



**STAR PUBLICATIONS (MALAYSIA) BERHAD**  
Company No. 10894-D  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 2014**

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

	Note	3 months ended		Financial period ended	
		30.09.2014	30.09.2013	30.09.2014	30.09.2013
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>247,184</b>	<b>264,220</b>	<b>732,849</b>	<b>736,157</b>
Operating expenses	<b>A8</b>	(208,093)	(212,910)	(628,634)	(617,063)
Other operating income	<b>A9</b>	10,239	7,207	24,906	20,864
<b>Profit from operations</b>		<b>49,330</b>	<b>58,517</b>	<b>129,121</b>	<b>139,958</b>
Finance cost		(2,445)	(2,585)	(7,586)	(7,624)
		46,885	55,932	121,535	132,334
<i>Share of losses in associates</i>		(196)	-	(414)	-
<i>Share of losses in a joint arrangement</i>		-	-	-	(308)
<b>Profit before taxation</b>		<b>46,689</b>	<b>55,932</b>	<b>121,121</b>	<b>132,026</b>
Taxation	<b>B5</b>	(13,415)	(12,045)	(33,298)	(36,968)
<b>Profit for the financial period</b>		<b>33,274</b>	<b>43,887</b>	<b>87,823</b>	<b>95,058</b>
<b>Attributable to:</b>					
Owners of the parent		34,296	44,048	89,934	98,672
Non-controlling interests		(1,022)	(161)	(2,111)	(3,614)
		<b>33,274</b>	<b>43,887</b>	<b>87,823</b>	<b>95,058</b>
Basic earnings per ordinary share (sen)		4.65	5.97	12.19	13.37
Diluted earnings per ordinary share (sen)		4.65	5.97	12.19	13.37

**(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 2013)**

Notes on Operating Expenses:

Included in the Operating Expenses are depreciation and amortisation expenses:

	(12,334)	(11,963)	(36,873)	(35,924)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income  
For the period ended 30 September 2014**

	3 months ended		Financial period ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the financial period</b>	<b>33,274</b>	<b>43,887</b>	<b>87,823</b>	<b>95,058</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
- exchange differences on translating foreign operations	(177)	1,559	88	742
- fair value adjustment on available-for-sale financial assets	-	(230)	-	(261)
<b>Total comprehensive income for the financial period</b>	<b>33,097</b>	<b>45,216</b>	<b>87,911</b>	<b>95,539</b>
<b>Attributable to:</b>				
<b>Owners of the parent</b>	34,152	44,807	90,334	98,180
<b>Non-controlling interests</b>	(1,055)	409	(2,423)	(2,641)
	<b>33,097</b>	<b>45,216</b>	<b>87,911</b>	<b>95,539</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 2013)

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 30 September 2014**

	30 September 2014 RM'000	31 December 2013 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	485,233	507,295
Investment properties	7,818	8,003
Intangible assets	130,396	133,818
Investment in associates	3,686	2,950
Investment in a joint arrangement	143	143
Other investments		
-Held-to-maturity investments	-	5,000
-Financial assets at fair value through profit or loss	48,107	45,687
Other receivables	133,688	130,554
Deferred tax assets	2,642	2,376
	<b>811,713</b>	<b>835,826</b>
<b>Current assets</b>		
Inventories	104,625	117,161
Other investments		
-Held-to-maturity investments	10,000	5,000
Trade and other receivables	192,254	201,717
Current tax assets	2,375	278
Short term deposits	499,520	428,329
Cash and bank balances	122,123	109,788
	<b>930,897</b>	<b>862,273</b>
<b>TOTAL ASSETS</b>	<b>1,742,610</b>	<b>1,698,099</b>

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 30 September 2014 (cont'd)**

