 2018	738,564	(66)	-	(1,769)	135,835	872,564	1,558	874,122
Total comprehensive income for the period	-	(126)	-	-	14,325	14,199	88	14,287
<u>Transactions with owners</u>								
Disposal of shares in a subsidiary	-	-	-	-	-	-	(2,172)	(2,172)
Dividend								
<i>Second Interim Dividend for the financial year ended 31 December 2017, paid on 18 April 2018</i>	-	-	-	-	(44,273)	(44,273)	-	(44,273)
<i>Dividends paid to non-controlling interest of a subsidiary</i>	-	-	-	-	-	-	(1,470)	(1,470)
Balance as at 30 September 2018	738,564	(192)	-	(1,769)	105,887	842,490	(1,996)	840,494

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

[----- Attributable to equity holders of the Company -----]
 [-----Non-distributable -----] [-----Distributable-----]
 Reserves Reserves

	Share capital RM'000	Foreign exchange translation reserves RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
Balance as at 1 January 2017	738,564	13,047	6	(1,633)	378,671	1,128,655	109,627	1,238,282
Total comprehensive income for the period	-	(14,903)	(6)	-	245,443	230,534	6,683	237,217
<u>Transactions with owners</u>								
Disposal of shares in a subsidiary	-	(3,127)	-	-	-	(3,127)	(112,209)	(115,336)
Dividend								
<i>First Interim Dividend and Special Dividend for the financial year ended 31 December 2017, paid on 17 October 2017</i>	-	-	-	-	(265,664)	(265,664)	-	(265,664)
<i>Second Interim Dividend for the financial year ended 31 December 2016, paid on 18 April 2017</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
<i>Dividends paid to non-controlling interest of a subsidiary</i>	-	-	-	-	-	-	(490)	(490)
Balance as at 30 September 2017	738,564	(4,983)	-	(1,633)	292,034	1,023,982	3,611	1,027,593

(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 2017)

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 30 September 2018

	30 September 2018 RM'000	30 September 2017 RM'000
Profit before taxation		
- continuing operations	22,293	227,471
- discontinued operations	-	27,188
Adjustments for non-cash flow items:-		
Share of losses in associates	-	289
Non-cash items	28,494	(152,739)
Non-operating items	(7,622)	(6,896)
Operating profit before working capital changes	43,165	95,313
Changes in working capital		
Net change in current assets	13,398	(89,940)
Net change in current liabilities	(62,605)	(20,455)
	(49,207)	(110,395)
Cash used in operations	(6,042)	(15,082)
Net tax paid	(12,940)	(23,068)
Net cash used in operating activities	(18,982)	(38,150)
Investing Activities		
Proceeds from disposal of property, plant and equipment	314	372
Proceeds from disposal of quoted securities	-	3,933
Proceeds from disposal of subsidiary company	5,650	360,180
Purchases of property, plant and equipment	(6,110)	(34,309)
Purchases of intangible assets	(957)	(3,157)
Purchases of television programme rights	(8,600)	(14,928)
Investment in financial products	-	(897)
Investment redeemed on maturity	-	740
Interest and investment income received	9,526	11,157
(Deposits placed with)/Withdrawals from licensed banks with original maturity more than 3 months	(200)	4,369
Net cash (used in)/from investing activities	(377)	327,460
Financing Activities		
Interest paid	(2,002)	(1,640)
Repayment of hire purchase	-	(141)
Repayment of term loan	-	(12,690)
Repayment of MTN	(100,000)	-
Repayment of finance lease	(748)	(924)
Dividend paid	(44,273)	(66,416)
Dividend paid to non-controlling interest of subsidiary	(1,470)	-
Net cash used in financing activities	(148,493)	(81,811)
Net (decrease)/increase in cash and cash equivalents	(167,852)	207,499
Effect of exchange rates fluctuations on cash held	28	2,241
Cash and cash equivalents at beginning of the period	463,610	488,311
Cash and cash equivalents at end of the period	295,786	698,051

**Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 30 September 2018 (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 2018	30 September 2017
	RM'000	RM'000
Deposits placed with licensed banks	249,260	652,285
Cash and bank balances	63,923	52,676
Deposits placed with licensed banks with original maturity more than 3 months	(17,397)	(6,910)
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	295,786	698,051
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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 2017).

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 2017.

Certain comparative figures for the financial period ended 30 September 2017 have been reclassified to conform with current year’s presentation. These reclassification do not have an impact on the accumulated retained earnings of the Group.

