



MEDIA PRIMA BERHAD (532975-A)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2018**

27 February 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
Revenue		290,899	306,893	1,185,737	1,198,828
Operating expenses	A9	(346,631)	(638,489)	(1,310,459)	(1,812,862)
Other operating income	A10	140,106	7,268	205,107	28,055
Profit/(loss) from operations		84,374	(324,328)	80,385	(585,979)
Finance costs		(1,988)	(4,442)	(19,745)	(14,660)
Share of results of an associate		-	-	-	(4,889)
Profit/(loss) before tax		82,386	(328,770)	60,640	(605,528)
Taxation	B1	(1,251)	(55,971)	(1,649)	(64,137)
Net profit/(loss) and total comprehensive profit/(loss) for the financial period		81,135	(384,741)	58,991	(669,665)
Profit/(loss) and total comprehensive profit/(loss) attributable to:					
- Owners of the Company		79,203	(378,152)	58,623	(650,611)
- Non-controlling interests		1,932	(6,589)	368	(19,054)
		81,135	(384,741)	58,991	(669,665)
Earnings/(loss) per share (sen)					
- Basic and diluted	B11	7.14	(34.09)	5.29	(58.66)

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 2017.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	AS AT 31.12.2018 RM'000	AS AT 31.12.2017 RM'000
Assets			
Property, plant and equipment		304,966	498,580
Investment properties		30,352	31,681
Financial assets at fair value through other comprehensive income		2,472	2,472
Intangible assets		430,056	446,058
Deferred tax assets		14,682	12,762
Non-current assets		782,528	991,553
Inventories		36,900	46,220
Trade and other receivables		254,954	297,629
Current tax assets		31,752	29,726
Deposits, cash and bank balances		210,114	205,963
Current assets		533,720	579,538
Non-current assets held for sale		1,354	11,171
Total assets		1,317,602	1,582,262
Liabilities and equity			
Liabilities			
Borrowings	B5	-	292,953
Trade and other payables		237	1,526
Deferred tax liabilities		40,985	43,665
Non-current liabilities		41,222	338,144
Trade and other payables		456,141	448,836
Borrowings	B5	4,169	21,204
Current tax liabilities		1,683	1,898
Current liabilities		461,993	471,938
Total liabilities		503,215	810,082
Equity and Reserves			
Share capital		1,524,735	1,524,735
Reserves		(716,113)	(758,085)
Equity attributable to owners of the Company		808,622	766,650
Non-controlling interests		5,765	5,530
Total equity		814,387	772,180
Total liabilities and equity		1,317,602	1,582,262
Net assets per share attributable to equity holders of the Company (sen)*		72.90	69.12

* 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 2017.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	RM'000	RM'000
2018						
At 31 December 2017, as previously reported	1,524,735	1,755	(759,840)	766,650	5,530	772,180
Effects of adoption of MFRS 9	-	-	(16,651)	(16,651)	(533)	(17,184)
At 1 January 2018, as restated	1,524,735	1,755	(776,491)	749,999	4,997	754,996
Net profit and total comprehensive income for the year	-	-	58,623	58,623	368	58,991
Transaction with owners:						
Equity contribution from non-controlling interest	-	-	-	-	400	400
At 31 December 2018	1,524,735	1,755	(717,868)	808,622	5,765	814,387
2017						
At 1 January 2017	1,524,735	1,755	(64,861)	1,461,629	24,584	1,486,213
Net loss and total comprehensive loss for the year	-	-	(650,611)	(650,611)	(19,054)	(669,665)
Transaction with owners:						
Final dividends paid for the financial year ended 31 December 2016	-	-	(44,368)	(44,368)	-	(44,368)
At 31 December 2017	1,524,735	1,755	(759,840)	766,650	5,530	772,180

