media prima

INNOVATING OUR DIGITAL FUTURE

ANNUAL REPORT

2018

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We are now in the Fourth Industrial Revolution, where technologies have blurred the lines between the physical and digital realms. We live in a vibrant consumer market empowered by innovation, technology and digitally-driven businesses.

This has inspired our transformation journey. At Media Prima, we are driven to become much more than just a media company. We aim to become Malaysia's leading digital-first content and commerce company.

This is captured in the cover of our 2018 Annual Report, themed 'Innovating Our Digital Future', which illustrates two halves of the brain to represent logic and emotion – our strategic commerce and creative digital content offering.

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VISION

THE LEADING DIGITAL-FIRST CONTENT AND COMMERCE COMPANY

TO ENRICH LIVES BY INFORMING, ENTERTAINING, AND ENGAGING ACROSS ALL MEDIA

MISSION

IN THE NEWS

PRESTIGIOUS

MEDIA PRIMA BAGS AUSTRALASIAN AWARD

Its 2016 Annual Report recognised for 'Distinguished Achievement in Reporting'

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MEDIA Prima Bhd (MPB) won the prestigious Gold Award at the 2018 Australasian Reporting Awards (ARA) 2018 in Sydney, Australia, on June 20.

MPB's 2016 Annual Report, themed "Our Stories", was recognised for "Distinguished Achievement in Reporting" at the event, organised by the Australasian Reporting Awards Ltd, an independent not-for-profit organisation run by volunteer professionals.

The award was accepted by Group Corporate Communications general manager Azlan Abdul Aziz. It represents the group's second ARA recognition after receiving a Bronze Award for its 2015 Annual Report, themed "Everyone Counts".

"Media Prima is honoured to receive this recognition as we continue benchmarking our annual report against the best regional and global practices.

"This is the second year that we have submitted our annual report to be reviewed by ARA's panel of judges and we are proud to have made further improvements to our reporting," Azlan said.

He said the recognition was testament to the group's commitment to remain transparent, accurate and accountable in promoting higher standards of reporting.

"Credit to everyone who made this award possible."

This year's awards saw entries from Hong Kong, India, Indonesia, the Philippines, Qatar, Sri Lanka and Russia, among others, indicating ARA's growing international status and reflecting the high standard of its adjudication process.

The top awards for excellence in reporting were won by companies from the private, public and not-for-profit sector from Malaysia, Australia, New Zealand and Hong Kong.

MPB has won various awards for its annual reports over the past years.

Azlan said the team had come up with creative ideas in putting together the annual report as the group placed strong emphasis on producing "best-in-class" content, products and services.

The group's 2017 Annual Report, themed "Our Odyssey", captured MPB's journey to become Malaysia's leading digital-first content and commerce company.

The Australian Broadcasting Corporation, also presented with a Gold Award, won the coveted ARA Report of the Year.

Established in 1950, ARA is administered by Australasian Reporting Awards, with the support of professional bodies concerned with the quality of financial and business reporting.

Media Prima Bhd Group Corporate Communications general manager Azlan Abdul Aziz (right) accepting the Gold Award at the 2018 Australasian Reporting Awards in Sydney, Australia, on June 20.

WINNING STREAK

MPB BAGS 4 AWARDS

Group recognised in Singapore for excellence in marketing products

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MEDIA Prima Bhd (MPB), Malaysia's leading integrated media group, kept up its winning streak this year by walking away with three silvers and a bronze awards at the Marketing Events Awards 2018 held last week in Singapore.

The four awards bagged by MPB came from its two events, Gegaria Fest and Pentas Anugerah Juara Lagu (AJL) 32 Bergerak.

The three silver awards MPB received were for Best Event — Consumer (Gegaria Fest); Best Event — Home-Grown (Pentas AJL32 Bergerak); and, Best Event — PR/Guerilla Marketing Stunt (Pentas AJL32 Bergerak).

The bronze prize was for Best Event — Use of Bloggers/Influencers (Gegaria Fest).

New Straits Times Press Bhd chief executive officer Datuk Seri Abdul Jalil Hamid said Gegaria Fest was the first digital-centric event conceptualised and organised by MPB, which aimed at creating an avenue and opportunity, especially for millennials, to connect, share and inspire the community.

"The Gegaria Fest team played a significant role in successfully organising the event and are deserving of these recognitions."

The success of AJL32 would not have been possible without the success of the exciting guerilla marketing stunt, Pentas AJL32 Bergerak.

The event was a blend of young and upcoming musical talents that appeals to millennials, a creative on-ground execution, solid content with great viral potential and strategic collaboration with partners that share AJL's aspirations and target audience.

Media Prima Television Networks chief executive officer Johan Ishak said: "Consumers and clients are demanding for all-things-digital and (MPB) did not let this opportunity slide. We recognised the need to appeal to the millennials and our activation events, such as Pentas AJL32 Bergerak, did just that.

"These awards are testament that (MPB) is on the right path to achieving its mission to become Malaysia's leading digital-first content and commerce company."

This is the seventh edition of the awards.

Celebrate National Day with Gegaria in Putrajaya!

POPULAR youth and lifestyle festival Gegaria returns in conjunction with National Day celebrations to give the public an opportunity to have fun, connect, share and inspire each other.

Organised by Media Prima Berhad, the happening fest takes place today and tomorrow at the car park lot of the Palace of Justice in Putrajaya.

Get ready for a slew of exciting activities and cool things to experience and check out the fest which is divided into various areas. Music lovers can head to the Stage Area for the concert segment tomorrow from 9pm onwards, which will feature hot acts such as Bunkface, Kugiran Masdo, Misha Omar, Wany Hasrita, Stacy and Faizal Tahir.

The public will also get a chance to rub shoulders and get close to celebs at the Lifestyle Area. Meet Elfira Loy, Sangeeta Krishnasamy, Ujang, Noh Salleh and Pa'din Musa today at 3pm.

Make a date tomorrow at 10am with Bunkface, Kugiran Masdo, Ejen Ali, Elfira Loy, Nandini Zaidi, Mat Dan, Rhys William & Cassidy Anderson, Farah Farhana, Hanif Shawn and Dr Nawar Ariffin.

E-Games addicts can get their fix in the Gaming Area with a MyGameOn MLBB All-Star Arena tournament beginning today, which will see the best Mobile Legends in Malaysia battling it out for a cash prize of RM10,000.

Casual gamers can also play for free at the venue with a selection of games that include a F1 Simulator Racing, Dragon Ball Z, Mario Kart, Guitar Hero, Virtual Reality-type games and more. The Chillex Area features a variety of food and drinks for the public. There will be also be giveaways and prizes to be won.

Catch Cooking Demo Jalan-Jalan Cari Makan with Chef Ikhwan and host Nazrudin Rahman tomorrow at 12.30pm and 3pm.

Free health and teeth check-ups await the public at various kiosks in the Community Area over the two days too. There will also be health screenings by the National Heart Institute.

So don't miss out on a fun and enjoyable outing with Gegaria Fest as you celebrate National Day this year!

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Pulang reaches global audience as a Netflix Original film

MEDIA Prima Berhad recently announced that its content creation arm, Primeworks Studios, has exclusively premiered the film *Pulang* to over 190 countries on Netflix, marking its debut to global audiences via the US-based streaming platform.

The movie was initially released for Malaysian Netflix users on Sept 28 this year.

Produced by Primeworks Studios and directed by the award-winning Kabir Bhatia, *Pulang* tells the story of a fisherman from a small Malaysian village who takes a leap of faith and works on merchant ships travelling the world, hoping to return with riches for his wife and son. Though he promised to return home, he was never seen again, leaving his grandson to uncover his story six decades later.