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 2017 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

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>
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to MFRS 140	<i>Transfers of Investment Property</i>
Amendments to MFRS 4	<i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</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

IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
MFRS 16	<i>Leases</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 119	<i>Plan Amendments, Curtailment of Settlement</i>
MFRS 17	<i>Insurance Contracts</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 References to the Conceptual Framework in MFRS Standards	

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

A1. Basis of Preparation (cont'd)

The adoption of the above did not have any significant effects on the interim financial report upon their initial application, other than as disclosed below:

MFRS 9 Financial instruments

MFRS 9 is effective for annual periods beginning on or after 1 January 2018. MFRS 9 introduces new requirements with impacts mainly relating to reclassification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting.

The Group has applied MFRS 9 retrospectively on the initial application date of 1 January 2018 and has elected not to restate comparatives.

The adoption of MFRS 9 did not have any significant effects on the interim financial report upon their initial application, except for the effect of applying the impairment assessment based on the expected credit loss model on trade receivables.

The Group applied the simplified approach and calculated expected credit losses based on lifetime expected losses on all trade receivables. The Group established a provision matrix that is based on its historical credit loss experience with trade receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

In summary, the impacts of adopting MFRS 9 to opening balances are as follows:

Statement of financial position

1 January 2018

	As previously reported RM'000	Impact of change in accounting policies	
		Retrospective adjustments RM'000	After adjustments RM'000
Assets			
Trade and other receivables	101,488	(1,514)	99,974
Liabilities			
Deferred tax liabilities	(26,034)	363	(25,671)
Equity			
Retained earnings	136,884	(1,049)	135,835
Non-controlling interests	1,660	(102)	1,558
Impact to equity	138,544	(1,151)	137,393

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 2018.

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 2018.

A6. Dividend paid

	2018 RM'000	2017 RM'000
<u>In respect of the financial year ended 31 December 2017</u>		
Second interim dividend of 6.0 sen per ordinary share, single tier, paid on 18 April 2018	44,273	-
<u>In respect of the financial year ended 31 December 2017</u>		
First interim dividend of 6.0 sen per ordinary share, single tier, and special interim dividend of 30.0 sen per ordinary share, single tier, paid on 17 October 2017	-	265,664
<u>In respect of the financial year ended 31 December 2016</u>		
Second interim dividend of 9.0 sen per ordinary share, single tier, paid on 18 April 2017	-	66,416
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Notes to the interim financial report

A7. Segment Reporting

	Print and digital	Radio	Event and exhibition	Television channel	Others	Elimination	Total continuing operations	Event, exhibition, interior and thematic (Discontinued operations)	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial period ended 30 September 2018</u>									
Sales to external customers	258,458	21,839	12,135	-	7,207	-	299,639	-	299,639
Inter-segment sales	1,371	223	-	-	22,423	(24,017)	-	-	-
Total revenue	259,829	22,062	12,135	-	29,630	(24,017)	299,639	-	299,639
Profit/(Loss) before tax	21,067	1,054	2,167	-	2,104	(4,099)	22,293	-	22,293
Assets	835,458	76,954	9,535	1,620	26,234	-	949,801	-	949,801
<u>Financial period ended 30 September 2017</u>									
Sales to external customers	306,944	26,463	6,888	7,837	6,741	-	354,873	156,794	511,667
Inter-segment sales	1,710	614	-	-	153	(2,479)	(2)	2	-
Total revenue	308,654	27,077	6,888	7,837	6,894	(2,479)	354,871	156,796	511,667
Profit/(Loss) before tax	31,561	4,287	(378)	(5,079)	197,557	(477)	227,471	27,188	254,659
Assets	1,389,565	72,823	30,379	13,270	12,353	-	1,518,390	-	1,518,390

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

	3 months ended		Financial period ended	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
(Reversal)/Allowance of credit losses	(1)	296	222	892
Foreign exchange loss	21	2	264	3

A9. Other operating income

	3 months ended		Financial period ended	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Interest income	883	1,014	2,650	2,335
Investment income	1,996	4,543	6,974	9,715
Gain on disposal of quoted investment	-	92	-	256
Gain on disposal of a subsidiary	3,332	206,859	3,332	206,859
Foreign exchange gain	(18)	7,297	1	8,056
Other income	2,318	561	7,239	9,950
Total	8,511	220,366	20,196	237,171

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).

