

MEDIA PRIMA BERHAD (532975-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER

ENDED 31 DECEMBER 2017

The Board of Directors of Media Prima Berhad (“MPB” or “Company”) wishes to announce the unaudited consolidated results of Media Prima Berhad Group (the “Group”) for the financial year ended 31 December 2017.

This interim report is prepared in accordance with the basis of preparation in Note A1 and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Listing Requirements, and should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 December 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
		RM'000	RM'000	RM'000	RM'000
Revenue		306,189	318,634	1,195,672	1,289,008
Operating expenses	A4, A8	(638,489)	(323,968)	(1,812,862)	(1,366,931)
Other operating income	A9	7,972	13,415	31,211	35,428
(Loss)/profit from operations		(324,328)	8,081	(585,979)	(42,495)
Finance costs		(4,442)	(3,412)	(14,660)	(13,325)
Share of results of an associate		-	(9,508)	(4,889)	(10,089)
Loss before tax		(328,770)	(4,839)	(605,528)	(65,909)
Taxation	B1	(55,971)	6,705	(64,137)	(3,874)
Net (loss)/profit and total comprehensive (loss)/profit for the financial year		(384,741)	1,866	(669,665)	(69,783)
(Loss)/profit and total comprehensive (loss)/profit attributable to:					
- Owners of the Company		(378,152)	4,996	(650,611)	(59,198)
- Non-controlling interests		(6,589)	(3,130)	(19,054)	(10,585)
		(384,741)	1,866	(669,665)	(69,783)
(Loss)/earnings per share (sen)					
- Basic and diluted	B10	(34.09)	0.45	(58.66)	(5.34)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 December 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	AS AT 31.12.2017 RM'000	AS AT 31.12.2016 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		498,580	623,003
Investment properties		31,681	32,711
Associates		-	146,395
Prepaid transmission station rentals		-	437
Available-for-sale financial assets		2,472	2,472
Intangible assets		446,058	437,140
Deferred tax assets		12,762	110,518
		<u>991,553</u>	<u>1,352,676</u>
Current Assets			
Financial assets at fair value through profit or loss		-	90
Inventories		46,220	55,244
Trade and other receivables		297,629	318,872
Current tax assets		29,726	33,456
Deposits, cash and bank balances		205,963	374,898
		<u>579,538</u>	<u>782,560</u>
Non-current assets held for sale		<u>11,171</u>	<u>16,541</u>
TOTAL ASSETS		<u><u>1,582,262</u></u>	<u><u>2,151,777</u></u>
LIABILITIES AND EQUITY			
Non-Current Liabilities			
Borrowings	B4	292,953	-
Trade and other payables		1,526	-
Deferred tax liabilities		43,665	69,563
		<u>338,144</u>	<u>69,563</u>
Current Liabilities			
Trade and other payables		448,836	294,796
Borrowings	B4	21,204	300,108
Current tax liabilities		1,898	1,097
		<u>471,938</u>	<u>596,001</u>
TOTAL LIABILITIES		<u><u>810,082</u></u>	<u><u>665,564</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	NOTE	AS AT 31.12.2017 RM'000	AS AT 31.12.2016 RM'000
Equity and Reserves			
Share capital		1,524,735	1,109,199
Reserves		(758,085)	352,430
		<hr/>	<hr/>
Equity attributable to owners of the Company		766,650	1,461,629
Non-controlling interests		5,530	24,584
		<hr/>	<hr/>
Total equity		772,180	1,486,213
		<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY		1,582,262	2,151,777
		<hr/>	<hr/>
Net Assets per share attributable to equity holders of the Company (sen)*	A15	69.12	131.77

* Net assets per share is calculated by dividing the net assets (excluding the portion allocated to non-controlling interest) of the Group by the number of ordinary shares in issue at the statement of financial position date.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Issued and fully paid-up ordinary shares	Attributable to owners of the Company						
	Non-distributable		Distributable		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000			
	1,109,199	415,536	1,755	(64,861)	1,461,629	24,584	1,486,213
ear	-	-	-	(650,611)	(650,611)	(19,054)	(669,665)
	-	-	-	(44,368)	(44,368)	-	(44,368)
2017 ¹	415,536	(415,536)	-	-	-	-	-
	1,524,735	-	1,755	(759,840)	766,650	5,530	772,180