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 2017.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE YEAR ENDED 31.12.2018 RM'000	FOR THE YEAR ENDED 31.12.2017 RM'000
Cash flows from operating activities			
Profit/(loss) for the year		58,991	(669,665)
Adjustments for:			
- Non-cash items		94,555	837,642
- Interest expense		19,745	14,660
- Interest income		(6,188)	(9,161)
Operating cash flows before working capital changes		167,103	173,476
Changes in working capital		(140,468)	(123,502)
Cash flows from operations		26,635	50,064
Income tax paid (net of refund)		(5,063)	(5,802)
Net cash flows generated from/(used in) operating activities		21,572	44,262
Cash flows from investing activities			
Acquisition of a subsidiary (net of cash acquired)		-	(98,352)
Settlement of remaining consideration for the acquisition of subsidiaries in prior year		(7,020)	(1,530)
Property, plant and equipment:			
- Additions		(25,141)	(95,659)
- Proceeds from disposals		286,698	4,803
Investment properties:			
- Proceeds from disposals		-	313
Intangible assets (excluding programme and film rights):			
- Additions		(1,749)	(823)
Non-current assets held for sale:			
- Proceeds from disposals		14,000	7,064
Proceeds from sale of share of an associate		45,643	-
Interest received		6,188	9,161
Net cash flows generated from/(used in) investing activities		318,619	(175,023)
Cash flows from financing activities			
Interest paid		(19,706)	(14,331)
Decrease/(increase) in restricted bank balances		8,548	(4,823)
Drawdown of borrowings		30,993	420,903
Repayment of borrowings		(347,727)	(400,000)
Equity contribution from non-controlling interest		400	-
Dividends paid to shareholders of the Company		-	(44,368)
Dividends paid to non-controlling interest		-	(378)
Net cash flows (used in)/generated from financing activities		(327,492)	(42,997)
Net movement in cash and cash equivalents		12,699	(173,758)
Cash and cash equivalents at beginning of the period		197,215	370,973
Cash and cash equivalents at end of the period	A14	209,914	197,215

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 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 2017, 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 2017.

Except for MFRS 9 ‘Financial Instruments’, the adoption of the following applicable amendments and improvements to MFRS that came into effect on 1 January 2018 did not have any significant impact on the Group upon the initial application.

Description	
Amendments to MFRSs	Annual improvements to MFRS 2014 – 2016 cycle
Amendments to MFRS 2	Measurement of Share-based Payment
Amendments to MFRS 140	Transfer of Investment Property
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

MFRS 9 “Financial Instruments” (“MFRS 9”)

MFRS 9 replaces the guidance in MFRS 139 “Financial Instruments: Recognition and Measurement” (“MFRS 139”) on the classification and measurement of financial assets and financial liabilities and impairment of financial assets effective from 1 January 2018.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income.

NOTES TO THE INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION (CONTINUED)

MFRS 9 “Financial Instruments” (“MFRS 9”)

MFRS 9 replaces the provisions of MFRS 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of MFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in MFRS 9, comparative figures have not been restated.

The total impact on the Group's accumulated losses as are as follows:

	<u>2018</u> RM'000
Closing accumulated losses 31 December 2017	(759,840)
Adjustment to accumulated losses from adoption of MFRS 9 on 1 January 2018:	
Increase in provision for trade receivables	(20,609)
Increase in deferred tax assets relating to impairment provisions	3,425
Decrease in non-controlling interest	533
	<u>(16,651)</u>
Opening accumulated losses 1 January 2018	<u>(776,491)</u>

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 MFRSs	Annual improvements to MFRS 2015 – 2017 cycle 1 January 2019
Amendments to MFRS 119	Employee Benefits 1 January 2019
MFRS 16	Leases 1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments 1 January 2019

The adoption of the above MFRSs are not expected to have a material impact in the financial statements of the Group except for MFRS 16.

NOTES TO THE INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION (CONTINUED)

MFRS 16 “Leases” (“MFRS 16”)

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases. The only exceptions are short-term and low-value leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 ‘Property, Plant and Equipment’ (‘MFRS16’) and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. As such, the Group and Company does not expect any significant impact from activities as a lessor on the financial statements. However, some additional disclosures will be required from next year.

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in MFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

At 1 January 2019, the Group is estimated to recognise lease liabilities of RM225.4 million with estimated right-of-use assets of RM189.6 million. Additionally, the retained profits as at 1 January 2019 is expected to decrease by RM35.8 million.

The Group and Company will apply the standard from 1 January 2019 and intends to apply the simplified transition approach and will not restate comparatives for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

NOTES TO THE INTERIM FINANCIAL REPORT

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2017 was not qualified.

