



MEDIA PRIMA BERHAD
Registration No. 200001030368 (532975-A)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

21 May 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Revenue	A7	238,436	239,102	238,436	239,102
Operating expenses	A8	(267,923)	(280,802)	(267,923)	(280,802)
Other operating income	A9	2,235	2,842	2,235	2,842
Loss from operations		(27,252)	(38,858)	(27,252)	(38,858)
Finance income		2,206	1,745	2,206	1,745
Finance costs		(3,592)	(3,770)	(3,592)	(3,770)
Share of results of associates		(19)	22	(19)	22
Loss before tax		(28,657)	(40,861)	(28,657)	(40,861)
Taxation	B1	(1,315)	(1,960)	(1,315)	(1,960)
Net loss for the financial period		(29,972)	(42,821)	(29,972)	(42,821)
Loss and total comprehensive loss attributable to:					
- Owners of the Company		(29,540)	(40,409)	(29,540)	(40,409)
- Non-controlling interests		(432)	(2,412)	(432)	(2,412)
		(29,972)	(42,821)	(29,972)	(42,821)
Loss per share (sen)					
- Basic and diluted	B10	(2.66)	(3.64)	(2.66)	(3.64)

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 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	AS AT 31.3.2020 RM'000	AS AT 31.12.2019 RM'000
Assets			
Property, plant and equipment		233,982	246,823
Right-of-use assets		201,921	217,110
Investment properties		28,682	28,864
Associates		2,810	2,829
Financial assets at fair value through other comprehensive income		688	688
Intangible assets		389,314	395,889
Deferred tax assets		12,475	12,475
Non-current assets		869,872	904,678
Inventories		21,680	6,433
Trade and other receivables		220,448	250,103
Current tax recoverable		10,742	16,595
Deposits, cash and bank balances	A13	393,286	257,144
Current assets		646,156	530,275
Non-current assets held for sale		225	225
Total assets		1,516,253	1,435,178
Liabilities and equity			
Liabilities			
Lease liabilities		173,477	186,330
Borrowings	B4	147,216	-
Deferred tax liabilities		37,388	37,383
Non-current liabilities		358,081	223,713
Trade and other payables		506,053	548,356
Lease liabilities		61,968	61,151
Borrowings	B4	22,850	4,688
Current tax payable		1,120	1,117
Current liabilities		591,991	615,312
Total liabilities		950,072	839,025
Equity and Reserves			
Share capital		1,524,735	1,524,735
Reserves		(955,576)	(926,036)
Equity attributable to owners of the Company		569,159	598,699
Non-controlling interests		(2,978)	(2,546)
Total equity		566,181	596,153
Total liabilities and equity		1,516,253	1,435,178
Net assets per share attributable to equity holders of the Company (sen)*		51.31	53.98

* Net assets per share is calculated by dividing the net assets (excluding the portion allocated to non-controlling interests) 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 2019.

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
2020						
At 1 January 2020	1,524,735	4	(926,040)	598,699	(2,546)	596,153
Net loss and total comprehensive loss for the period	-	-	(29,540)	(29,540)	(432)	(29,972)
At 31 March 2020	1,524,735	4	(955,580)	569,159	(2,978)	566,181
2019						
At 31 December 2018, as previously reported	1,524,735	1,755	(717,868)	808,622	5,765	814,387
Effects of adoption of MFRS 16	-	-	(29,136)	(29,136)	-	(29,136)
At 1 January 2019, as restated	1,524,735	1,755	(747,004)	779,486	5,765	785,251
Net loss and total comprehensive loss for the period	-	-	(40,409)	(40,409)	(2,412)	(42,821)
At 31 March 2019	1,524,735	1,755	(787,413)	739,077	3,353	742,430