¹ The Companies Act 2016 ('Act'), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within twenty four (24) months from the commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account of RM415,536,000 for purposes as set out in Section 618(3) of the Act. There is no impact on the number ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company						
	Issued and fully paid-up ordinary shares	Non-distributable	Distributable (Accumulated losses)/ retained earnings	Total	Non- controlling interests	Total equity	
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	RM'000	RM'000	RM'000	RM'000
<u>2016</u>							
At 1 January 2016	1,109,199	415,536	2,255	93,665	1,620,655	14,477	1,635,132
Net loss and total comprehensive loss for the year	-	-	-	(59,198)	(59,198)	(10,585)	(69,783)
<u>Transactions with owners:</u>							
Equity contribution from non-controlling interest	-	-	-	-	-	21,070	21,070
Reclassification	-	-	(500)	500	-	-	-
Final dividends paid for the financial year ended 31 December 2015	-	-	-	(55,460)	(55,460)	-	(55,460)
First interim dividends paid for financial year ended 31 December 2016	-	-	-	(22,184)	(22,184)	-	(22,184)
Second interim dividends paid for the financial year ended 31 December 2016	-	-	-	(22,184)	(22,184)	-	(22,184)
Dividends payable to non-controlling interests	-	-	-	-	-	(378)	(378)
Total transactions with owners	-	-	(500)	(99,328)	(99,828)	20,692	(79,136)
At 31 December 2016	<u>1,109,199</u>	<u>415,536</u>	<u>1,755</u>	<u>(64,861)</u>	<u>1,461,629</u>	<u>24,584</u>	<u>1,486,213</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE YEAR ENDED 31.12.2017 RM'000	FOR THE YEAR ENDED 31.12.2016 RM'000
Cash flows from operating activities			
Loss for the year		(669,665)	(69,783)
Adjustments for:			
- Non-cash items		785,479	399,687
- Interest expense		14,660	13,325
- Interest income		(9,161)	(14,388)
Operating cash flows before working capital changes		121,313	328,841
Changes in working capital		(71,249)	(192,232)
Cash flows from operations		50,064	136,609
Income tax paid (net of refund)		(5,802)	(18,289)
Net cash flows generated from operating activities		44,262	118,320
Cash flows from investing activities			
Acquisition of a subsidiary (net of cash acquired)		(98,352)	-
Settlement of deferred purchase consideration of an acquisition in a business		(1,530)	-
Property, plant and equipment:			
- Additions		(95,659)	(77,774)
- Proceeds from disposals		4,803	2,072
Investment properties:			
- Additions		-	(50)
- Proceeds from disposals		313	-
Intangible assets (excluding programme and film rights):			
- Additions		(823)	(10,083)
Non-current assets held for sale:			
- Proceeds from disposals		7,064	-
Interest received		9,161	14,388
Net cash flows used in investing activities		(175,023)	(71,447)
Cash flows from financing activities			
Interest paid		(14,331)	(13,325)
(Increase)/decrease in restricted bank balances		(4,823)	1,048
Drawdown of borrowings		420,903	5,313
Repayment of borrowings		(400,000)	(5,313)
Equity contribution from non-controlling interest		-	21,070
Dividends paid to shareholders of the Company		(44,368)	(99,828)
Dividends paid to non-controlling interests		(378)	(549)
Net cash flows used in financing activities		(42,997)	(91,584)
Net movement in cash and cash equivalents		(173,758)	(44,711)
Cash and cash equivalents at beginning of the financial year		370,973	415,684
Cash and cash equivalents at end of the financial year	A13	197,215	370,973

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2016.

MEDIA PRIMA BERHAD (532975-A)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2017**

NOTES TO THE INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2016, which were prepared in compliance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

The unaudited interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments, if any) at fair value through profit and loss.

The adoption of the following applicable amendments and improvements to MFRS that came into effect on 1 January 2017 did not have any significant impact on the Group upon the initial application.

Description		Effective for annual periods beginning on or after
Amendments to MFRS 107	Statement of Cash Flows	1 January 2017
	- Disclosure Initiative	
Amendments to MFRS 112	Income Taxes	1 January 2017
	- Recognition of Deferred Tax Assets on Unrealised Losses	
Amendments to MFRS 12	Disclosure of Interests in other Entities	1 January 2017

NOTES TO THE INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION (CONTINUED)

The Group will be adopting the following MFRSs when they become effective in the respective financial periods.