This epic film, which stars Malaysian actors Remy Ishak and Puteri Aishah, is filled with stunning cinematography, a majestic musical score and a beautiful story that unfolds across the world from Malaysia to Hong Kong and Liverpool. Released in Malaysian cinemas this year on July 26 July to massive critical acclaim, *Pulang* has received exceptional praise, with some describing it as "a wonderfully crafted story of love and romance".

Ahmad Izham Omar, chief executive officer of Primeworks Studios, said: "One of our missions at Primeworks Studios is to bring Asian stories to the world. We are very excited to have *Pulang* on the extremely popular streaming service Netflix with millions of subscribers globally. We are happy that everyone around the world will be able to experience this wonderful film from Kabir Bhatia."

The release of *Pulang* on Netflix is in tandem with Media Prima's efforts to grow its reach and audience globally.

Primeworks Studios continues to expand into new platforms and territories through its successful array of interesting content.

A scene from Pulang.

NewStraitsTimes . FRIDAY, OCTOBER 19, 2018

30 GROOVE / *spotlight*

A Ripple in time

Lifestyle, radio and commerce converge when seven new platforms join Media Prima radio stations in Ripple, writes **Dennis Chua**

THE Laki is a new digital platform specially for young men aged between 18 and 29.

At the click of a button, it offers them a cyber journey into most of their main topics of interest. This means, anything from football, motor sports and mixed martial arts to food, films, fashion and the latest gadgets in town.

Better still, The Laki is directly linked to popular radio station Hot FM, thus visiting Hot's website can take visitors straight to the new platform's doorstep for a personalised and engaging experience.

The Laki is one of seven new digital assets that have joined Media Prima Radio Networks under its new identity, Ripple. The others are Dhia, which targets female audiences aged 18 to 29, Donna (female audiences above 29), Lunaria (female audiences below 18), Likely (English-speaking audiences above 29), Chapters (Chinese-speaking audiences above 29) and Wakeke (Chinese-speaking audiences aged 18 to 29).

Like The Laki, these platforms are also linked to Ripple's four radio stations — Donna and Dhia to Kool FM, Likely to Fly FM, Chapters and Wakeke to One FM, and Lunaria to Hot FM.

AUDIENCE-FOCUSED

Ripple chief executive officer Seelan Paul said a total of 50 personalities manage the new platforms, in which they write, interview, do research and upload videos.

"They are all creative people who can write well, as well as produce videos that speak directly to Netizens. And from time to time, they engage with Netizens via contests, roadshows and even games," he said at the launch of Ripple in Mercu Mustapha Kamal, Damansara Perdana, Petaling Jaya on Wednesday.

"Visitors to all seven platforms will not merely see them as online magazines, but also communicate directly with its personalities, exchange ideas, learn new things and provide feedback on what they want in future," added Seelan.

He described Ripple as an audience-centric company, which creates opportunities to connect with audiences and personalises engagement in their daily lives.

"Ripple is all about audiences. They determine what they want, via close communication with the personalities behind it. Topics that are highlighted in the platforms are versatile and reflect the changing interests of consumers in urban areas.

"The radio stations will always remain important as a source of entertainment to the masses, but the new platforms enhance listening experiences. They "speak" to various age groups and introduce them to new developments in most topics of general interest."

Seelan also said that the platforms would highlight and discuss "almost all topics under the sun" with consumers, except for those which society deems "sensitive".

"Our personalities make sure everything that is discussed and highlighted is easy to understand, entertaining and educational at the same time."

TRANSFORMING RADIO SEGMENT

Media Prima group managing director Datuk Kamal Khalid, who launched Ripple, said: "The transformation of our radio segment captures what we are trying to do across the group to become Malaysia's leading digital-first content and commerce company.

"Ripple leverages on the strength of its brands and massive reach. The new direction will provide a more holistic solution for advertisers who want to connect with specific audiences across different platforms."

Kamal said the launch of Ripple was in-line with Media Prima's business transformation plan to grow digital and consumer revenue.

Kamal Khalid

Seelan Paul

According to marketing and advertising agency Dentsu Aegis Network Austria, digital advertising made up the majority of global advertising this year at 38.3 per cent.

In Malaysia, Internet users made up 80 per cent of the population who spent an average 8.5 hours online daily. This implied strong growth for digital advertising and e-commerce as more Malaysians have begun shopping online.

Media Prima's digital revenue increased to RM44.8 million for the first six months ended June 30, against RM14.9 million previously.

Media Prima currently ranks third in the country in terms of digital reach and aims to increase digital revenue contribution to eight per cent by December, compared to its three per cent target for last year.

Besides the seven new assets and radio stations, Ripple also comprises podcast platform Ais Kacang and e-commerce brand Super Deals.

Ripple's website is www.ripplemedia.com.my.

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NewStraitsTimes . SATURDAY, SEPTEMBER 8, 2018

12 NEWS / Nation

TV PLATFORM

CJ WOW HITS MILESTONE WITH MILLIONTH SHOPPER

CEO thanks customers who supported media commerce platform

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INNOVATIVE home shopping network CJ WOW SHOP hit a milestone yesterday as it surpassed the one million registered customers mark in 888 days of its operations.

Rusliana Sigian, from Bandar Sri Damansara, emerged as the one millionth shopper with her purchase of the "Spinax Zero Gravity Lounge Chair".

"Crossing this momentous milestone solidifies our footing to be the leading media commerce platform that wows the lives of more Malaysians.

"This is an extension of CJ WOW SHOP's commitment to deliver 'shoppertainment' — a satisfying shopping experience that is not just entertaining, but also one that customers can love, trust and rely on," said CJ WOW SHOP chief executive officer Kim Yang Hyun when visiting Ruslina to thank and congratulate her.

CJ WOW SHOP aimed to end the year on a strong note by surpassing the RM200 million annual revenue mark.

This was supported by a slew of initiatives that had been successfully rolled out, starting with its second-year anniversary campaign entitled "*2 Tahun, Lebih WOW!*" which recorded three times more customers than its daily average.

The home-shopping service was a hit and since the end of last year, it had grown its customer base by 56 per cent, managing to secure a strong base of repeat customers.

Its Top 100 customers spent close to an average of RM14,600 per person on their purchases.

Appreciative of their support, the home-shopping network embarked on the "WOW in a Million" initiative to tour the nation visiting the "Top 100" customers, and thanking them with gifts and rewards at their doorstep.

"Our success is possible with the trust and satisfaction of customers, who have supported us throughout the years.

"They're the reason we keep pushing our limits — reaching one milestone after the other. 'WOW in a Million' is an opportunity for us to honour our most important customers and fans with great savings, mystery rewards and exciting surprises that will truly wow their lives," said Kim.

To complement the celebration, all shoppers would be rewarded with a RM20 voucher each for their next purchase via CJ WOW SHOP's e-commerce platform from Sept 1 to 30.

CJ WOW SHOP is a joint venture between Media Prima Bhd and South Korea's MP CJ ENM Sdn Bhd (formerly known as "MP CJ O Shopping Sdn Bhd), Asia's No. 1 TV home-shopping operator.

Launched in April 2016, CJ WOW SHOP's strategic collaboration with homegrown brands, such as Proton, Habib and Simplysiti, had led to the network's regional recognition at The Spark Awards 2017 for Best Sales and Marketing Intelligence Solution (Gold), and the Marketing PR Awards 2017 Southeast Asia for the Best Direct-to-Consumer PR Campaign (Bronze).

CJ WOW SHOP's one millionth customer Rusliana Sigian (centre) receiving a token of appreciation from chief executive officer Kim Yang Hyun (right) in Kuala Lumpur yesterday.