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

	3 months ended		Financial period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	156,794
Operating expenses	-	-	-	(129,108)
Other operating income	-	-	-	1,177
Profit from operations	-	-	-	28,863
Finance cost	-	-	-	(1,386)
	-	-	-	27,477
<i>Share of losses in associates</i>	-	-	-	(289)
Profit before taxation	-	-	-	27,188
Taxation	-	-	-	(2,666)
Profit for the financial period	-	-	-	24,522

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

	3 months ended		Financial period ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Charging / (Crediting):-				
Depreciation and amortisation	-	-	-	7,805
Interest income	-	-	-	(76)
Bad debts recovered	-	-	-	(112)

Notes to the interim financial report**A10. Discontinued operations classified as held for sale (cont'd)**

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

	As at 30.09.2018 RM'000	As at 30.09.2017 RM'000
Operating activities	-	(9,883)
Investing activities	-	(16,952)
Financing activities	-	12,913
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Net cash outflow	-	(13,922)
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A11. 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.

A12. Changes in composition of the Group

On 13 August 2018, the Company announced the completion on the disposal of 2,091,000 ordinary shares representing 51% equity interest of Impian Ikon (M) Sdn Bhd in Leaderonomics Sdn Bhd for a total cash consideration of RM5.65 million. With the completion, Leaderonomics has ceased to be a direct subsidiary of Impian Ikon and a sub-subsidiary company of Star. Accordingly, the existing subsidiaries of Leaderonomics, namely Leaderonomics International Sdn Bhd, Leaderonomics Media Sdn Bhd and Leaderonomics Good Monday Sdn Bhd have ceased to be subsidiaries of Star.

On 13 August 2018, the Company also announced that its wholly owned dormant subsidiary, Laviani Pte Ltd has been placed under members' voluntary liquidation.

A13. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	526
- not contracted	4,303
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	4,829
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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 period ended 30 September 2018 are as set out below:

	9 months ended 30.09.2018 RM'000
Transactions with related party in relation to approved shareholders' mandate for recurrent related party transactions:	
- Sales of advertisements	13,445
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Notes to the interim financial report**A15. Derivative financial instruments**

As at 30 September 2018, the Group has the following outstanding forward foreign exchange contracts:

	Contract value RM'000	Fair value assets RM'000
With maturity less than 1 year:		
United States Dollar	2,144	106

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 30.09.2018 (3Q 2018) RM'000	Preceding Year Corresponding Quarter 30.09.2017 (3Q 2017) RM'000
Revenue (<i>continuing operations</i>)	91,123	119,111
Consolidated Profit before taxation (<i>continuing operations</i>)	2,453	220,472
Consolidated Profit/(Loss) after taxation (<i>continuing operations</i>)	1,576	218,197

In Note A10, the Group has presented the results separately between continuing operations and discontinued operations as a result of the disposal of Cityneon.

Continuing operations

In 3Q 2018, the Group recorded a profit before tax of RM2.45 million as compared to RM220.47 million in the corresponding quarter of the preceding year. The higher profit before tax and profit after tax in 3Q 2017 are due to the gain on disposal of a subsidiary, Cityneon, which amounted to RM206.86 million.

Performance of the respective business segments for 3Q 2018 compared to the corresponding quarter of 2017 are as follows:-

Print and Digital – The Adex in 3Q 2018 continued to be weak in line with the slowing economy. Digital revenue however grew 17% in 3Q 2018 as compared to 3Q 2017. We managed to generate profit before tax (PBT) of RM1.74 million in 3Q 2018 as compared to RM20.50 million in 3Q 2017. The PBT in 3Q 2018 was also affected by the retrenchment cost for the Penang plant shutdown, which amounted to RM1.4 million.

Radio – Radio segment is not spared from the slow-down in ad spending in Q3 2018. The drop in revenue has resulted in a loss before tax of RM0.58 million in 3Q 2018 as compared to profit before tax of RM2.17 million in 3Q 2017.

Event and exhibition – This segment recorded a higher revenue in 3Q 2018 as compared to Q3 2017 resulting in a decrease of 77.1% in loss before tax.

Discontinued operations

Event, exhibition, interior and thematic – This segment consists of Cityneon. The Group has completed its disposal in 2017 and Cityneon had ceased to contribute to the Group's results.