	30 September 2014 RM'000	31 December 2013 RM'000
<b>EQUITY AND LIABILITIES</b>		
Share capital	738,564	738,564
Treasury shares	(1,633)	(1,633)
Reserves	381,494	425,391
Equity attributable to owners of the parent	<b>1,118,425</b>	<b>1,162,322</b>
Non-controlling interests	29,353	31,877
<b>Total equity</b>	<b>1,147,778</b>	<b>1,194,199</b>
<b>Non-current liabilities</b>		
Other payables	3,243	8,569
Borrowings	204,498	204,966
Deferred tax liabilities	66,784	66,785
	<b>274,525</b>	<b>280,320</b>
<b>Current liabilities</b>		
Trade and other payables	189,929	155,265
Borrowings	62,852	60,749
Dividend payable	66,416	
Taxation	1,110	7,566
	<b>320,307</b>	<b>223,580</b>
<b>Total Liabilities</b>	<b>594,832</b>	<b>503,900</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,742,610</b>	<b>1,698,099</b>
<b>Net assets per share attributable to owners of the parent company (RM)</b>	<b>1.52</b>	<b>1.58</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 2013)

**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the period ended 30 September 2014**

	[----- 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 2014</b>	<b>738,564</b>	<b>21,116</b>	<b>1,172</b>	<b>(1,633)</b>	<b>403,103</b>	<b>1,162,322</b>	<b>31,877</b>	<b>1,194,199</b>
Total comprehensive income for the period	-	411	(11)	-	89,934	90,334	(2,423)	87,911
<u>Transactions with owners</u>								
Additional investment in a subsidiary	-	-	-	-	(1,399)	(1,399)	(101)	(1,500)
Dividend								
<i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2013, paid on 18 April 2014</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
<i>First Interim Dividend and Special Dividend for the financial year ended 31 December 2014, paid on 17 October 2014</i>	-	-	-	-	(66,416)	(66,416)	-	(66,416)
<b>Balance as at 30 September 2014</b>	<b>738,564</b>	<b>21,527</b>	<b>1,161</b>	<b>(1,633)</b>	<b>358,806</b>	<b>1,118,425</b>	<b>29,353</b>	<b>1,147,778</b>

**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the period ended 30 September 2013**

	[----- 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	Available- for-sale 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 2013</b>	<b>738,564</b>	<b>22,361</b>	<b>1,040</b>	<b>261</b>	<b>(583)</b>	<b>377,430</b>	<b>1,139,073</b>	<b>31,410</b>	<b>1,170,483</b>
Total comprehensive income for the period	-	(361)	130	(261)	-	98,672	98,180	(2,641)	95,539
<u>Transactions with owners</u>									
Acquisition of subsidiaries	-	-	-	-	-	-	-	144	144
Repurchase of shares	-	-	-	-	(730)	-	(730)	-	(730)
Additional investment in a subsidiary	-	-	-	-	-	(6,466)	(6,466)	-	(6,466)
Dividend									
<i>Second Interim Dividend and Special Dividend for the financial year ended 31 December 2012, paid on 29 March 2013</i>	-	-	-	-	-	(66,453)	(66,453)	-	(66,453)
<i>First Interim Dividend for the financial year ended 31 December 2013, paid on 18 October 2013</i>	-	-	-	-	-	(44,285)	(44,285)	-	(44,285)
<b>Balance as at 30 September 2013</b>	<b>738,564</b>	<b>22,000</b>	<b>1,170</b>	<b>-</b>	<b>(1,313)</b>	<b>358,898</b>	<b>1,119,319</b>	<b>28,913</b>	<b>1,148,232</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 2013)**

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the period ended 30 September 2014**