Description		Effective for annual periods beginning on or after
Amendments to MFRS 2	Share-based Payment	1 January 2018
Amendments to MFRS 140	Investment Properties	1 January 2018
Amendments to MFRSs	Annual improvements to MFRS Standards 2014 – 2016 cycle	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 128	Investments in Associates and Joint Ventures	1 January 2019
Amendments to MFRSs	Annual improvements to MFRS Standards 2015 – 2017 cycle	1 January 2019

The Group does not expect MFRS 9 to affect the classification and measurement of financial assets and liabilities. However, gains and losses on the sale of financial assets at fair value through other comprehensive income ("FVOCI") will no longer be recycled to profit or loss on sale, but instead be reclassified from the FVOCI reserve to retained earnings.

The new impairment model under MFRS 9 requiring recognition of impairment provisions to be based on expected credit losses rather than only incurred credit losses as in this case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments taken to date, the Group expects an insignificant impact on the loss allowance for trade receivables.

The impact of MFRS 15 is not expected to be significant for all of the Group's revenue streams as majority of the existing contracts have already incorporated the separation of performance obligations with values attached to each performance obligation as required under the new standard.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2016 was not qualified.

NOTES TO THE INTERIM FINANCIAL REPORT

A3. SEASONALITY OR CYCLICALITY FACTORS

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

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

Exceptional items are those items the Directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial statements.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Exceptional items – Impact to loss before tax:				
Allowance and write off of inventories	-	-	-	1,500
(Reversal)/impairment of investment in an associate	(924)	-	141,506	-
Impairment of property, plant and equipment	119,958	391	119,958	76,460
Impairment of intangible assets in relation to publishing rights	100,519	-	100,519	-
Other closure costs	-	-	-	1,320
Road reserve occupancy fees payable to the Malaysian Highway Authority	24,706	-	24,706	-
Provision for manpower rationalisation	58,453	-	58,453	-
Termination benefits	-	(7,048)	52,253	18,632
	302,712	(6,657)	497,395	97,912

The provision for termination benefit relates to provision in respect of manpower rationalisation arising from exercise undertaken by management to rescale operations across the Group and Company. The provision is expected to be utilised within twelve months.

Other than the above, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the fourth quarter and financial year ended 31 December 2017.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the fourth quarter and financial year ended 31 December 2017.

NOTES TO THE INTERIM FINANCIAL REPORT

A6. SEGMENTAL REPORTING

The Group determines and presents its operating segments based on information reported internally to the Group Managing Director and the Board of Directors. The Group predominantly operates in Malaysia and consequently, there is no disclosure on geographical segment being made. The segment information for the current financial year is as follows:

Year ended 31 December 2017	Television Networks RM'000	Radio Networks RM'000	Outdoor Media RM'000	Print Media RM'000	Digital Media RM'000	Content Creation RM'000	Home Shopping RM'000	Corporate RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	485,800	66,413	166,592	317,060	12,158	18,137	129,512	-	-	1,195,672
Inter-segment revenue	5,870	143	1,347	5,531	43,363	86,727	-	115,672	(258,653)	-
	491,670	66,556	167,939	322,591	55,521	104,864	129,512	115,672	(258,653)	1,195,672
Royalties	(899)	(320)	-	-	-	-	-	-	-	(1,219)
	490,771	66,236	167,939	322,591	55,521	104,864	129,512	115,672	(258,653)	1,194,453
Reportable segment (loss)/profit after tax before non-controlling interest	(112,863)	23,647	(7,897)	(433,049)	(2,303)	(545)	(15,484)	(354,862)	233,691	(669,665)
Year ended 31 December 2016	Television Networks RM'000	Radio Networks RM'000	Outdoor Media RM'000	Print Media RM'000	Digital Media RM'000	Content Creation RM'000	Home Shopping RM'000	Corporate RM'000	Elimination RM'000	Total
Revenue from external customers	569,072	68,124	157,495	410,095	2,319	20,490	61,413	-	-	1,289,008
Inter-segment revenue	6,768	270	1,248	5,395	30,141	94,785	-	239,091	(377,698)	-
	575,840	68,394	158,743	415,490	32,460	115,275	61,413	239,091	(377,698)	1,289,008
Royalties	(2,900)	(321)	-	-	-	-	-	-	-	(3,221)
	572,940	68,073	158,743	415,490	32,460	115,275	61,413	239,091	(377,698)	1,285,787
Reportable segment (loss)/profit after tax before non-controlling interest	22,244	25,666	37,051	(124,219)	331	10,414	(17,064)	130,890	(155,096)	(69,783)

Certain comparatives were reclassified to conform with the current year's presentation.