NewStraitsTimes . WEDNESDAY, AUGUST 8, 2018

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PLAYER FOR PUBLISHERS SERVICE

MPB TIES UP WITH YOUTUBE

Collaboration aims to strengthen Media Prima's position in digital media industry

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MEDIA Prima Bhd (MPB), an integrated media company, has partnered with video-sharing platform YouTube through the "Player for Publishers" service to strengthen its position in the digital media industry in Malaysia.

High-quality video content produced by MPB, including from television networks, radio, The New Straits Times Press (NSTP) and Media Prima Digital, are now available on YouTube.

MPB group managing director Datuk Kamal Khalid said the group was expanding its digital presence and the collaboration would boost its position as Malaysia's largest digital media company.

He said there was a high demand from viewers and advertisers for its digital content.

"With our popular local content, as well as greater adoption of YouTube among Malaysians, we see this as a sustainable solution to highlight the full potential of our content to generate higher revenue," he said at a press conference here yesterday.

Kamal said the partnership would allow MPB to reduce cost by incorporating video players on MPB's platform, as well as allow viewers to enjoy better video viewing across multiple devices.

"This will enable MPB to generate sustainable revenue through programmatic advertising, one of the fastest growing digital revenue segments."

Present was Google Malaysia Vietnam, the Philippines and New Emerging Markets managing director Sajith Sivanandan.

Also present were NSTP chief executive officer Datuk Seri Abdul Jalil Hamid and Media Prima Television Networks (MPTV) chief executive officer Johan Ishak.

Asked whether the collaboration would affect the "over-the-top" (OTT) Tonton content, Kamal said both platforms served different audiences.

"For now, I think Tonton has different audiences because it offers subscription-based services. In fact, there are some exclusive content that will only be accessible on Tonton.

"But it will come to a later stage that we need to decide which model is most effective in terms of allowing viewers to access our video content."

He said MPTV was targeting a double-digit growth in the group's digital sector by this year and it was important for the company to innovate to achieve the target.

Sajith said with more local content on YouTube, there would be more inventories for advertisers to reach customers.

"We, therefore, thank Media Prima for helping to further enhance the landscape of YouTube Malaysia. We at Google and YouTube are major fans of local content and recognise that we are all part of the same ecosystem."

Player for Publishers YouTube, launched in Europe in 2015, has been used by more than 100 publishers in 25 countries. MPB will be the first media company to use this service platform.

(From left) New Straits Times Press chief executive officer Datuk Seri Abdul Jalil Hamid, Google Malaysia Vietnam, the Philippines and New Emerging Markets managing director Sajith Sivanandan, Media Prima Bhd group managing director Datuk Kamal Khalid, Media Prima Television Networks chief executive officer Johan Ishak and Media Prima Digital chief executive officer Rafiq Razali at the launch of the collaboration between Media Prima and YouTube at the Google Malaysia headquarters in Kuala Lumpur yesterday. PIC BY MOHD YUSNI ARIFFIN

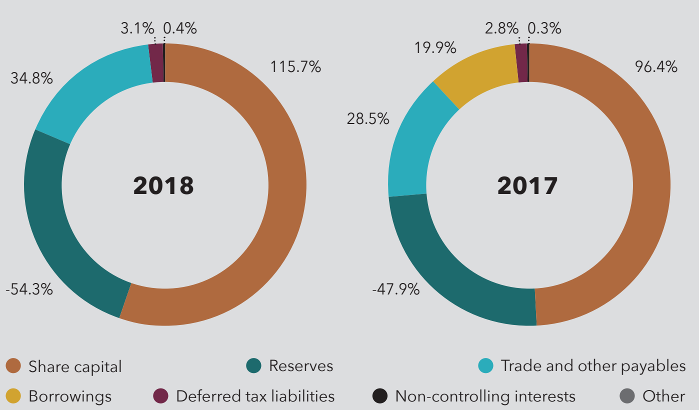
5-YEAR FINANCIAL HIGHLIGHTS

	YEAR ENDED 31 Dec 18 RM'000	YEAR ENDED 31 Dec 17 RM'000 (Restated)*	YEAR ENDED 31 Dec 16 RM'000	YEAR ENDED 31 Dec 15 RM'000	YEAR ENDED 31 Dec 14 RM'000
OPERATING RESULT					
Revenue*	1,185,737	1,198,828	1,289,008	1,427,693	1,506,981
Profit/(Loss) Before Tax	60,640	(605,528)	(65,909)	200,068	101,441
Net Profit/(Loss) After Tax	58,991	(669,665)	(69,783)	138,708	76,622
Net Profit/(Loss) Attributable to Owners of the Company	58,623	(650,611)	(59,198)	138,717	75,528
Net Profit/(Loss) Attributable to Non-Controlling Interests	368	(19,054)	(10,585)	(9)	1,094
KEY DATA OF FINANCIAL POSITION					
Total Assets	1,317,602	1,582,262	2,151,777	2,330,054	2,478,521
Total Borrowings	4,169	314,157	300,108	300,108	453,092
Share Capital	1,524,735	1,524,735	1,109,199	1,109,199	1,109,107
Shareholders' Equity **	808,622	766,650	1,461,629	1,620,655	1,592,577
Earnings/(Loss) Per Share (sen) (Basic) ***	5.29	(58.66)	(5.34)	12.51	6.83
FINANCIAL RATIOS					
Return on Shareholders' Equity (%)	7%	-85%	-4%	9%	5%
Return on Total Assets (%)	4%	-42%	-3%	6%	3%
Net Assets Backing Per Share (RM)	0.73	0.69	1.34	1.46	1.44
Gearing Ratio (Debt to Equity)	0.01	0.41	0.20	0.18	0.28
Interest Cover Ratio	3.8	(40.6)	(3.9)	21.3	10.1
Dividend Per Share (sen) ****	–	–	8.0	10.0	11.0
Number of Employees	3,897	4,039	4,149	4,236	4,171

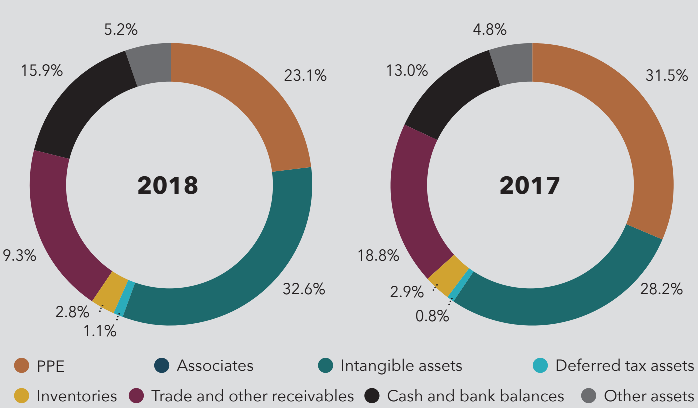
* Comparative in respect of seminar services revenue have been restated to conform to the current year presentation of revenue
** Shareholders' Equity: Share Capital + Share Premium + Other Reserves + (Accumulated Losses)/Retained Earnings
*** Earnings/(Loss) Per Share (Basic): Net profit attributable to the owners of the Company of RM58.6 million (2017: Net loss attributable to the owners of the Company of RM650.6 million) and the weighted average number of ordinary shares in issue of 1,109,199,000 (2017: 1,109,199,000)
**** Dividend per share is the total dividend declared for the respective financial year