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 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE PERIOD ENDED 31.3.2020 RM'000	FOR THE PERIOD ENDED 31.3.2019 RM'000
Cash flows from operating activities			
Loss for the financial period		(29,972)	(42,821)
Adjustments for:			
- Non-cash items		61,929	58,894
- Interest expense		3,592	3,770
- Interest income		(2,206)	(1,745)
Operating cash flows before changes in working capital		33,343	18,098
Changes in working capital		(52,569)	40,257
Cash flows from operations		(19,226)	58,355
Income tax refund/(paid)		4,544	(2,285)
Net cash flows (used in)/generated from operating activities		(14,682)	56,070
Cash flows from investing activities			
Acquisition of interest in an associate		-	(1,500)
Property, plant and equipment:			
- Additions		(1,403)	(19,612)
- Proceeds from disposals		13	-
Interest received		2,206	1,745
Net cash flows generated from/(used in) investing activities		816	(19,367)
Cash flows from financing activities			
Interest paid		(3,197)	(3,153)
Drawdown of borrowings		169,671	3,694
Repayment of borrowings		(4,688)	(4,169)
Restricted bank balances		(52,151)	-
Repayment of lease financing		(11,778)	(8,265)
Net cash flows generated from/(used in) financing activities		97,857	(11,893)
Net movement in cash and cash equivalents		83,991	24,810
Cash and cash equivalents at beginning of the period		256,944	209,914
Cash and cash equivalents at end of the period	A13	340,935	234,724

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 2019.

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 2019, 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 2019.

The adoption of the following applicable amendments and improvements to MFRS that came into effect on 1 January 2020 did not have any significant impact on the Group upon the initial application.

Description	
Amendment to MFRS 3	Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to MFRS 138	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs

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 101	Classification of Liabilities as Current or Non-current	1 January 2022

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

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 2019 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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the first quarter ended 31 March 2020.

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 first quarter ended 31 March 2020.

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 March 2020	Television Networks RM'000	Radio Networks RM'000	Out-of- Home RM'000	Publishing 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	72,402	3,873	36,018	43,471	14,145	4,095	64,432	-	-	238,436
Inter-segment revenue	3,808	-	208	2,000	3,241	17,481	-	20,075	(46,813)	-
	76,210	3,873	36,226	45,471	17,386	21,576	64,432	20,075	(46,813)	238,436
Royalties	(372)	(19)	-	-	-	-	-	-	-	(391)
	75,838	3,854	36,226	45,471	17,386	21,576	64,432	20,075	(46,813)	238,045
Reportable segment (loss)/profit after tax before non-controlling interest	(13,821)	(4,893)	1,853	(11,811)	(72)	1,529	124	(2,925)	44	(29,972)

Period ended 31 March 2019	Television Networks RM'000	Radio Networks RM'000	Out-of- Home RM'000	Publishing 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	79,228	8,805	37,121	48,131	9,412	1,939	54,466	-	-	239,102
Inter-segment revenue	3,382	-	391	943	6,253	17,138	-	24,808	(52,915)	-
	82,610	8,805	37,512	49,074	15,665	19,077	54,466	24,808	(52,915)	239,102
Royalties	(412)	(44)	-	-	-	-	-	-	-	(456)
	82,198	8,761	37,512	49,074	15,665	19,077	54,466	24,808	(52,915)	238,646
Reportable segment (loss)/profit after tax before non-controlling interest	(21,274)	(691)	1,927	(21,903)	108	1,478	(3,978)	(770)	2,282	(42,821)

NOTES TO THE INTERIM FINANCIAL REPORT

A7. REVENUE

Individual quarter for the period ended 31 March 2020	Traditional RM'000	Digital RM'000	Home Shopping RM'000	Group RM'000
Advertising	129,979	18,721	-	148,700
Circulation	16,869	-	-	16,869
Commerce	6,290	185	64,432	70,907
Content	1,136	-	-	1,136
Property and others	824	-	-	824
	155,098	18,906	64,432	238,436