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance (cont'd)

	9 months ended 30.09.2018 (9M 2018) RM'000	9 months ended 30.09.2017 (9M 2017) RM'000
Revenue (<i>continuing operations</i>)	299,639	354,873
Consolidated Profit before taxation (<i>continuing operations</i>)	22,293	227,471
Consolidated Profit after taxation (<i>continuing operations</i>)	14,413	220,023

In Note A10, the Group has presented the results separately between continuing operations and discontinued operations as a result of the disposal of Cityneon.

Continuing operations

Performance of the company and subsidiaries for 9 months ended 30 September 2018 vs 30 September 2017:-

The Group profit before tax in 9M 2018 would have recorded an increase of 8.2% as compared to 9M 2017 if the gain on disposal of Cityneon which amounted to RM206.86 million is excluded. This is mainly due to better cost management following the MSS/ERO in 4Q 2017 and lower depreciation expenses from Print segment.

Performance of the respective business segments are as follows:-

Print and Digital – This segment recorded a lower profit before tax of RM21.07 million in 9M 2018 as compared to RM31.56 million in 9M 2017. The segment's revenue declined by 15.8% to RM258.46million in 9M 2018 as compared to RM306.94 million in 9M 2017. This segment's profit was also impacted by the losses from our OTT venture, *dimsum.my*. Digital ad revenue however grew 17% in 9M 2018 as compared to 9M 2017.

Radio – Radio managed to generate revenue RM21.84 million in 9M 2018 as compared to RM26.46 million in 9M 2017. Despite the lower revenue, this segment continued to generate a profit before tax of RM1.05 million in 9M 2018.

Event and exhibition – Revenue increased to RM12.14 million from RM6.89 million due to more events held in 9M 2018 as compared to 9M 2017. As a result of higher revenue and better cost management, profit before tax increased to RM2.17 million in 9M 2018 from loss before tax of RM0.38 million in 9M 2017.

Discontinued operations

Event, exhibition, interior and thematic – This segment consists of Cityneon. The Group has completed its disposal in 2017 and Cityneon had ceased to contribute to the Group's results.

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

	Current Quarter 30.09.2018 (3Q 2018) RM'000	Preceding Quarter 30.06.2018 (2Q 2018) RM'000
Revenue (<i>continuing operations</i>)	91,123	99,489
Consolidated Profit before taxation (<i>continuing operations</i>)	2,453	2,251
Consolidated Profit after taxation (<i>continuing operations</i>)	1,576	1,448

Group recorded a higher profit before tax of RM2.45 million in 3Q 2018 as compared to 2Q 2018. Group revenue for 3Q 2018 decreased to RM91.12 million from RM99.49 million in 2Q 2018 mainly due to lower print revenue.

B3. Prospects

Our transformation and rationalisation initiatives have resulted in driving down operating cost. The financial results for the 9 months of 2018 reflects the efforts put in by the management in transforming the Company to be lean and agile.

According to Malaysian Institute of Economic Research, both Consumer Sentiments Index (CSI) and Business Conditions Index in 3Q 2018 slipped by 25.4 points and 7.5 points respectively from the last quarter though both indexes are still above the demarcation level of 100 points threshold of optimism. Consumers have indicated steady spending plans but are being more selective. Businesses are still optimistic about the current situation as the current index improved from 110.2 points to 113.0 points. The positive sentiment is encouraging.

We expect the Print and Digital segment (excluding dimsum) to perform better in 2018 vs 2017 as a result of better cost management following the MSS/ERO exercise and impairment of PPE in 2017. We also expect robust revenue growth from the Digital segment as more advertisers migrate into this space. The segment's results however will be affected by the retrenchment cost for our Printing plant in Penang and further headcount reduction and rationalisation exercises.

The group continues to serve the Best Asian Content on dimsum with simulcast and exclusives premiers from China, Thailand, Taiwan, Japan, South Korea, Singapore and Malaysia. With its constant product enhancement, dimsum is now accessible via mobile devices, Chromecast, Apple Airplay, Samsung Smart TV and Android TV. The payment options have also extended to include mobile payments via integration with all major telcos in Malaysia.

The restructuring completed in 2016 by positioning the radio to focus on Chinese and Malay audiences allows us to focus and develop in-depth knowledge of our audiences. Our Radio segment is expected to contribute positively to the Group results even though it has been affected by lower adex as a result of the slowing economy.

In the events and exhibition business segment, the Group will continue its efforts to strengthen its market position and increase its number of events in the upcoming months.

Star is actively searching 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 cognizant 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.