NOTES TO THE INTERIM FINANCIAL REPORT

A7. DIVIDENDS PAID

	31.12.2017 RM'000	31.12.2016 RM'000
<u>In respect of the financial year ended 31 December 2016</u>		
First interim, single tier dividend of 2.0 sen per ordinary share paid on 30 September 2016	-	22,184
Second interim, single tier dividend of 2.0 sen per ordinary share paid on 30 December 2016	-	22,184
Final, single tier dividend of 4.0 sen per ordinary share paid on 30 June 2017	44,368	-
<u>In respect of the financial year ended 31 December 2015</u>		
Final, single tier dividend of 5.0 sen per ordinary share paid on 24 June 2016	-	55,460
	44,368	99,828

A8. OPERATING EXPENSES

Included within operating expenses for the period under review are the following expenses:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Depreciation and amortisation	28,820	26,029	108,022	108,215
Impairment of receivables (net)	10,456	7,598	14,996	11,166
Foreign exchange loss	412	751	25	1,592
Impairment of financial assets at fair value through profit or loss	-	-	90	-

Other material items within operating expenses are disclosed under Note A4.

A9. OTHER OPERATING INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Interest income	2,063	3,688	9,161	14,388
Other income	4,947	9,592	17,863	19,569
Gain on disposal of property plant and equipment	274	-	2,083	-
Gain on disposal of non-current assets held for sale	375	-	1,638	-
Gain on disposal of investment properties	313	-	313	-
Foreign exchange gain	-	135	153	1,471
	7,972	13,415	31,211	35,428

NOTES TO THE INTERIM FINANCIAL REPORT

A10. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT

The Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

A11. CONTINGENT LIABILITIES

The Group is a defendant in 24 (As at 31.12.2016: 20) legal suits with contingent liabilities amounting to approximately RM5.7 million (As at 31.12.2016: RM4.0 million). Of the 24 legal suits, 20 suits are for alleged defamation and 4 are for alleged breach of contract.

After taking appropriate legal advice, no provision has been made in the financial statements of the Group as the Directors are of the opinion that most of the claims have no sustainable merit. The Directors do not therefore expect the outcome of the legal suits against the Group to have a material impact on the financial position of the Group.

A12. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 31 December 2017 are as follows:

	RM'000
Approved but not contracted:	
- Property, plant and equipment	92,562
- Intangible assets	217,729
Approved and contracted for	
- Property, plant and equipment	8,323
- Intangible assets	214
	318,828

A13. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Cash and bank balances	78,212	107,719
Deposits with licensed banks	127,751	267,179
Deposits, cash and bank balances	205,963	374,898
<i>Less: Restricted deposits</i>		
Deposits with licensed banks	(8,748)	(3,925)
Cash and cash equivalents	197,215	370,973

NOTES TO THE INTERIM FINANCIAL REPORT

A14. CHANGES IN COMPOSITION OF THE GROUP

(a) Acquisition of Rev Asia Holdings Sdn. Bhd. group of companies

On 8 May 2017, Media Prima Digital Sdn. Bhd. ("MPD"), a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") with Rev Asia Berhad and Youth Asia Sdn. Bhd. to acquire 15,828,831 ordinary shares in Rev Asia Holdings Sdn. Bhd. ("RAHSB"), representing 100% of the issued and paid up capital of RAHSB, for a total consideration of RM105.0 million ("Acquisition").

On 1 August 2017, the Acquisition has been completed in accordance with the terms of the SPA. Pursuant to the Acquisition, MPD had acquired RAHSB comprising the following subsidiaries:

- a) Rev Digital Sdn. Bhd.;
- b) Rev Lifestyle Sdn. Bhd.;
- c) Rev Social Malaysia Sdn. Bhd.;
- d) Rev Social International Sdn. Bhd.; and
- e) Rev Entertainment Sdn. Bhd.