A3. SEASONAL OR CYCLICAL 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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Exceptional items – Impact to loss before tax:				
(Reversal of impairment)/ impairment of investment in an associate	(277)	(924)	(45,643)	141,506
(Gain)/loss on disposal of property, plant and equipment	(138,331)	-	(138,331)	-
Impairment of property, plant and equipment	-	119,958	-	119,958
Impairment of intangible assets in relation to publishing rights	-	100,519	-	100,519
Road reserve occupancy fees payable to the Malaysian Highway Authority	-	24,706	-	24,706
Termination benefits	18,970	58,453	18,970	110,706
	<u>(119,638)</u>	<u>302,712</u>	<u>(165,004)</u>	<u>497,395</u>

Termination benefits relates to provision in respect of manpower rationalisation arising from current exercise undertaken by management to right size operations across the Group and Company.

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 2018.

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 ended 31 December 2018.

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 period is as follows:

Period ended 31 December 2018	Television Networks	Radio Networks	Out-of- Home	Publishing	Digital Media	Content Creation	Home Shopping	Corporate	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	426,255	53,268	167,111	266,390	45,324	14,251	213,138	-	-	1,185,737
Inter-segment revenue	11,139	1,296	2,470	3,899	42,028	84,927	-	106,885	(252,644)	-
	437,394	54,564	169,581	270,289	87,352	99,178	213,138	106,885	(252,644)	1,185,737
Royalties	(53)	(321)	-	-	-	-	-	-	-	(374)
	437,341	54,243	169,581	270,289	87,352	99,178	213,138	106,885	(252,644)	1,185,363
Reportable segment (loss)/profit after tax before non-controlling interest	(112,773)	9,363	22,693	142,762	10,248	(18,056)	(4,056)	(319,005)	327,815	58,991

Period ended 31 December 2017	Television Networks	Radio Networks	Out-of- Home	Publishing	Digital Media	Content Creation	Home Shopping	Corporate	Elimination	Total
	RM'000	RM'000	RM'000	RM'000 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000 (Restated)
Revenue from external customers	485,800	66,413	166,592	320,216	12,158	18,137	129,512	-	-	1,198,828
Inter-segment revenue	5,870	143	1,347	5,531	43,363	86,727	-	115,672	(258,653)	-
	491,670	66,556	167,939	325,747	55,521	104,864	129,512	115,672	(258,653)	1,198,828
Royalties	(899)	(320)	-	-	-	-	-	-	-	(1,219)
	490,771	66,236	167,939	325,747	55,521	104,864	129,512	115,672	(258,653)	1,197,609
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)

NOTES TO THE INTERIM FINANCIAL REPORT

A7. REVENUE

Individual quarter For the period ended 31 December 2018	Traditional RM'000	Digital RM'000	Home Shopping RM'000	Group RM'000
Advertising	185,670	21,970	-	207,640
Circulation	13,655	-	-	13,655
Commerce	4,353	1,599	61,249	67,201
Content	1,227	-	-	1,227
Property and others	1,176	-	-	1,176
	206,081	23,569	61,249	290,899

Cumulative quarters For the period ended 31 December 2018	Traditional RM'000	Digital RM'000	Home Shopping RM'000	Group RM'000
Advertising	774,485	82,466	-	856,951
Circulation	72,601	-	-	72,601
Commerce	28,349	5,441	213,138	246,928
Content	6,028	-	-	6,028
Property and others	3,229	-	-	3,229
	884,692	87,907	213,138	1,185,737

Individual quarter For the period ended 31 December 2017*	Traditional RM'000 (Restated)	Digital RM'000	Home Shopping RM'000	Group RM'000 (Restated)
Advertising	237,172	10,282	-	247,454
Circulation	10,996	-	-	10,996
Commerce	7,074*	3,209	36,568	46,851*
Content	826	-	-	826
Property and others	766	-	-	766
	256,834	13,491	36,568	306,893

Cumulative quarters For the period ended 31 December 2017*	Traditional RM'000 (Restated)	Digital RM'000	Home Shopping RM'000	Group RM'000 (Restated)
Advertising	914,664	33,701	-	948,365
Circulation	88,121	-	-	88,121
Commerce	16,989*	7,757	129,512	154,258*
Content	5,045	-	-	5,045
Property and others	3,039	-	-	3,039
	1,027,858	41,458	129,512	1,198,828

* Comparative in respect of seminar services revenue have been restated to conform to the current year presentation of revenue.