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL LIABILITIES & EQUITY

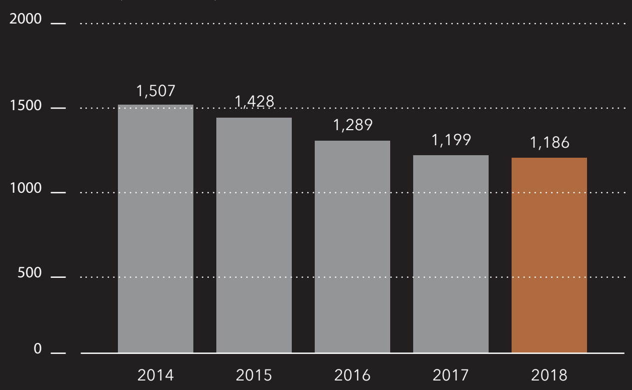


TOTAL ASSETS

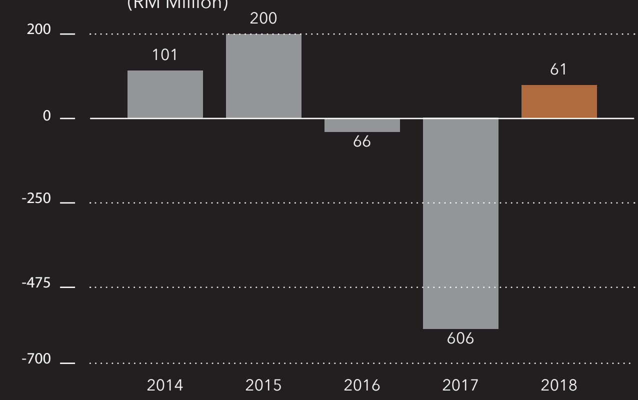


5-YEAR PERFORMANCE SUMMARY

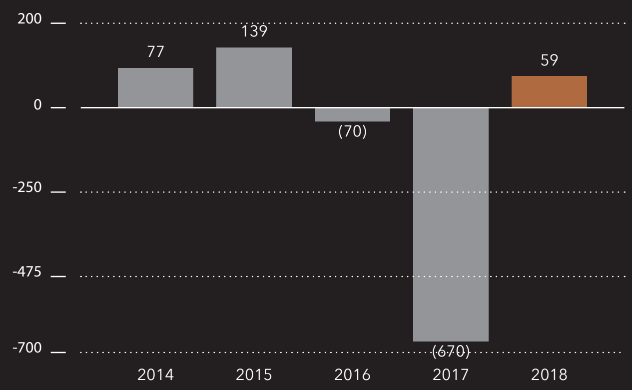
GROUP REVENUE
(RM Million)



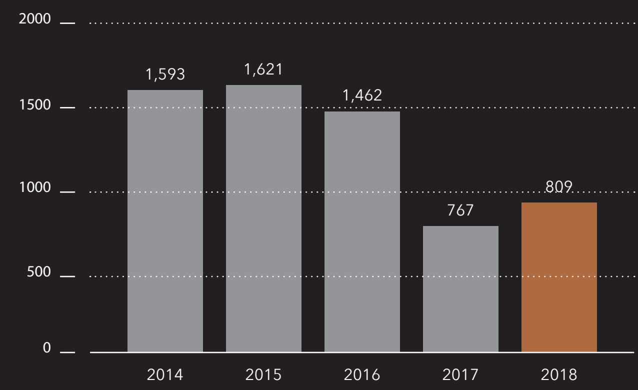
GROUP PBT/(LBT)
(RM Million)



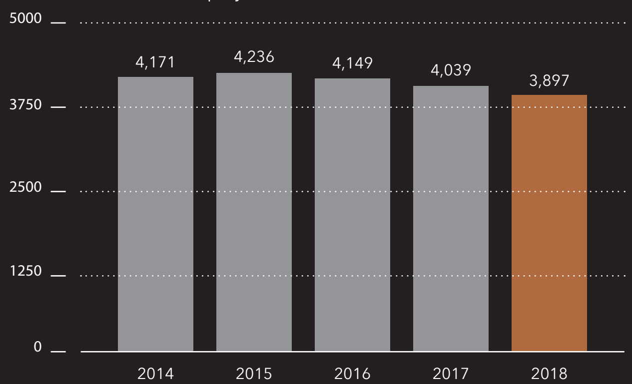
NET PROFIT/(LOSS) AFTER TAX
(RM Million)



GROUP SHAREHOLDERS' EQUITY
(RM Million)



GROUP EMPLOYEES
(No. of Employees)



CORPORATE PROFILE

MEDIA PRIMA TELEVISION NETWORKS

Media Prima owns and operates four free-to-air television stations. They include TV3 – Malaysia's number one station by audience share; TV9 – the nation's top station among the young, mass Malay audience; ntv7 – the popular station for Malaysian urbanites; and 8TV – the leading channel for the Chinese audience.

The Group is also home to tonton.com.my, Malaysia's first and most popular video streaming service available online and on mobile devices to catch the best Malaysian dramas, news, exclusive live events and more. This presence is also amplified by its complementary entertainment portal xtra.com.my.

In 2016, the Group ventured into commerce with CJ WOW SHOP, Malaysia's fastest-growing home shopping network available across four free-to-air channels, online and on mobile devices.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD

Media Prima owns more than 98% equity interest in The New Straits Times Press (Malaysia) Berhad ("NSTP"), which owns three of Malaysia's most recognised print and online news brands – New Straits Times, BH ("Berita Harian") and Harian Metro, as well as their respective weekend editions.

NSTP has expanded its offerings into verticals which includes education portal, FullAMark, an exam-based interactive e-learning portal designed to facilitate the learning process outside the classroom. Its newest lifestyle vertical and online brand, Hijab & Heels, curates content for women which includes beauty and fashion, health and fitness, parenting, food and travel.

RIPPLE

Ripple is an audience-focused digital media, broadcast and commerce company that aims to engage with audiences through content, talents, experiences and platforms. It includes four radio broadcast brands – Fly FM, Hot FM, One FM and Kool FM, a podcast platform – Ais Kacang, an e-commerce brand – SuperDeals, and seven digital brands – Dhia, Donna, Lunaria, Thelaki, Likely, Chapters, and Wakeke.

BIG TREE

Big Tree is the market leader of Malaysia's out-of-home ("OOH") advertising industry along with Kurnia, UPD, TRC, Gotcha, and BTSJ. Big Tree offers integrated OOH advertising solutions across multiple concessions in cities, expressways, transit network, retail hubs, and airports. This includes static and digital media formats, together with online and on-ground experiential strategies. The business of Big Tree incorporates creativity and innovation in beautifying cityscapes and public amenities to enhance livability, upgrade the eminence of localities and engage with target audiences for advertisers.

PRIMEWORKS STUDIOS

Media Prima's award-winning content creation arm, Primeworks Studios Sdn Bhd, is one of Malaysia's largest production houses with more than 5,000 hours of annual content output in diverse categories covering television, cinema, and digital platforms. Primeworks Studios sells content around the world with the tagline 'Asian Stories for the World'.

MEDIA PRIMA DIGITAL

Media Prima Digital spearheads innovation, digital advertising and technology within the Group via an integrated and agile approach to offer a holistic and end-to-end digital solution encompassing integrated digital advertising, performance marketing, mobile app development, data analytics, social media listening and many more from a 360° perspective.

With the acquisition of REV Asia Holdings, Media Prima Digital aims to strengthen its online presence as the digital content mogul in this region. Media Prima's rich intellectual properties and diversified media platforms allow brands to access a mass audience in a unique and comprehensive manner digitally.