(b) Subsidiaries struck-off during the financial year

The Company received final notices pursuant to Section 308(4) of the Companies Act, 1965 from Suruhanjaya Syarikat Malaysia for the following subsidiaries:

Subsidiary	Notice Date
Berita Information Systems Sdn Bhd	1 November 2017
Rev Entertainment Sdn Bhd	25 October 2017
New Straits Times Technology Sdn Bhd	22 May 2017
Amity Valley Sdn Bhd	22 May 2017
Berita Book Centre Sdn Bhd	22 May 2017
Utusan Sinar Media Sdn Bhd	17 April 2017
Uni-Talent Gateway Sdn Bhd	23 March 2017
Encorp Media Technology Sdn Bhd	23 March 2017

(Collectively referred to as, the "Subsidiaries").

The notices confirmed that the Subsidiaries have been struck-off from the Register of Companies and the notices shall be published in the gazette. As such, the Subsidiaries has ceased to be the subsidiary of the Company.

NOTES TO THE INTERIM FINANCIAL REPORT

A15. NET ASSETS PER SHARE

The Group's net assets per share are calculated as follows

	As at 31.12.2017	As at 31.12.2016
Net assets attributable to equity holders of the Company (RM'000)	766,650	1,476,213
Number of ordinary shares in issue ('000)	1,109,199	1,109,199
Net assets per share attributable to equity holders of the Company (sen)	69.12	131.77

ADDITIONAL INFORMATION AS REQUIRED BY THE BMSB's LISTING REQUIREMENTS**B1. TAXATION**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
In respect of the current period:				
- Current income tax	4,992	12,609	8,897	23,114
- Under accruals in prior year	701	958	701	5,979
- Deferred taxation	50,098	(20,272)	54,539	(25,219)
	55,791	(6,705)	64,137	3,874

The Group incurred tax expense for the current quarter and financial year despite being in a loss before tax position primarily due to write down of deferred tax assets, which resulted in a higher effective tax rate for the current quarter and financial year than the statutory tax rate of 24%.

B2. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 2017, the Group does not have any financial liabilities measured at fair value through profit or loss.

B3. MATERIAL LITIGATION

Apart from the material litigation disclosed under Note A11, there was no other material litigation in the period under review since the last announcement.

B4. BORROWINGS

	31.12.2017 RM'000	31.12.2016 RM'000
<u>Non-Current Borrowings</u>		
Secured:		
- Term loan (Note a)	292,953	-
<u>Current Borrowings</u>		
Secured:		
- Term loan (Note a)	301	-
Unsecured:		
- Banker's acceptance (Note b)	20,903	-
- Commercial Paper Medium Term Notes (Note c)	-	300,108
	21,204	300,108
Total borrowings	314,157	300,108

The Group's borrowings is denominated in Ringgit Malaysia.

ADDITIONAL INFORMATION AS REQUIRED BY THE BMSB's LISTING REQUIREMENTS

B4. BORROWINGS (CONTINUED)

(a) Term Loan

On 13 December 2017, the Company obtained a RM300.0 million secured loan from a licensed bank which bears a fixed interest rate of 2.75% per annum above effective cost of funds. The loan will mature on 27 December 2019 and is repayable in entirety on its maturity date. The effective interest rate of the term loan is 7.65% per annum.

The loan is secured by a charge over certain property, plant and equipment of a subsidiary of the Company and a charge over the Debt Service Reserve Account of the Company, where an amount of RM4.8 million is placed with the licensed bank until the loan is fully repaid.

(b) Banker's acceptance

During the financial year, the Group had drawn down a RM20.9 million banker's acceptance facility with a term of 3 months. The facility's effective interest rate is 3.77% per annum and is repayable in entirety on its maturity date.

(c) Commercial Paper Medium Term Notes

On 28 December 2012, the Company undertook a Commercial Paper Medium Term Notes ("CPMTN") programme of up to RM500.0 million in nominal value. The CPMTN is for a tenure of five years. The CPMTN bore an effective interest rate of 4.33% per annum and the amount issued of RM400.0 million was fully repaid during the current financial year.