NOTES TO THE INTERIM FINANCIAL REPORT

A8. DIVIDENDS PAID

	31.12.2018	31.12.2017
	RM'000	RM'000
In respect of the financial year ended 31 December 2016		
Final, single tier dividend of 4.0 sen per ordinary share paid on 30 June 2017	-	44,368
	-	44,368

A9. OPERATING EXPENSES

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	17,798	28,820	74,286	108,022
Net (reversal on impairment)/loss on impairment of financial instruments	(6,926)	10,456	9,440	14,996
Foreign exchange loss	92	412	70	25
Impairment of financial assets at fair value through profit or loss	-	-	-	90

A10. OTHER OPERATING INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Interest income	1,317	2,063	6,188	9,161
Other income	181	4,243*	10,677	14,707*
Gain on disposal of property, plant and equipment	138,331	274	138,331	2,083
Gain on disposal of non-current assets held for sale	-	375	4,268	1,638
Gain on disposal of investment properties	-	313	-	313
Gain from disposal of shares in an associate	277	-	45,643	-
Foreign exchange gain	-	-	-	153
	140,106	7,268	205,107	28,055

* Restated in respect of seminar services revenue to conform to the current year presentation of revenue.

A11. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT

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

NOTES TO THE INTERIM FINANCIAL REPORT

A12. CONTINGENT LIABILITIES

The Group is a defendant in 17 (As at 31.12.2017: 24) legal suits with contingent liabilities amounting to approximately RM4.6 million (As at 31.12.2017: RM5.7 million). Of the 17 legal suits, 15 suits are for alleged defamation and 2 are for alleged breach of contract.

As at date of this report, the following is the material unsuccessful legal suit brought against the Group since the date of the last annual statement of financial position:

- On 14 May 2018, the High Court awarded RM1.1 million by the way of damages against Sistem Televisyen Malaysia Berhad ("TV3"), a subsidiary company, for a defamation suit of which the Plaintiff was defamed on a news bulletin broadcasted by TV3. The Company has filed an appeal against the quantum of damages awarded only, as the Company is conceding on liability. Nevertheless, sufficient provision has been made in the financial year ended 31 December 2018.

It is noted that despite the amount claimed, the current trend of award for defamation are significantly lower. Hence, the likelihood of the amount claimed crystallising into the sum as claimed is highly unlikely.

Apart from the above, there are no new material litigation against the Group. The Directors are not aware of any other proceedings pending against the Group and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Group and/or its subsidiaries.

A13. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 31 December 2018 are as follows:

	RM'000
Approved but not contracted:	
- Property, plant and equipment	70,917
- Intangible assets	141,586
Approved and contracted for:	
- Property, plant and equipment	17,643
	230,146

NOTES TO THE INTERIM FINANCIAL REPORT

A14. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Cash and bank balances	19,977	78,212
Deposits with licensed banks	190,137	127,751
Deposits, cash and bank balances	210,114	205,963
<i>Less: Restricted deposits</i>		
Deposits with licensed banks	(200)	(8,748)
Cash and cash equivalents	209,914	197,215

A15. CHANGES IN COMPOSITION OF THE GROUP

On 2 May 2018, The New Straits Times Press (Malaysia) Berhad ("NSTP"), a subsidiary of the Company, together with the other shareholders of Malaysian Newsprint Industries Sdn Bhd ("MNI"), a former associate of NSTP, had entered into a Share Sale Agreement ("SSA") to sell their entire interest in MNI to Asia Honour (Hong Kong) Limited, with the consent of the liquidator ("Disposal").

NSTP have agreed to dispose of its:

- a) entire interest in ordinary shares of MNI for a cash consideration of RM14.2 million; and
- b) entire interest in redeemable preference shares of MNI for a cash consideration of RM31.4 million.

The Disposal has enabled MPB Group to recoup part of its investment in MNI which had been fully impaired in financial year 2017. On 17 May 2018, the Disposal was completed in accordance with the terms of the SSA. Pursuant to the Disposal, MPB Group have received the disposal consideration amounting to RM45.6 million.

Accordingly, the cost of investment in MNI was fully written-off in the current financial year ended 31 December 2018.

NOTES TO THE INTERIM FINANCIAL REPORT

A16. SIGNIFICANT EVENT AFTER REPORTING PERIOD

On 21 December 2018, the Company's indirect wholly-owned subsidiary, Rev Asia Holdings Sdn Bhd ("RAHSB") entered into a conditional Subscription Agreement in relation to the issuance of 33,334 new ordinary shares by Monster Scape Sdn Bhd ("MSSB"), representing 25% equity interest in MSSB, for a subscription consideration of RM1,500,000.