2018 MILESTONES

13 JANUARY

Launch of Gegaria Fest 2018 in Shah Alam

18 JANUARY

Launch of new brand positioning for ntv7

03 FEBRUARY

Gegaria Fest in Johor Bahru

24 FEBRUARY

Gegaria Fest in Kuantan

24 MARCH

Gegaria Fest in Ipoh

31 MARCH

Gegaria Fest in KL

01 APRIL

CJ WOW SHOP celebrates second Anniversary with RM2.2 million sales record from 10 hour back-to-back live show on TV9

05 APRIL

Relaunch of 8coin, a one-stop rewards platform for social media users

07 APRIL

Gegaria Fest in Sg. Petani, the festival's biggest turnout with 50,000 attendees

23 MAY

Launch of Mak Cun's Adventure mobile game

04 JUNE

Launch of SuperDeals, a new commerce platform led by Ripple

09 JUNE

NSTP launches Hijab & Heels, a new lifestyle platform for urban women

12 JUNE

MPD acquires a 52% stake in Vocket Media

20 JUNE

MPD partners with Grab for their in-car media platform

10 JULY

Mak Cun's Adventure reaches 250,000 mobile downloads

26 JULY

Premier of Pulang, PWS' biggest film production

31 JULY

Pulang records RM1 million in ticket sales

07 AUGUST

Partnership with YouTube's Player for Publishers commercial agreement

29 AUGUST

tonton made available for free for Malaysians

07 SEPTEMBER

CJ WOW SHOP hits 1 million customers

24 SEPTEMBER

Partnership with Ziff Davis to launch Mashable Southeast Asia

28 SEPTEMBER

Pulang premieres to global audience as a Netflix Original film

30 SEPTEMBER

Consolidation of printing operations at Balai Berita Shah Alam

17 OCTOBER

Media Prima Radio Networks rebranded as Ripple with seven new digital brands

23 OCTOBER

Partnership with Dailymotion to grow video streaming segment

31 OCTOBER

Partnership with Kitamen to develop Malaysia's eSports industry

26 NOVEMBER

Shareholders approve sale and leaseback agreements with PNB Development for NSTP's properties

31 DECEMBER

Media Prima ranks first in terms of mobile audience reach in Malaysia

CORPORATE STRUCTURE

MEDIA PRIMA TELEVISION NETWORKS

Company

100% Sistem Televisyen Malaysia Berhad

100% Ch-9 Media Sdn Bhd

100% Metropolitan TV Sdn Bhd

100% Natseven TV Sdn Bhd

51% MP CJ ENM Sdn Bhd (Formerly known as MP CJ O Shopping Sdn Bhd)

Brands

THE NEW STRAITS TIMES PRESS

Company

98% The New Straits Times Press (Malaysia) Berhad

Brands

RIPPLE

Company

100% Max - Airplay Sdn Bhd

100% Synchrosound Studio Sdn Bhd

99% One FM Radio Sdn Bhd

100% Kool FM Radio Sdn Bhd

Brands

BIG TREE

Company

100% Big Tree Outdoor Sdn Bhd

100% Kurnia Outdoor Sdn Bhd

100% Gotcha Sdn Bhd

100% The Right Channel Sdn Bhd

100% UPD Sdn Bhd

60% Big Tree Seni Jaya Sdn Bhd

PRIMEWORKS STUDIOS

Company

100% Primeworks Studios Sdn Bhd

100% Primeworks Distribution Sdn Bhd

100% Alternate Records Sdn Bhd

100% The Talent Unit Sdn Bhd

Brand

MEDIA PRIMA DIGITAL

Company

100% Media Prima Digital Sdn Bhd

100% REV Asia Holdings Sdn Bhd

Brands

Whether left-brained

Or right-brained,

YOU'LL FIT RIGHT IN

media prima

www.mediaprima.com.my

ORGANISATION STRUCTURE

- **GROUP CHAIRMAN**
  - **GROUP MANAGING DIRECTOR**
    - **PRIMEWORKS STUDIOS** Chief Executive Officer
    - **MEDIA PRIMA TELEVISION NETWORKS** Chief Executive Officer
    - **BIG TREE** Chief Executive Officer
    - **NSTP** Chief Executive Officer
    - **MEDIA PRIMA DIGITAL** Chief Executive Officer
    - **RIPPLE** Chief Executive Officer
    - **NEWS AND EDITORIAL OPERATIONS** Executive Director

MEDIA PRIMA BOARD OF DIRECTORS

- **GROUP CORPORATE GOVERNANCE** Group General Manager
- **GROUP RISK MANAGEMENT** Group General Manager

- Group Chief Financial Officer/ Joint Company Secretary
  - **GROUP FINANCE** Group General Manager
  - **GROUP MANAGEMENT SERVICES** Group General Manager
  - **GROUP INFORMATION TECHNOLOGY** Chief Technology Officer
  - **GROUP LEGAL** General Manager
  - **GROUP SECRETARIAL** Group Company Secretary
- **GROUP TRANSFORMATION DEPARTMENT** Chief Transformation Officer
- **GROUP REGULATORY AFFAIRS & INTELLECTUAL PROPERTY** General Manager
- **GROUP HUMAN RESOURCE** Group General Manager
- **MEDIA SOLUTIONS GROUP** Head
- **GROUP COMMUNICATIONS & STAKEHOLDER MANAGEMENT** Group General Manager

SNAPSHOTS OF 2018

Johan Ishak, CEO of MPTN, and Kim Yang Hyun, CEO of CJ WOW SHOP, brief analysts on their growth plans

Hael Husaini receives the top prize for Anugerah Juara Lagu 32

Gegaria Fest 2018 was held in seven venues across Malaysia and attracted fans of all ages

MPD signed a MoU with Grab to collaborate on its in-car media platform

CJ WOW SHOP hosts a celebration after it reached 1 million customers in September 2018

Media Prima Labs partnered with Streamline Games to launch Nightstream

Rafiq Razali, CEO of MPD, and Hazman Hassan, CEO of Kitamen, with Youth and Sports Minister YB Syed Saddiq Syed Abdul Rahman and former MDeC CEO Yasmin Mahmood, after signing a MoU between MPD and Kitamen

The happy winners of Anugerah Skrin 2018

50 children of Media Prima staff were awarded for their academic excellence during the Hari Kecemerlangan Akademik 2017

TV3 received the Gold Creator Award for surpassing 1 million subscribers on its YouTube channel

NSTP's MyRumah Property Exhibition kicked-off its second series for this year

SNAPSHOTS OF 2018

Wany Hasrita was crowned Bintang Paling Popular ABPBH 31

NSTP held the second edition of C-Cycle Challenge which attracted 1,300 participants in 2018

Media Prima's staff participated in the Hari Kebangsaan 2018 parade at Dataran Merdeka

MPB hosted an employees sports day in conjunction with the government's Hari Sukan Negara campaign

Datuk Seri Abdul Jalil, CEO of NSTP, together with MPB staff perform Ibadah Qurban Aidil Adha

Briged Sukarelawan Media Prima - NSTP handover of survival kits to flood victims in Kuala Selangor, Selangor

Communications and Multimedia Minister YB Gobind Singh Deo with GenNext Astro vice-president Putri Yasmin Megat Zaharuddin, DiGi CEO Albern Murty, Media Prima GMD Datuk Kamal Khalid, and MDEC CFO Nor Faizah Othman at the launch of the JomStudi digital learning hub

MPB GMD Datuk Kamal Khalid and Ripple CEO Seelan Paul at the unveiling of Ripple

MPB, MPTN and Big Tree were the biggest winners at The Spark Awards for Media Excellence 2018 in Singapore

The launch of Mak Cun's Adventures by Media Prima Labs which received 250,000 downloads in two months after its launch

Karnival Jom Heboh's 15th edition attracted almost 20,000 visitors at Kuala Lumpur Sports City

AWARDS & RECOGNITION 2018

MEDIA PRIMA

Australasian Reporting Awards
Gold Award for Media Prima 2016 Annual Report

Ethical Boardroom Corporate Governance Award 2018
Best Corporate Governance, Media, Asia