B5. REVIEW OF PERFORMANCE FOR THE CURRENT QUARTER VS. PRECEDING QUARTER

	Quarter ended 31.12.2017 RM'000	Quarter ended 30.9.2017 RM'000
Revenue	306,189	288,514
(Loss)/Profit Before Tax (before exceptional item)	(26,058)	(49,542)
Exceptional item	(302,712)	(52,253)
Loss After Tax (LAT)	(384,741)	(105,177)
Normalised (Loss)/Profit After Tax	(82,029)	(52,924)

Group revenue for 4QFY17 increased by 6% against the immediate preceding quarter (3QFY17) and incurred LAT of RM384.7 million for 4QFY17 mainly due to declining trend of traditional advertising revenue and exceptional items amounting to RM302.7 million. If the exceptional items is excluded, the Group posted an LAT of RM82.0 million against RM52.9 million LAT in 3QFY17.

ADDITIONAL INFORMATION AS REQUIRED BY THE BMSB's LISTING REQUIREMENTS**B5. REVIEW OF PERFORMANCE FOR THE CURRENT QUARTER VS. PRECEDING QUARTER
(CONTINUED)**

The performance of the respective business platforms for 4QFY17 against 3QFY17 is as follows:

- a) Television Networks – Revenue increased by 25% against preceding quarter attributed to higher advertising spend by clients during year-end school break and festive season.
- b) Print Media – Revenue decreased by 26% mainly due to lower advertising and circulation revenue in 4QFY17.
- c) Outdoor Media – Revenue for 4QFY17 increased by 14% against the immediate preceding quarter.
- d) Radio Networks – Increase in revenue by 23% against the immediate preceding quarter.
- e) Digital Media – Contribution from Rev Asia led to a 35% increase in revenue against the immediate preceding quarter.
- f) Content Creation – 4QFY17 revenue declined by 29% against the immediate preceding quarter was primarily attributed to lower content production.
- g) Home Shopping – Year-end holiday period contributed to a revenue growth of 10% against 3QFY17.

B6. REVIEW OF PERFORMANCE FOR THE CURRENT YEAR TO DATE VS. PREVIOUS YEAR TO DATE

	Year ended 31.12.2017 RM'000	Year ended 31.12.2016 RM'000
Revenue	1,195,672	1,289,008
(Loss)/Profit Before Tax (before exceptional item)	(108,133)	32,003
Exceptional item	(497,395)	(97,912)
Loss After Tax (LAT)	(669,665)	(69,783)
Normalised (Loss)/Profit After Tax	(172,270)	28,129

Revenue for the financial year ended ("FYE") 31 December 2017 declined by 7% against the previous financial year attributed to lower advertising and newspaper sales as the shift to digital media significantly affected the Group's traditional media business. While the Group has ventured into new digital and consumer-based business initiatives to complement its traditional media segments, these initiatives are still undergoing a gestation period. The Group recorded FYE 2017 LAT of RM669.7 million against LAT of RM69.8 million in the corresponding year mainly attributed to the exceptional items amounting to RM497.4 million. If the exceptional items were excluded, the Group posted a lower LAT of RM172.3 million.

ADDITIONAL INFORMATION AS REQUIRED BY THE BMSB's LISTING REQUIREMENTS

B6. REVIEW OF PERFORMANCE FOR THE CURRENT YEAR TO DATE VS. PREVIOUS YEAR TO DATE (CONTINUED)

The performance of respective platforms for the financial year ended 31 December 2017 as compared to the comparative financial period is as follows:

- a) Television Networks – Softer adex take up in the Free-to-Air (“FTA”) Television segment led to the decrease in revenue of 14%. Challenging operating performance and exceptional items from property, plant and equipment impairment and manpower restructuring expenses led to Television Networks posting a loss of RM112.9 million against RM22.2 million PAT for FYE 2016.
- b) Print Media – Performance remains challenging as revenue declined by 22% against FYE 2016 due to lower newspaper advertising and circulation revenue despite encouraging growth in digital revenue segment. The platform also incurred impairment losses on its investment in an associate, property, plant and equipment and manpower restructuring expenses under Exceptional Items.
- c) Outdoor Media – Revenue increased by 6% against the corresponding year contributed by higher yield from digital sites. However, the platform incurred an LAT of RM7.9 million mainly due to backdated authority fees charged by Malaysian Highway Authority.
- d) Radio Networks – FYE 2017 revenue declined by 3% against the corresponding year attributed to lower adex during the year. This led to current year PAT to close lower by 8% against the corresponding year.
- e) Digital Media – Significant increase in revenue by 71% contributed mainly from higher internal shared service and digital advertising revenue. The acquisition of Rev Asia has given a new catalyst for growth in the digital advertising for this segment.
- f) Content Creation – Decline in FYE 2017 revenue by 9% was mitigated by lower content production cost. The platform recorded a loss for FYE 2017 mainly attributed to manpower restructuring expenses during the year.
- g) Home Shopping – Even though the comparative for FYE 2016 was only for nine-months operation compared to the full year scale in FYE 2017, the growth in revenue demonstrated strong momentum to RM129.5 million.