The subscription was completed on 31 January 2019 and MSSB became an associate of the Company.

RAHSB and MSSB's existing shareholders, i.e. individuals who own the remaining 75% equity interest in MSSB, had on the even date entered into a Shareholders Agreement to regulate their respective equity participation, rights and obligations as shareholders in MSSB and the conduct of the business and affairs of MSSB.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B1. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
- Current income tax	998	4,992	2,195	8,897
- Deferred taxation	(919)	50,278	(1,175)	54,539
- Under accruals of taxation in prior year	1,172	701	629	701
	1,251	55,971	1,649	64,137

The Group's tax expense for the financial year is primarily due to income tax incurred by profitable subsidiaries that cannot be fully set-off against group relief allocated within the Group.

B2. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 December 2018, the Group does not have any financial liabilities measured at fair value through profit or loss.

B3. STATUS OF CORPORATE PROPOSAL

(a) Acquisition of Vocket Media Sdn Bhd

On 12 June 2018, Rev Asia Holdings Sdn Bhd ("RAHSB"), an indirect wholly-owned subsidiary has entered into a conditional share sale purchase agreement with Mr Jaffa Sany bin Md Ariffin to acquire 520,000 ordinary shares in Vocket Media Sdn Bhd ("Vocket"), for a cash consideration of RM2.60 million. Upon the completion of the proposed acquisition, Vocket will become a 52% owned indirect subsidiary of MPB.

As at reporting date, the proposed acquisition has not been completed and the parties are seeking to extend the completion date in order for the outstanding completion obligations to be fulfilled.

(b) Proposed sale and tenancy of properties with PNB Development Sdn Berhad

NSTP had on 30 August 2018 entered into 3 separate conditional sale and purchase agreements ("SPAs") with PNB Development Sdn Berhad ("PNB Development"), respectively for the proposed sale of certain properties for a total cash consideration of RM280.0 million.

It is also a condition under the SPAs of the certain properties, for NSTP and PNB Development to enter into 2 separate tenancy agreements, for the proposed tenancy in relation to Balai Berita Bangsar and Balai Berita Shah Alam by NSTP from PNB Development immediately after the completion of the respective SPAs.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B3. STATUS OF CORPORATE PROPOSAL (CONTINUED)

(b) Proposed sale and tenancy of properties with PNB Development Sdn Berhad (continued)

The Proposed Sale was completed on 28 December 2018 in accordance with the SPAs and by a side letter entered into between the parties in relation to the Tenancy Agreements.

B4. MATERIAL LITIGATION

Apart from the material litigation disclosed under Note A12, there was no other material litigation in the period under review since the last announcement.

B5. BORROWINGS

	As at 31.12.2018 RM'000	As at 31.12.2017 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)	4,169	20,903
	4,169	21,204
Total borrowings	4,169	314,157

The Group's borrowings are denominated in Ringgit Malaysia.

a) Term loan

On 13 December 2017, the Company obtained a RM300 million secured loan 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 repayable in entirety on its maturity date. The loan is secured by a charge over certain property, plant and equipment of a subsidiary of the Company. The Group have fully repaid the term loan on 28 December 2018.

b) Banker's acceptance

During the financial year, the Group had drawn down RM31 million banker's acceptance facility with a term of 3 months during the year. The facility effective interest rate is 4.07% per annum and is repayable in entirety on its maturity date. Together with the available outstanding at 31 December 2017, the Group have cumulatively repaid RM48 million during the current financial period.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B6. REVIEW OF PERFORMANCE FOR THE CURRENT QUARTER VS. PRECEDING QUARTER

	Quarter ended 31.12.2018 RM'000	Quarter ended 30.9.2018 RM'000
Revenue	290,899	271,800
Profit/(Loss) Before Tax PBT/(LBT)	82,386	(31,428)
Profit/(Loss) After Tax PAT/(LAT)	81,135	(30,846)

Group revenue for 4QFY18 increased by RM19.1 million or 7% against the immediate preceding quarter (3QFY18), contributed by stronger traditional and digital adspend, in addition to the continuing momentum in commerce revenue. Accordingly, the Group recorded PAT of RM82.3 million.