The Company and the Board of Directors will continue to focus and strengthen its key strategies in the media industry.

Additional information required by Bursa Malaysia Securities Listing Requirements**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	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	877	2,275	7,951	7,520
2. Foreign taxation	-	-	-	-
3. Deferred taxation	-	-	(71)	(72)
	877	2,275	7,880	7,448

The effective tax rate on the Group's profit for the financial period under review is higher than the statutory tax rate due to the tax impact of non-deductible expenses.

B6. Retained Earnings

	As at 30.09.2018 RM'000	As at 31.12.2017 RM'000
Total retained profits of Star Media Group Berhad and its subsidiaries		
-Realised	(31,955)	(2,445)
-Unrealised	(19,385)	(19,606)
	(51,340)	(22,051)
Total share of accumulated losses from associates		
-Realised	(1,188)	(1,188)
Consolidation adjustments	158,415	160,123
Total group retained profits as per consolidated accounts	105,887	136,884

Additional information required by Bursa Malaysia Securities Listing Requirements**B7. Status of corporate proposal announced**

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.

Subsequently, the Company obtained approval from its shareholders at the Extraordinary General Meeting held on 7 July 2017 for the abovementioned disposal.

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.

The details of the utilisation of the proceeds derived from the disposal are as follows:-

Purposes	Proposed utilisation	Actual utilisation	Remaining balance	Expected timeframe for utilisation
	RM'000	RM'000	RM'000	
Future investments	200,000	(35,500)	164,500	Within 24 months
General working capital	154,095	(154,095)	-	Within 24 months
Estimated expenses in relation to the disposal	6,085	(6,085)	-	Fully utilised
Total	360,180	(195,680)	164,500	

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 30.09.2018 RM'000	As at 30.09.2017 RM'000
<u>Continuing operations</u>		
Short Term Borrowings		
Unsecured		
- Finance lease	799	1,215
	799	1,215
Long Term Borrowings		
Unsecured		
- 7-years MTN 2011/2018 with a coupon rate of 4.80% per annum, maturing on 11 May 2018	-	100,000
- Finance lease	950	1,609
	950	101,609

All borrowings are denominated in Ringgit Malaysia.

Additional information required by Bursa Malaysia Securities Listing Requirements

B9. Changes in material litigation

On 20 February 2018, the Company announced that the deadline for the delivery of vacant possession of its investment property under construction (Tower A) pursuant to the sale and purchase agreement dated 19 August 2011 made between the Company and Jaks Island Circle Sdn Bhd ("JIC") ("SPA") had expired on 15 February 2018 following the latest fourth extension agreed between the Company and JIC.

Resulting thereto, the Company had on 15 February 2018 called on the two (2) bank guarantees issued by United Overseas Bank (Malaysia) Berhad and AmBank (M) Berhad respectively (collectively, "Banks") amounting to RM50,000,000.00 pledged as security by JIC under the SPA.

JIC had on 23 February 2018 filed in two (2) originating summons in the High Court of Malaya in Kuala Lumpur to among others, restrain the Banks from releasing payment under the bank guarantees and to restrain the Company from receiving the payment under the bank guarantees.

On 28 February 2018, the Company called on the corporate guarantee dated 17 October 2013 issued by Jaks Resources Berhad ("JRB") demanding JRB to complete and deliver the Vendor's Entitlement under the SPA, i.e.: the completion, delivery and transfer of title with vacant possession and certificate of completion and compliance of Tower A by 30 June 2018.

On 6 March 2018, the Company received a purported notice of arbitration from JIC's solicitors ("the said Letter") to resolve the disputes between the Company and JIC by way of arbitration.

On 8 March 2018, the Company's solicitors responded to JIC's solicitors disagreeing with JIC's contentions in the said Letter as to "disputes or differences which have therefore arisen between the Company and JIC in connection with SPA" when at all material times, JIC had never raised such alleged disputes or differences during the performance of their obligations under the SPA. Such alleged disputes or differences does not in any way affect the Company's call on the bank guarantees which terms clearly provide that the performance of the bank guarantees shall not be prevented by any contestation, protestation or arbitration.

In the said Letter, JIC had requested to waive the procedural step of panel resolution pursuant to the SPA which the Company is not agreeable to waive.

The Company views that the said Letter does not and cannot amount to a notice of arbitration particularly when it is premature and does not even state or particularise JIC's alleged dispute intended to be referred to arbitration.