	30 September 2014	30 September 2013
	RM'000	RM'000
<b>Profit before taxation</b>	121,121	132,026
<b>Adjustments for non-cash flow items:-</b>		
Share of losses in associates	414	-
Share of losses in a joint arrangement	-	308
Non-cash items	35,491	38,412
Non-operating items	(5,340)	(3,432)
<b>Operating profit before working capital changes</b>	<b>151,686</b>	<b>167,314</b>
<b>Changes in working capital</b>		
Net change in current assets	16,908	11,562
Net change in current liabilities	30,186	(20,635)
	47,094	(9,073)
<b>Cash generated from operations</b>	<b>198,780</b>	<b>158,241</b>
Net tax paid	(42,087)	(43,221)
<b>Net cash from operating activities</b>	<b>156,693</b>	<b>115,020</b>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	1,153	1,238
Proceeds from disposal of available-for-sale financial asset	-	6,326
Proceeds from disposal of quoted securities	1,628	-
Purchases of property, plant and equipment	(10,908)	(6,524)
Purchases of intangible assets	(851)	(1,063)
Purchases of television programmes rights	(2,935)	-
Additional investment in a subsidiary	(1,500)	(6,466)
Acquisition of a subsidiary, net of cash acquired	-	(12,182)
Additional investment in associates	(1,150)	(1,100)
Investment redeemed on maturity	-	5,000
Investment in financial products	(363)	(5,351)
Interest and investment income received	12,190	9,597
<b>Net cash used in investing activities</b>	<b>(2,736)</b>	<b>(10,525)</b>
<b>Financing Activities</b>		
Interest paid	(5,289)	(5,012)
Repurchase of shares	-	(730)
Repayment of hire purchase	(126)	(909)
Net drawdown of term loan	2,651	2,116
Repayment of finance lease	(712)	(667)
Dividend paid	(66,416)	(66,453)
<b>Net cash used in financing activities</b>	<b>(69,892)</b>	<b>(71,655)</b>

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the period ended 30 September 2014 (cont'd)**

	30 September 2014	30 September 2013
	RM'000	RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>84,065</b>	<b>32,840</b>
Effect of exchange rates fluctuations on cash held	(390)	3,548
Cash and cash equivalents at beginning of the period	537,968	473,558
<b>Cash and cash equivalents at end of the period</b>	<b>621,643</b>	<b>509,946</b>

*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 2014	30 September 2013
	RM'000	RM'000
Deposits placed with licensed banks	499,520	376,481
Cash and bank balances	122,123	133,622
Bank overdrafts included in borrowings	-	(157)
	<u>621,643</u>	<u>509,946</u>

**(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 2013).**

## 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 2013.

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 2013 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

Amendments to MFRS 10, MFRS 12 and MFRS 127	<i>Investment Entities</i>
Amendments to MFRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</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 July 2014

Amendments to MFRS 119	<i>Defined Benefit Plans: Employee Contributions</i>
Amendments to MFRSs	<i>Annual Improvements 2010-2012 Cycle</i>
Amendments to MFRSs	<i>Annual Improvements 2011-2013 Cycle</i>
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)	
Mandatory Effective Date of MFRS 9 and Transition Disclosures MFRS 9	<i>Financial Instruments</i>

The Group will adopt the above when they become effective in the respective financial periods. These MFRSs and Amendments to MFRSs are not expected to have any significant effect to the financial statements of the Group upon their initial application.

**Notes to the interim financial report****A2. Seasonal or cyclical factors**

The operations of our major business segment are generally affected by the major festive seasons.

**A3. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2014.

**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 2014.

**A6. Dividend paid**

	2014 RM'000	2013 RM'000
<b><u>In respect of the financial year ended 31 December 2012</u></b>		
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 29 March 2013	-	66,453
<b><u>In respect of the financial year ended 31 December 2013</u></b>		
First interim dividend of 6.0 sen per ordinary share, single tier, paid on 18 October 2013	-	44,285
Second interim dividend of 6.0 sen per ordinary share, single tier, and special tax exempt dividend of 3.0 sen per ordinary share, paid on 18 April 2014	66,416	-
<b><u>In respect of the financial year ended 31 December 2014</u></b>		
First interim dividend of 6.0 sen per ordinary share, single tier, and special tax exempt dividend of 3.0 sen per ordinary share, paid on 17 October 2014	66,416	-