Individual quarter for the period ended 31 March 2019	Traditional RM'000	Digital RM'000	Home Shopping RM'000	Group RM'000
Advertising	149,026	16,767	-	165,793
Circulation	15,097	-	-	15,097
Commerce	2,212	647	54,466	57,325
Content	13	-	-	13
Property and others	874	-	-	874
	167,222	17,414	54,466	239,102

A8. OPERATING EXPENSES

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Depreciation and amortisation	28,618	25,700	28,618	25,700
Net impairment charge of financial instruments	512	2,856	512	2,856
Foreign exchange loss	115	402	115	402

A9. OTHER OPERATING INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.3.2020 RM'000	31.3.2019 RM'000	31.3.2020 RM'000	31.3.2019 RM'000
Other income	2,235	2,842	2,235	2,842
	2,235	2,842	2,235	2,842

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 16 legal suits (as at 31.12.2019: 18 suits) with contingent liabilities amounting to approximately RM4.86 million (as at 31.12.2019: RM5.36 million). The legal suits consist of claims on defamation and breach of contract.

As at the date of this report, there are no new material litigation against the Group.

Apart from the aforementioned matters, 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 financial position or business operations of the Group and/or its subsidiaries.

A12. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 31 March 2020 are as follows:

	RM'000
Approved but not contracted:	
- Property, plant and equipment	48,882
- Intangible assets	112,215
Approved and contracted for:	
- Property, plant and equipment	15,835
	176,932

NOTES TO THE INTERIM FINANCIAL REPORT

A13. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	As at 31.3.2020 RM'000	As at 31.3.2019 RM'000
Cash and bank balances	287,915	162,306
Deposits with licensed banks	105,371	72,618
Deposits, cash and bank balances	393,286	234,924
<i>Less: Restricted deposits</i>		
Deposits with licensed banks	(52,351)	(200)
Cash and cash equivalents	340,935	234,724

A14. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition for the Group in the first quarter ended 31 March 2020.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B1. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
- Current income tax	1,323	1,977	1,323	1,977
- Deferred taxation	(8)	(17)	(8)	(17)
	1,315	1,960	1,315	1,960

The Group's tax expense for the financial period is primarily due to income tax expense by profitable subsidiaries within the Group.

B2. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2020, the Group does not have any financial liabilities measured at fair value through profit or loss.

B3. MATERIAL LITIGATION

As at 31 March 2020, the Group does not have any material litigation in the period under review since the last announcement.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B4. BORROWINGS

	As at 31.3.2020 RM'000	As at 31.3.2019 RM'000
<u>Non-Current Borrowings</u>		
Secured:		
- Term loan (Note a)	147,216	-
<u>Current Borrowings</u>		
Secured:		
- Term loan (Note a)	6,688	-
Unsecured:		
- Banker's acceptance (Note b)	16,162	3,694
	22,850	3,694
Total borrowings	170,066	3,694

The Group's borrowings are denominated in Ringgit Malaysia.

a) Term loan

On 13 March 2020, the Group obtained a RM180.0 million secured loan facility which bears a fixed interest rate of 1.65% per annum above effective cost of funds. The loan will mature on 12 March 2025. The loan is secured by a charge of certain property, plant and equipment of subsidiaries of the Group. From the total RM180.0 million facility, the Group had drawn down RM157.0 million on 13 March 2020.

b) Banker's acceptance

During the financial year, the Group had drawn down RM16.2 million banker's acceptance facility with a term of 3 months. The facility effective interest rate ranged from 3.27% to 3.78% per annum and is repayable in entirety on its maturity date. As of 31 March 2020, apart from the above remaining balance, the Group have repaid RM4.7 million during the current financial period.

ADDITIONAL LISTING REQUIREMENT INFORMATION

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

	Quarter ended 31.3.2020 RM'000	Quarter ended 31.12.2019 RM'000
Revenue	238,436	304,625
Loss Before Tax ("LBT")	(28,657)	(99,662)
Loss After Tax ("LAT")	(29,972)	(106,327)

The Group's revenue for 1QFY20 declined by RM66.2 million or 22% against the immediate preceding quarter (4QFY19), mainly attributed by lower adex spending.