NACRA 2018
Certificate of Merit

The Spark Awards 2018
Media Company of the Year

Best Event by Media Owner – Silver Award

MEDIA PRIMA TELEVISION NETWORKS

Marketing Events Awards
Silver: Best Event - Consumer: Gegaria Fest

Silver: Best Event - Home-Grown: Pentas AJL32 Bergerak

Silver: Best Event - PR/Guerrilla Marketing Stunt: Pentas AJL32 Bergerak

Bronze: Best Event - Use of Bloggers / Influencers: Gegaria Fest

The Spark Awards 2018
Media Brand of the Year

Best Campaign by Media Owner – Gold Award

Best Collaboration between Media Owner and Agency – Silver Award

Best Content Team – Gold Award

Best Launch/Re-Launch by a Media Owner – Bronze Award

Best Media Solution, Content Amplification – Silver Award

Best Media Solution, Experiential - Silver Award

Best Media Solution, Integrated Media – Gold Award

Best Media Solution, Social Media – Gold and Silver Awards

Best Media Solution, TV/Online Video – Silver Award

Best Programme Promotion – Silver and Bronze Awards

Most Improved Offering – Gold Award

MPTN scored big at The Spark Awards 2018

NSTP

1. **17th Annual World Association of Newspapers and News Publishers (WAN-IFRA) Asian Media Awards**
   Best in Newspaper Breaking News Article - Silver
   Nurzuhairah Tasnim Lokman (NST)

   Best in Newspaper Breaking News Article - Bronze
   Kalidevi Mogan Kumarappa (HM)

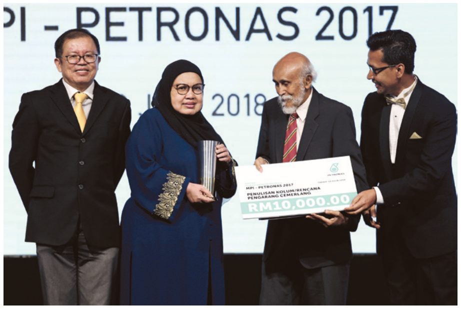
   Best in Photojournalism - Bronze
   Osman Adnan (NSTP)

2. **The Society of Publishers in Asia (SOPA) 2018 Awards**
   Excellence in Breaking News
   New Straits Times

3. **Malaysian Press Institute (MPI)-Petronas Malaysian Journalism Awards 2017**
   A. Samad Ismail Young Journalist Award
   Mohd Zulkifli Zainuddin (BH)

   Excellent News Reporting
   Mohd Abdul Illah Hafiz Abdul Aziz (BH)

   Best Investigative Report
   Farrah Naz Karim (NST)
   Aliza Shah (NST)


Fauziah Ismail (NST) won Best Columnist at Malaysian Press Institute (MPI) Petronas Malaysian Journalism Awards 2017

Best Columnist
Fauziah Ismail (NST)

Best International Report
Mohd Firdaus Ibrahim (HM)

Best Infographic
Mohd Azam Shah Yaacob (HM)
Nor Salim Mohamed Dawam (HM)

4. **Health Ministry Media Awards 2018**
Print Media-Best Health Reporting – First Place
Osman Lisut (BH)
Rashiqah Ilmi Abdul Rahim (BH)
Mohd Zulkifli Zainuddin (BH)

Best Health Infographics – First Place
Aziezul Abu Bakar (NST)

Blue Ribbon Award – Third Place
Tharanya Arumugam (NST)

5. **The Marketing Events Awards 2018**
Best Event – Consumer (Silver)
Gegaria Fest

Best Event – Use of Bloggers / Influencers (Bronze)
Gegaria Fest

6. **Construction Industry Development Board (CIDB) Construction Media Awards 2018**
Sabah Region
Print Media Category (News Stories & Features) – Second Place
Poliana Ronnie Sidom (BH)

Print Media Category (News Stories & Features) – Third Place
Mohd Izham Unnip Abdullah (BH)
Erika George (BH)
Norsyazwani Nasri (BH)

Sarawak Region
Print Media Category (News Stories & Features) – Second Place
Mohd Latif Ahmad (BH)

Print Media Category (News Stories & Features) – Third Place
Muhd Amirul Faiz Ahmad (BH)

7. **APAC Insider Malaysian Business Awards 2018**
Newspaper Publisher of The Year 2018
The New Straits Times Press (Malaysia) Berhad

8. **CyberSecurity Malaysia Appreciation Ceremony**
2017 CyberSecurity Media Appreciation – Media Practitioner Category
Muhammad Afiq Mohd Hanif (HM)

9. **Anugerah Media SUKMA Perak 2018**
Best Reporting (Print Media) – Third Place
Jumiati Rosly (BH)

Best Photo – Third Place
Effendy Abdul Rashid (NSTP)

10. **Malam Anugerah Citra Agensi Anti Dadah Kebangsaan (AADK) 2018**
Anugerah Media Cetak
Azrul Affandi Sobry (BH)

11. **Sambutan Hari Pekerja 2018 Peringkat Kebangsaan**
Anugerah Media Terbaik (Media Cetak)
Julia Fiona Omar Firdaus Kumar (NSTP)

12. **Malaysia Landscape Architecture Awards (MLAA)**
Landscape Architecture Media Award
Hartini Mohd Nawi (HM)

13. **Istanbul Photo Award 2018**
Single Nature and Environment - First Place
Muhamed Fathil Asri (NSTP)

14. **Youtube Award 2017**
Silver Play Button Award
Harian Metro

15. **Malam Perbadanan Kemajuan Negeri Selangor**
Anugerah Berita Sukan Terbaik
Firdaus Hashim (HM)

Anugerah Gambar Terbaik
Rosela Ismail (NSTP)

Anugerah Berita Tanggungjawab Sosial Korporat (CSR) Terbaik
Ayusliza Azizan (HM)

Anugerah Berita Korporat Terbaik - Tempat Kedua
Siti Nor Amirah Abu Bakar (HM)

Anugerah Gambar Terbaik - Tempat Ketiga
Amrullah Abdul Karim (NSTP)

16. **Tourism Malaysia Awards 2016/2017**
Best Tourism Article (Print Publications - Local) – First Place
Suliati Asri (HM)

Best Tourism Article (Print Publications - Local) – Second Place
Intan Maizura (NST)

17. **2017 Shell-Sepang International Circuit (SIC)-Motorsports Association of Malaysia Awards**
Best Photographer Award
Osman Adnan (NSTP)

18. **Anugerah Khas Media Balai Seni Negara 2017**
Media Cetak
Nor 'Asyikin Mat Hayin (HM)

19. **Anugerah Kewartawanan Lebuhraya Pantai Timur 2018**
Excellence in Photojournalism
Zulkepli Osman (NSTP)

20. **Anugerah Rakan Media Majlis Bandaraya Johor Bahru 2018**
Mayor's Pick (Individual)
Abdul Halim Said (NST)


NSTP bagged six awards at Malaysian Press Institute (MPI) Petronas Malaysian Journalism Awards 2017

AWARDS & RECOGNITION 2018

21. Pahang DRB-HICOM Media Awards 2018

Best News Reporting (ENG)
1st Prize
Hidir Reduan Abdul Rashid (NST)

2nd & 3rd Prize
T.N. Alagesh (NST)

Best News Feature (BM)
– 1st Prize
Raja Norain Hidayah Raja Abdul Aziz (HM)

Best News Reporting (BM)
2nd Prize
Mohamad Azim Fitri Abdul Aziz (HM)

3rd Prize
Raja Norain Hidayah Raja Abdul Aziz (HM)

Best Sports News Feature
1st Prize
Asrol Awang (NSTP)

3rd Prize
Ainal Marhaton Abd Ghani (NSTP)

Best Sports Photo
– 1st Prize
Muhammad Asyraf Sawal (NSTP)

Best Feature Photo
2nd Prize
Muhammad Asyraf Sawal (NSTP)