The performance of the respective business platforms for 4QFY18 against 3QFY18 is as follows:

- a) Television Networks – Revenue increased by 13% against preceding quarter primarily due to higher advertising revenue.
- b) Publishing – Decline in traditional circulation and advertising revenue resulted in lower revenue by 14%.
- c) Out-of-Home – Revenue for 4QFY18 increased by 15% against the immediate preceding quarter.
- d) Radio Networks – 14% improvement in revenue recorded in 4QFY18 against the immediate preceding quarter.
- e) Digital Media – Recorded an increment of 22% in revenue against the immediate preceding quarter.
- f) Content Creation – A marginal increase by 3% against the immediate preceding quarter.
- g) Home Shopping – Continued its encouraging growth with 4QFY18 revenue higher by 10% from 3QFY18 supported by growth in products offering and better presence.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B7. REVIEW OF PERFORMANCE FOR THE CURRENT PERIOD TO DATE VS. PREVIOUS PERIOD TO DATE

	Year ended 31.12.2018 RM'000	Year ended 31.12.2017 RM'000 (Restated)
Revenue	1,185,737	1,198,828
Profit/(Loss) Before Tax PBT/(LBT)	60,640	(605,528)
Profit/(Loss) After Tax PAT/(LAT)	58,991	(669,665)

The significant revenue growth recorded from digital and commerce have cushioned the marginal decline by 1% in the traditional advertising and newspaper sales. The Group recorded a PAT of RM59.0 million against LAT of RM669.7 million in the corresponding year as a result of the one off gain from the sale of properties.

The performance of respective platforms for the financial period 31 December 2018 as compared to the comparative financial period is as follows:

- a) Television Networks – Lower adex take up in the Free-to-Air (“FTA”) Television segment had led to the decrease in revenue of 11%.
- b) Publishing – Lower revenue by 17% against corresponding period. This was mainly attributed to lower advertising and newspaper sales by 23% and 19% respectively, which was partially offset by the higher digital revenue in FYE 2018.
- c) Out-of-Home – Revenue growth of 1% against the corresponding period contributed by higher yield from digital sites.
- d) Radio Networks – Revenue decreased by 18% against the corresponding period due to soft market sentiment, contributed to lower advertising take up by advertisers.
- e) Digital Media – Significant increase in revenue was contributed mainly from digital advertising revenue of Rev Asia that was acquired in August 2017.
- f) Content Creation – Decline in revenue by 5% was mainly due to lower sales of TV program production and sales of program broadcast rights. However, the lower revenue was mitigated by lower content production cost.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B7. REVIEW OF PERFORMANCE FOR THE CURRENT PERIOD TO DATE VS. PREVIOUS PERIOD TO DATE (CONTINUED)

The performance of respective platforms for the financial period 31 December 2018 as compared to the comparative financial period is as follows (continued):

- g) Home Shopping – Strong growth by 65% in the home shopping segment contributed by greater exposure achieved from 24 hours transmission on MyTV and UnifiTV, as well as more production of live shows in the current financial year as compared to the corresponding year, resulting to higher sales.

B8. PROSPECTS FOR 2019

Based on initial market sentiment for 2019, the coming year will still see the economy adjusting to the current global trade climate and current administration's efforts to chart the direction of the national economy.

From the Group's perspective, it 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. The structural change in the media sector will continue to disrupt 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 stream. Digital and commerce revenue will still be key growth areas for the Group in FYE 2019.

Moving forward, the Group will also continue to assess the progress and effectiveness of our transformation initiatives while looking at new initiatives to be undertaken. Concurrently, continuous cost management will still be priorities whilst exercising prudent financial and risk management.

B9. PROFIT FORECAST/PROFIT GUARANTEE

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

B10. DIVIDEND

No dividends have been declared by the Board of Directors for the fourth quarter and financial year ended 31 December 2018 (2017: Nil for the fourth quarter and for the financial year).

ADDITIONAL LISTING REQUIREMENT INFORMATION

B11. EARNINGS/(LOSS) PER SHARE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit/(loss) attributable to owners of the Company (RM'000)	79,203	(378,152)	58,623	(650,611)
Weighted average number of ordinary shares in issue ('000)	1,109,199	1,109,199	1,109,199	1,109,199
Basic and diluted earnings/(loss) per share (sen)	7.14	(34.09)	5.29	(58.66)

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 earnings/(loss) per share.

BY ORDER OF THE BOARD

TAN SAY CHOON (MAICSA 7057849)

FARNIDA BINTI NGAH (MIA 22495)

COMPANY SECRETARIES

Kuala Lumpur

27 February 2019

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

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