On 12 July 2018, the High Court dismissed the two (2) originating summons and ordered among others, the Banks to make payment under the bank guarantees to the Company on or before 19 July 2018.

JIC had on 13 July 2018 filed Notices of Appeal to the Court of Appeal against the High Court's decision in dismissing both the originating summons and Stay of Execution of the High Court's Order dated 12 July 2018 until the hearing and resolution of JIC's appeals. JIC had also filed the application for Erinford Injunction at the High Court to prevent/restrain the Company from receiving the payment under the bank guarantees and to prevent/restrain the Banks from releasing payment under the bank guarantees pending the full and final disposal of JIC's appeals above.

Additional information required by Bursa Malaysia Securities Listing Requirements

B9. Changes in material litigation (cont'd)

JIC had subsequently withdrawn their application for Stay of Execution during the case management on 17 July 2018.

The High Court had on 23 July 2018 dismissed JIC's Erinford Injunction Application and ordered among others that the Banks make payment under the bank guarantees to the Company on or before 30 July 2018.

On 24 July 2018, JIC filed fresh Erinford Injunction at the Court of Appeal to restrain and/or prevent the Company from receiving payment under the bank guarantees and the Banks from releasing payment under the bank guarantees until full and final disposal of JIC's appeals. The Court of Appeal had on 27 July 2018 dismissed JIC's application for Erinford Injunction and ordered the Banks to pay the monies under the bank guarantees to the Company by 30 July 2018.

On 27 July 2018, JIC filed application at the Federal Court for leave to appeal against the Court of Appeal's decision ("Leave Application") and applied for Erinford Injunction at the Federal Court to restrain and/or prevent the Company from receiving payment under the bank guarantees and the Banks from releasing payment under the bank guarantees until full and final disposal of the Leave Application.

The Federal Court had on 30 July 2018 and 1 August 2018 granted interim stay/Erinford Injunction until 26 September 2018. On 26 September 2018, the counsel for JIC sought an adjournment of the hearing for Leave Application and the Federal Court ordered interim stay/Erinford Injunction to be continued until disposal of the Leave Application or JIC's appeals to the Court of Appeal against the High Court's decision in dismissing both the originating summons, whichever earlier.

On 7 November 2018, the Court of Appeal's hearing for JIC's appeals had been adjourned to 16 November 2018 on account of the recusal of Justice Stephen Chung. Following this, the Federal Court adjourned the Leave Application's hearing to 19 November 2018 and ordered interim stay/Erinford Injunction to be continued until disposal of the Leave Application or JIC's appeals, whichever earlier.

The Company was informed by its solicitors on 8 November 2018 that the Court of Appeal had brought forward the abovementioned hearing in respect of JIC's appeals to 14 November 2018. The hearing date of 16 November 2018 was therefore vacated.

The Court of Appeal had on 14 November 2018 unanimously dismissed both JIC's appeals against the High Court Orders dated 12 July 2018 with costs and ordered RM30,000.00 to be paid to the Company.

On 16 November 2018, the Company was served with sealed Notices of Motion filed by JIC at the Federal Court for leave to appeal the Court of Appeal's orders dated 14 November 2018 in dismissing JIC's appeals against the High Court Orders dated 12 July 2018 ("Federal Court's Leave Application") and an Interim Erinford Injunction to prevent the Banks from releasing the bank guarantees to the Company pending the Federal Court's Leave Application.

On 19 November 2018, the Federal Court granted an interim Erinford Injunction filed by JIC restraining the Banks from releasing the Bank Guarantees and restraining the Company from receiving the Bank Guarantees to the Company pending the hearing of JIC's Federal Court's Leave Application which has been fixed for hearing on 7 January 2019.

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	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Group's profit after taxation attributable to owners of the parent (RM'000)				
- From continuing operations	1,596	230,288	14,325	232,775
- From discontinued operations	-	-	-	12,668
	1,596	230,288	14,325	245,443
Number of shares at the beginning of the year ('000)	737,876	737,956	737,876	737,956
Effect of Share Buy Back during the period ('000)	-	-	-	-
Weighted average number of ordinary shares outstanding ('000)	737,876	737,956	737,876	737,956
Basic earnings per share (sen)				
- From continuing operations	0.21	31.21	1.94	31.55
- From discontinued operations	-	-	-	1.71
Total	0.21	31.21	1.94	33.26

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

Hoh Yik Siew

Group Company Secretary
30 November 2018
Petaling Jaya, Selangor Darul Ehsan