3rd Prize
Farizul Hafiz Awang (NSTP)

"Jasa Mu Dikenang" Award
Shahrul Nizam Mohamad (NSTP)

22. Kinabalu Shell Press Awards 2018

News Reporting Award (ENG)
– Winner
Avila Geraldine Samuel (NST)
Olivia Miwil (NST)

News Reporting Award (BM)
Winner
Mohd Izham Unnip Abdullah (BH)

Merit
Junaidi Ladjana (HM)

Journalism Award (Feature & News Feature - ENG) – Merit
Avila Geraldine Samuel (NST)
Olivia Miwil (NST)
Kristy Inus (NST)

Journalism Award (Feature & News Feature - BM) – Winner
Junaidi Ladjana (HM)

Environmental Journalism Award (ENG) – Merit
Avila Geraldine Samuel (NST)

Environmental Journalism Award (BM) – Merit
Norasikin Daineh (HM)

Environmental Journalism Award (Photography) – Winner
Malai Rosmah Tuah (NSTP)

Entertainment, Culture & Arts Reporting Award (BM) – Winner
Poliana Ronnie Sidom (BH)

Sports Journalism Award (ENG)
– Winner
Olivia Miwil (NST)

Sports Journalism Award (BM)
– Merit
Mohd Izham Unnip Abdullah (BH)

Journalism Award for News Stringer (ENG)
Winner
Nova Renata Piusai (NST)

Merit
Brandon John (NST)

Journalism Award for News Stringer (BM)
Winner
Hazmin Syahman Abdul Rahman (HM)

Merit
Mohd Nazllie Zainul (BH)
Hayati Nasrah (HM)

Best News Photograph Award
– Merit
Malai Rosmah Tuah (NSTP)

Best Photograph for News Stringers
Winner
Ruslan Lusi (NSTP)

Merit
Mohd Adam Eussoffefuddin Arinin (NSTP)
Recqueal Raimi (HM)

Best Picture Award – Merit
Malai Rosmah Tuah (NSTP)

23. Kenyalang Journalism Awards 2018

News Reporting Award (BM)
– 1st Place
Hardi Effendi Yaacob (BH)
Mohd Roji Kawi (BH)
Muhd Amirul Faiz Ahmad (BH)

Sustainability Journalism Award (BM) – 1st Place
Ekhwan Haque Fazlul Haque (HM)

Sustainability Journalism Award (ENG) – 2nd Place
Goh Pei Pei (NST)

Business and Economic Journalism Award (BM) – 3rd Place
Hardi Effendi Yaacob (BH)
Muhd Amirul Faiz Ahmad (BH)

Journalism Award (BM) – 3rd Place
Ekhwan Haque Fazlul Haque (HM)

24. Malam Anugerah Kewartawanan Kelantan 2017
KEMUDI-C2Joy Best Journalism Award
Mohd Zulkifli Zainuddin (BH)

Sponsor's Choice Special Award – 2nd Place
Mohd Zulkifli Zainuddin (BH)

Best Print News
1st Place
Mohd Zulkifli Zainuddin (BH)

2nd Place
Mohd Zulhairie Manzaidi (HM)

3rd Place
Siti Rohana Idris (BH)

Best Social Media News – 1st Place
Sharifah Mahsinah Abdullah (NST)

Best Photo – 1st Place
Nik Abdullah Nik Omar (NSTP)

25. Penang Green Journalism Award 2018
Hard News Report (BM)
– Special Award
Siti Sofia Md Nasir (BH)

RIPPLE

Anugerah Bintang Popular BH ke-31
- Penyampai Radio Popular - Haziq Hussni (Hot FM)

BIG TREE

Spark Awards For Media Excellence 2018
Most Improved Offering by a Media Owner (Silver)

Most Innovative Technology (Bronze)

Best Insights & Research by a Media Owner (Bronze)

Out-Of-Home Media Company of The Year 2018
Advertising + Marketing Magazine Malaysia

MP CJ ENM SDN BHD (CJ WOW SHOP)

Mobile Business Excellence Awards 2018
MBEA Mobile Application of the Year : Best M-Commerce

PRIMEWORKS STUDIOS

Anugerah Meletop Era 2018
- J Revolusi – Anugerah Filem Meletop Era

The Spark Awards for Media Excellence 2018:
Ejen Ali #MisiAspirasi
- Gold for Best Campaign By A Media Owner

Silver for Best Media Solution
– Content Amplification

Asian Academy Creative Awards 2018
– National Winner (Malaysia)
– Ejen Ali (Season 2) - Best 3D Animated Programme or Series

2nd South East Asia Children Video Festival
– Documentary "Walking without Legs"
- Winner of 13-17 Non-fiction Professional Category

MEDIA PRIMA DIGITAL

Malaysian Digital Awards 2018
Melissa Woo - Young Digital Person of the Year

Melissa Woo won Young Digital Person of The Year at Malaysian Digital Awards 2018

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GROUP CHAIRMAN'S STATEMENT

"DEAR SHAREHOLDERS, ON BEHALF OF THE BOARD OF DIRECTORS (THE "BOARD"), IT GIVES ME GREAT PLEASURE TO PRESENT MEDIA PRIMA BERHAD'S ("MEDIA PRIMA" OR THE "GROUP") ANNUAL REPORT 2018 AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 ("FY18")."

MALAYSIA TODAY

Economic uncertainties and disruptive technologies have affected our industry both globally and in Malaysia. Similar to other media companies, Media Prima's performance has been impacted by these external forces as consumer behaviour and advertiser spending have changed.

According to the Malaysian Institute of Economic Research's ("MIER") 2018 report, business and consumer sentiments slipped for the second consecutive quarter in the fourth quarter of 2018. Consumer Sentiments Index ("CSI") sank below the threshold of 100 points, recording 96.8 points, while the Business Conditions Index ("BCI") slipped to 95.3 points. CSI was down as sentiment sagged on job and income conditions. BCI was down on the back of declines in sales, production, new local orders, new export orders, capital investment, and capacity utilisation.

Going forward into 2019, MIER reports that BCI is expected to increase marginally. However, consumers will remain cautious and less optimistic about the domestic economy. MIER is forecasting the country's gross domestic product ("GDP") growth to be at 4.5% in 2019, lower than the initial projection of 4.7% in 2018 due to the slowdown in external trade and global growth. The report adds that domestic demand will still continue to be the engine of growth in 2019.

GROUP CHAIRMAN'S STATEMENT

New initiatives have been introduced to improve digital penetration in the country, benefitting the local media industry. The Ministry of Communications and Multimedia has embarked on plans to restructure broadband prices in an effort to deliver its promise for better internet speed at cheaper prices. With higher broadband penetration, more Malaysians are expected to adopt digital habits into their daily lives.

Against this backdrop, new technologies continue to revolutionise the media industry, forcing many companies to constantly relook or reinvent its business model to adapt to the fast-changing landscape. According to Nielsen, Malaysia's total advertising expenditure ("adex") for 2018 was RM5.8 billion, a 9% decrease from RM6.4 billion in 2017[1]. This figure does not record digital adex, which is expected to command 25% of Malaysia's total adex in 2019, according to the Ministry of Communications and Multimedia Malaysia.

The fast adoption of new technologies is captured in the Google-Temasek e-Conomy SEA 2018 Report which stated that Malaysia's online media market was worth US$1.6 billion in 2018, up from US$600 million in 2015. This was driven by growth in internet users, mobile engagement, free music and video, gaming, and content. Meanwhile, according to the Employees' Provident Fund 2018 Report, 79% of Malaysians are internet users while 68% are active mobile users. Malaysia's e-commerce sector is expected to grow by 21% by 2020 while over 74% of Malaysians shop online at least once a month.