## Notes to the interim financial report

A7. Segment Reporting**Business Segment****9 months ended 30 September 2014**

	<b>Financial period ended 30 September 2014</b>		
	<b>Assets RM'000</b>	<b>Revenue RM'000</b>	<b>Segment results RM'000</b>
Print and digital	1,368,949	526,324	117,316
Broadcasting	97,901	38,487	(2,621)
Event, exhibition, interior and thematic	227,284	153,527	10,888
Television channel	23,301	7,648	(4,792)
Others	25,175	6,863	744
	<u>1,742,610</u>	<u>732,849</u>	121,535
Share of results in associates			(414)
Profit before tax			<u>121,121</u>

**9 months ended 30 September 2013**

	<b>Financial period ended 30 September 2013</b>		
	<b>Assets RM'000</b>	<b>Revenue RM'000</b>	<b>Segment results RM'000</b>
Print and digital	1,301,115	558,363	138,953
Broadcasting	109,371	38,937	(2,461)
Event, exhibition, interior and thematic	201,248	126,446	3,735
Television channel	25,302	5,960	(4,941)
Others	72,258	6,451	(2,952)
	<u>1,709,294</u>	<u>736,157</u>	132,334
Share of results in a joint arrangement			(308)
Profit before tax			<u>132,026</u>

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

	3 months ended		Financial period ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Allowance of credit losses	715	690	2,409	2,090
Write-off of receivables	84	-	87	-
Impairment on investment in a joint arrangement	-	-	-	1,611
Foreign exchange loss	168	403	644	507

**A9. Other operating income**

	3 months ended		Financial period ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Interest income	1,721	1,584	5,065	5,661
Investment income	2,839	1,894	7,861	5,395
Accretion of non-current receivable	1,050	1,050	3,150	3,150
Foreign exchange gain	632	-	814	765
Gain on disposal of quoted investment	277	20	406	20
Other income	3,720	2,659	7,610	5,873
Total	10,239	7,207	24,906	20,864

**A10. Events subsequent to the end of the reporting period**

On 7 November 2014, the Company announced a proposed disposal together with its subsidiary, Star RFM Sdn Bhd of 2,484,834 Ordinary Shares of RM1.00 each in the capital of Red Tomato Media Sdn Bhd representing their entire 83.61% equity interests in Red Tomato, at a cash consideration of RM125,415 only. Subsequent to the completion of proposed disposal, Red Tomato will cease to be a subsidiary of Star.

**A11. Changes in composition of the Group**

There are no changes in the composition of the Group during the quarter under review.

**Notes to the interim financial report**

**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	42,748
Rental guarantee	2,000
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	<u>44,748</u>

**A13. Capital commitments**

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	13,073
- not contracted	5,036
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	<u>18,109</u>

**Additional information required by Bursa Malaysia Securities Listing Requirements****B1. Review of performance**

	Current Year Quarter 30.09.2014 (3Q 2014) RM'000	Preceding Year Corresponding Quarter 30.09.2013 (3Q 2013) RM'000
Revenue	247,184	264,220
Consolidated Profit before taxation	46,689	55,932
Consolidated Profit after taxation	33,274	43,887

Group revenue in 3Q 2014 decreased by 6.4% to RM247.18 million from RM264.22 million in the corresponding quarter of the preceding year mainly due to lower revenue contribution from the Print segment. Group profit before tax and after tax in 3Q 2014 decreased by 16.5% and 24.2% respectively against corresponding quarter of 2013.

*Performance of the respective business segments for 3Q 2014 compared to the corresponding quarter of 2013 are as follows:-*

*Print and Digital* – Revenue declined by 10.9% mainly due to lower advertising revenue caused by the MH17 incident and as a mark of respect, corporate and government agencies had to tone down the Raya and National Day celebrations. With the dampening of overall advertising expenditure, profit before tax for this segment fell by 17.3% as compared to last corresponding quarter.