The performance of the respective business platforms for 1QFY20 against 4QFY19 is as follows:

- a) Television Networks – Revenue declined by 28% against 4QFY19 attributed to lower advertising spend by clients.
- b) Publishing – Decline in revenue by 21% against 4QFY19 contributed by lower advertising and education revenue.
- c) Out-of-Home – 9% decrease in revenue against 4QFY19 due to lower overall occupancy rate.
- d) Radio Networks – Revenue declined by 61% against 4QFY19 from lower advertising revenue.
- e) Digital Media – Excluding the internal shared services revenue, revenue from the current quarter recorded slight improvement of 2% against 4QFY19.
- f) Content Creation – 19% decrease in revenue against 4QFY19 largely due to successful release of an animation film during 4QFY19.
- g) Home Shopping – Increase in revenue by 3% against 4QFY19 due to stronger promotional activities implemented during the period.

ADDITIONAL LISTING REQUIREMENT INFORMATION

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

	Period ended 31.3.2020 RM'000	Period ended 31.3.2019 RM'000
Revenue	238,436	239,102
Loss Before Tax ("LBT")	(28,657)	(40,861)
Loss After Tax ("LAT")	(29,972)	(42,821)

The Group's revenue marginally declined against the comparative financial period impacted by lower advertising revenue during the period. However, the Group's circulation and commerce revenue improved by 12% and 24% respectively mitigating the decline in overall revenue. The LAT was lower compared to 1QFY19 contributed from cost management initiatives by the Group.

The performance of respective platforms for the financial period ended 31 March 2020 as compared to the comparative financial period is as follows:

- a) Television Networks – Lower adex take up led to the overall decrease in revenue by 8%.
- b) Publishing – Performance for Publishing remains challenging as overall revenue recorded was lower by 7%. However, newspaper circulation revenue increased during the period by 11% against the corresponding period.
- c) Out-of-Home – Overall revenue marginally declined by 3% against the corresponding financial period due to lower occupancy on static panels and cautious spending by advertisers.
- d) Radio Networks – Overall revenue decreased by 56% against the corresponding financial period due to lower advertising take up and growth of digital marketing options for advertisers.
- e) Digital Media – Digital Media recorded an overall growth in revenue by 11% in Q1 2020, mainly from digital advertising and media ventures revenue.
- f) Content Creation – Increase in revenue by 13% was mainly due to a film release and higher advertiser content revenue from external productions during the period.
- g) Home Shopping – Growth of 18% recorded in the home shopping segment mainly contributed by successful promotional activities and better slots planning implemented during the period.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B7. PROSPECTS FOR 2020

The decline in the adex market and the ongoing COVID-19 pandemic impacted the overall performance of the Group during the first quarter of FY2020. Savings achieved from cost management initiatives have been able to cushion the impact of the current pandemic through efficient structuring of the Group.

The Group will continuously review its planned initiatives for the current year to ensure sustainability of the Group during the COVID-19 pandemic period. Digital and commerce revenue will still be the key growth areas whilst management is diligently working at new business opportunities leveraging on its existing assets and reach to meet stakeholder's expectation for a resilient result for FY2020.

B8. PROFIT FORECAST/PROFIT GUARANTEE

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

B9. DIVIDEND

No dividends have been declared by the Board of Directors for the first quarter ended 31 March 2020.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B10. LOSS PER SHARE

The Group's loss per share are calculated as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.3.2020	31.3.2019	31.3.2020	31.3.2019
Loss attributable to owners of the Company (RM'000)	(29,540)	(40,409)	(29,540)	(40,409)
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 per share (sen)	(2.66)	(3.64)	(2.66)	(3.64)

The Group 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)
COMPANY SECRETARY**

Kuala Lumpur

21 May 2020

*The full financial analysis of Media Prima Berhad Group can also be viewed at Media Prima Berhad's website:
<http://www.mediaprima.com.my>*