ADDITIONAL INFORMATION AS REQUIRED BY THE BMSB's LISTING REQUIREMENTS

B7. PROSPECTS FOR 2018

Going into 2018, the Group will continue its transformation journey and increase efforts to accelerate revenue generating initiatives by maximising available assets and leveraging on extensive reach via its strong brands on digital and non-digital platforms.

Prospects for the business platforms for the year are as follows:

- a) Television Networks – Aims to increase market share from 34% to 40% via strengthening TV3's position as the number one mass premium channel and new brand positioning of ntv7. The television segment will also continue to focus its growth in audience and capitalise on digital viewing through tonton SVOD and AVOD, and Studio8, its multichannel network on YouTube.
- b) Print Media – While traditional newspaper revenue is expected to decline further in line with the global trend, venturing into digital publishing will continue to be the focus. This includes digital-specific initiatives such content marketing and content verticals.
- c) Outdoor Media – Focusing on digital inventory expansion at prime locations for higher yields and rejuvenation of inventory at premium locations. Concurrently, Outdoor is looking at expanding its footprint across the region.
- d) Radio Networks – Delivery of content in music, entertainment and lifestyle through brands' platforms on radio, digital, activations, talent and e-commerce. The platform's Ais Kacang podcasts provides an alternative and wider reach for clients to advertise and promote products and services for the digital community.
- e) Digital Media – Leading the Group's digital business by growing digital advertising revenue and creating new digital opportunities via investments in business-to-consumer ("B2C") and scale media ventures.
- f) Content Creation – Increasing external content development to tap on the growth in over-the-top streaming, video-on-demand services and establishing more partnerships with international production houses for co-production opportunities.
- g) Home Shopping - With the encouraging growth for this new platform, the outfit is looking at additional avenues in increasing its exposure to further tap the nation's growing home shopping/e-commerce market. In addition, it is also looking at expanding its product offerings by diversifying into more local products.

The structural change in the media sector is forecasted to continue affecting traditional media companies in tandem with global trends. To remain resilient and relevant, the Group is committed to its transformation journey in defending traditional revenue sources while increasing efforts in growing new revenue streams. The foundation for these efforts are placed on several key areas which include market leadership in broadcast, OTT content and digital publishing. At the same time, the Group is also focused in growing commerce revenue through integrated media and expansion beyond Malaysia. Concurrently, continuous cost management by maximising existing value chain and increasing productivity and efficiency will still be a priority whilst exercising prudent financial and risk management.

ADDITIONAL INFORMATION AS REQUIRED BY THE BMSB's LISTING REQUIREMENTS

B8. PROFIT FORECAST/PROFIT GUARANTEE

The Group has not issued any Group profit forecast/profit guarantee during the current financial year.

B9. DIVIDEND

No dividends have been declared by the Board of Directors for the fourth quarter and financial year ended 31 December 2017 (2016: 4.0 sen for the fourth quarter, 8.0 sen for the financial year).

B10. (LOSS)/EARNINGS PER SHARE

The Group's (loss)/earnings per share are calculated as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
(Loss)/earnings attributable to Owners of the Company (RM'000)	(378,152)	4,996	(650,611)	(59,198)
Weighted average number of ordinary shares in issue ('000)	1,109,199	1,109,199	1,109,199	1,109,199
Basic and diluted (loss)/earnings per share (sen)	(34.09)	0.45	(58.66)	(5.34)

The Group and Company do not have in issue any financial instruments or other contract that may entitle its holders to ordinary shares and potentially dilute its (loss)/earnings per share.

BY ORDER OF THE BOARD

TAN SAY CHOON (MAICSA 7057849)

FARNIDA BINTI NGAH (MIA 22495)

COMPANY SECRETARIES

Kuala Lumpur

22 February 2018

The full financial analysis of Media Prima Berhad Group can also be viewed at Media Prima Berhad's website:

<http://www.mediaprima.com.my>