*Radio Broadcasting* – Revenue declined by 6.1% or RM0.87 million in the current quarter under review. Due to the dampening of festive and national day celebration as a result of MH17 incident and fuel price increase, airtime revenue was affected and resulted in a small loss before tax amounting to RM0.25 million in 3Q 2014.

*Event, exhibition, interior and thematic* – This segment consists of Cityneon and I.Star Ideas Factory (Perfect Livin'). During the current quarter under review, revenue increased to RM58.85 million from RM54.19 million which was mainly due to exhibition and interior projects completed by Cityneon. This segment's profit before tax improved to RM4.21million from RM2.87 million mainly due to better gross margins from Cityneon and more shows held by Perfect Livin' in the current quarter under review.

*Television channel* – Revenue for 3Q 2014 declined marginally to RM2.55 million as compared to RM2.83 million in 3Q 2013 due to lower regional revenue and contracts completed in 3Q 2014. This segment suffered a higher loss before tax of RM1.79 million in 3Q 2014 as compared to RM1.22 million in 3Q 2013.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B1. Review of performance**

	9 months ended 30.09.2014 (9M 2014) RM'000	9 months ended 30.09.2013 (9M 2013) RM'000
Revenue	732,849	736,157
Consolidated Profit before taxation	121,121	132,026
Consolidated Profit after taxation	87,823	95,058

*Performance of the company and subsidiaries for 9 months ended 30 September 2014 vs 30 September 2013:-*

Group revenue in 9M 2014 declined marginally by 0.4% to RM732.85 million from RM736.16 million in 9M 2013. Group profit before tax in 9M 2014 fell by 8.3% to RM121.12 million due to lower print segment revenue and higher operating expenses mainly related to a Voluntary Separation Scheme (VSS) amounting to RM11.50 million.

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

*Print and Digital* – Revenue declined by 5.7% mainly due to MH370 and MH17 incidents, fuel price increase and interest rate hike where it caused this segment to experience some loss in Adex as advertisers were more cautious and held back on the advertising spending as consumer sentiments were weak. Profit before tax has also contracted by 15.6% as compared to 9M 2013 mainly due to VSS expenses and lower advertising revenue.

*Radio Broadcasting* – Airtime revenue declined marginally by 1.2% to RM38.49 million mainly due to uncertainties in the economy and dampening effect of advertising spend from the abovementioned two tragedies. As a result of lower revenue, loss before tax for the radio segment increased by 6.5% to RM2.62 million in the current period under review.

*Event, exhibition, interior and thematic* – This segment consists of Cityneon and I.Star Ideas Factory (Perfect Livin'). Revenue increased from RM126.45 million to RM153.53 million mainly due to completion of projects carried out by Cityneon in Shanghai as well as two additional shows held by Perfect Livin' as compared to last corresponding period of 2013. Overall profit before tax improved significantly to RM10.89 million from RM3.74 million in the corresponding period of 2013 due to better gross margins from Cityneon and additional shows by Perfect Livin'.

*Television channel* – Revenue for 9M 2014 increased to RM7.65 million as compared to RM5.96 million in 9M 2013 mainly attributable to higher distribution revenue as a result of new affiliates in the current financial period. Whilst still operating in the loss territory, the results showed an improvement from a loss before tax of RM4.94 million to RM4.79 million in the current period under review.

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

	Current Quarter 30.09.2014 RM'000	Preceding Quarter 30.06.2014 RM'000
Revenue	247,184	274,525
Consolidated Profit before taxation	46,689	52,781
Consolidated Profit after taxation	33,274	39,086

Group revenue for 3Q 2014 declined to RM247.18 million from RM274.53 million in 2Q 2014 mainly due to MH17 tragedy, fuel price increase and interest rate hike which affected consumer sentiments. Advertising expenditure sentiment was dampened as advertisers toned down its advertisements which affected the Print and Radio segment. Group profit before tax for the third quarter 2014 decreased to RM46.69 million as compared to RM52.78 million in the preceding quarter due to lower revenue recorded in 3Q 2014.

**B3. Current year prospects**

According to the Malaysian Institute of Economic Research ("MIER"), third quarter Consumer Sentiments Index fell by 2.1 points quarter-on-quarter and Business Conditions Index declined by 17.0 points with both settling below the 100 points threshold. Consumer Sentiments and Business Condition Indices have deteriorated indicating softer consumer sentiments as well as slower growth.

In the media related segments of the Group, outlook for adex growth for the rest of 2014 is expected to be soft.

We will continue our cost control initiatives and the savings from VSS exercise and other cost control measures we have taken will help us to maintain our profitability.

The Company and the Board of Directors expect the business environment in the media industry to remain highly challenging in 2014, and will do its best to achieve a satisfactory performance for the financial year ending 31 December 2014.

**B4. Profit forecast**

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

**Additional information required by Bursa Malaysia Securities Listing Requirements**

**B5. Taxation**

Taxation comprises the following: -

	3 months ended		Financial period ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	13,371	15,440	33,238	40,272
2. Foreign taxation	44	85	60	176
3. Deferred taxation	-	(3,480)	-	(3,480)
	13,415	12,045	33,298	36,968

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 30.09.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of Star Publications (Malaysia) Berhad and its subsidiaries		
-Realised	402,178	446,653
-Unrealised	(59,248)	(62,793)
	<u>342,930</u>	<u>383,860</u>
Total share of accumulated losses from associates		
-Realised	(414)	-
Total share of accumulated losses from a joint arrangement		
-Realised	(18,188)	(18,188)
Consolidation adjustments	34,478	37,431
Total group retained profits as per consolidated accounts	<u>358,806</u>	<u>403,103</u>

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

On 7 November 2014, the Company announced a proposed disposal together with its subsidiary, Star RFM Sdn Bhd of 2,484,834 Ordinary Shares of RM1.00 each in the capital of Red Tomato Media Sdn Bhd representing their entire 83.61% equity interests in Red Tomato, at a cash consideration of RM125,415 only. Subsequent to the completion of proposed disposal, Red Tomato will cease to be a subsidiary of Star.

**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 30.09.2014 RM'000	As at 30.09.2013 RM'000
<b><u>Short Term Borrowings</u></b>		
<b>Unsecured</b>		
Hire purchase	235	174
Finance lease	1,003	941
	1,238	1,115
<b>Secured</b>		
Bank borrowings	61,614	60,930
Bank overdraft	-	156
	62,852	62,201
<b><u>Long Term Borrowings</u></b>		
<b>Unsecured</b>		
5-years MTN 2011/2016 with a coupon rate of 4.50% per annum, maturing on 11 May 2016	100,000	100,000
7-years MTN 2011/2018 with a coupon rate of 4.80% per annum, maturing on 11 May 2018	100,000	100,000
	200,000	200,000
Hire purchase	682	384
Finance lease	3,816	4,819
	204,498	205,203

Except for the secured term loan of RM61,614,285 and hire purchase of RM636,069 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.

**B10. Dividend**

The Board of Directors does not recommend any payment of dividend for the quarter under review.

**Additional information required by Bursa Malaysia Securities Listing Requirements****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	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Group's profit after taxation attributable to owners of the parent (RM'000)	34,296	44,048	89,934	98,672
Number of shares at the beginning of the year ('000)	737,956	738,368	737,956	738,368
Effect of Share Buy Back during the period ('000)	-	-	-	(197)
Weighted average number of ordinary shares outstanding ('000)	737,956	738,368	737,956	738,171
<b>Basic earnings per share (sen)</b>	<b>4.65</b>	<b>5.97</b>	<b>12.19</b>	<b>13.37</b>

**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  
19 November 2014  
Petaling Jaya, Selangor Darul Ehsan