DIGITALLY READY

These studies suggest great growth potential for digital adex and commerce as more Malaysians are comfortable consuming content and shopping online. We have identified ways to leverage our strengths into this digital realm. Our transformation journey is our commitment to invest in the future. It is about setting the right foundation to adapt to the fast-changing digital landscape. We see opportunities in a market empowered by digitally-driven businesses. They allow us to engage with a vast market across numerous consumer groups and beyond Malaysia. Our business strategies are aligned with market research reports from credible agencies.

Media Prima has a long history of creating content and household brand names that Malaysians identify with – we are the home of Malaysia's oldest newspaper as well as the most watched television station. We are the owner of the largest out-of-home advertising network in Malaysia, multiple radio stations and brands on print, television and digital. Media Prima is also the owner of the fastest-growing home shopping network in the country.

As Malaysia's leading and largest integrated media group, almost every home watches, sees, listens or reads content from Media Prima. After all, our multiple platforms and assets enable us to reach a massive audience across a

CJ WOW SHOP achieved many milestones in the year including its one millionth customer and achieving its sales target ahead of schedule

[1] Nielsen Malaysia

wide demographic. We have cultivated an ecosystem that opens us to various growth opportunities. In the year under review, we expanded our digital offerings and commerce capabilities by finding new ways to reach and exploit new audience segments across our multiple platforms.

Through strategic acquisitions, new brand launches, and product extensions, the Group successfully expanded its digital publishing portfolio under REV Asia Holdings, Ripple (formerly known as Media Prima Radio Networks) and The New Straits Times Press (Malaysia) Berhad ("NSTP"). This has enabled us to extend our digital and demographic reach to offer advertisers access to more diverse audiences.

In broadcasting, Media Prima has gone beyond its traditional television and radio ecosystems by tapping onto popular platforms like YouTube, Dailymotion, and a number of over-the-top video streaming services. This initiative, which involves collaborations with global technology players, enables us to break down geographical barriers, connect with wider audiences on a more personal level, and generate new revenue through digital advertising and revenue sharing agreements. Today, Media Prima is better able to monetise digital content from the likes of NSTP, Primeworks Studios, Ripple, and Media Prima Television Networks.

The biggest success for Media Prima in 2018 is CJ WOW SHOP, our home shopping business reached many milestones in the year including its one millionth customer and achieving its sales target ahead of schedule. We are confident that CJ WOW SHOP's huge popularity and growing presence will lead it to breakeven in 2019 and spur more commerce opportunities for the Group which plans to allocate more broadcast hours and resources for this segment.

These initiatives have made us a valuable part of the digital landscape. An in-depth analysis of our transformation initiatives and achievements, and the performance of our traditional business in 2018, will be outlined in the Group Managing Director's Statement of this Annual Report.

2018 FINANCIAL RESULTS

We are encouraged by our results. Media Prima recorded a profit after tax ("PAT") of RM59.0 million FY18, sharply reversing a loss of RM669.7 million a year ago ("FY17"). This was achieved on the back of successful revenue diversification, as well as the execution of asset-light strategies, in-line with the Group's transformation mission.

Group digital and commerce revenue increased by 76% to RM301.0 million in FY18, reflecting the positive progress of Media Prima's business transformation plan.

MEDIA PRIMA'S DIGITAL REACH

3.1 MILLION
monthly average digital listenership

22.4 MILLION
monthly average unique visitors

5.7 MILLION
mobile app downloads

NEW STRAITS TIMES ONLINE

20.4 MILLION
monthly average unique visitors

GROUP CHAIRMAN'S STATEMENT

Nonetheless, the performance of our traditional media business, which contributes a significant portion to our Group revenue, continued to decline as consumer and advertiser preferences increasingly shift towards digital consumption. We ended the financial year with a marginal decline in Group revenue by 1%, against a 7% decline in the comparative period. This is testament that we are on the right path with our digital and commerce strategies.

While we recognise that going digital is the way forward, we are mindful that our traditional businesses have not escaped the challenges affecting media companies with traditional assets. Our business goals entail transitioning into a revenue model that is more digitally-driven to cushion the impact of declining revenue from traditional media.

ENGAGING COMMUNITIES

As Malaysia's leading and largest integrated media group, giving back to our communities, as well as creating positive impacts, are important to us. After all, our multiple media platforms and massive reach allow us to effectively rally the generosity of Malaysians. Our popular humanitarian show Bersamamu, for example, is able to encourage public donation on-air via TV3, a station which captures over 21.6% of Malaysian television audiences.

We also continued to give back to the community through the NSTP-Media Prima Humanitarian Fund, a fund driven by the generosity of public and private donors who share our vision of what it means to be a responsible member in society. Since 1991, this fund has assisted thousands of Malaysians in need of medical assistance, disaster relief, and economic support.

Besides direct social responsibility initiatives, NSTP organises educational outreach programmes and services for its consumers through its Education Vertical. Over 60,000 students nationwide have attended NSTP's exam-based "clinics" and workshops. We have also successfully entered the digital space with FullAMark, our education portal with over 35,000 registered students while our education app, Mind Campus, registered over 82,000 downloads.

CORPORATE GOVERNANCE

Maintaining high standards of corporate governance is central to our identity. Proper check and balance mechanisms are in place to ensure that your company only commits to calculated risks and investments to enhance long-term shareholder value. To do this, the Board ensured that the Risk Management Committee refined the risk management framework to be more holistic and to be able to quantify impacts clearly, while our Audit Committee ensures ethical business practices are constantly upheld. Both committees report directly to the Board of Directors. Our corporate governance standards were recognised for the second consecutive year by the UK-based Ethical Boardroom journal when it awarded 'Best Corporate Governance' to Media Prima in 2018.

MEDIA PRIMA'S DIGITAL REACH

27.6 MILLION followers

7.6 MILLION followers

6.2 MILLION followers

1.1 BILLION video views

Shell says "Hello" to drivers in Bangsar on Big Tree's Cubig @ Bangsar digital screen

Our collaboration with YouTube has led to a significant increase in digital viewership and advertising revenue

IN GRATITUDE

On behalf of the Board, I would like to take this opportunity to express my deepest gratitude to my predecessor, Tan Sri Ismee bin Ismail, and long-time serving Board member, Datuk Shahril Ridza bin Ridzuan, for their contributions to Media Prima. The Board wishes them well in their future endeavours.

My sincere appreciation to all Board members for their invaluable support and guidance. In 2018, we welcomed two new members to the board – Mohd Rashid bin Mohd Yusof and Hisham bin Zainal Mokhtar as Independent Non-Executive Directors. Thank you for joining the Media Prima family.

I would like to also thank the Senior Management team of Media Prima led by our Group Managing Director, Datuk Kamal bin Khalid. I wish to express gratitude to all employees for their valuable contributions and I trust we will continue to intensify our efforts to realise our vision to become Malaysia's leading digital-first content and commerce company.

Many thanks must also be accorded to all government agencies, ministries, and regulatory bodies that Media Prima works closely with throughout the year.

Thank you to all our shareholders, clients, and business partners for your continued support.

Datuk Mohd Nasir Ahmad
Group Chairman

GROUP MANAGING DIRECTOR'S STATEMENT

"DEAR SHAREHOLDERS, THE RELENTLESS MARCH OF DIGITAL DISRUPTION AND SIGNIFICANT CHANGES IN OUR NATIONAL LANDSCAPE MADE 2018 A MEMORABLE YEAR FOR MALAYSIA AND PRESENTED A COMPLEX OPERATING ENVIRONMENT IN WHICH TO OPERATE."

Technological advancements continue to produce more and more options to access and consume content in increasingly user-friendly ways, atomising media and collapsing boundaries. Media platforms and applications that used to be considered separate and discrete are now competing with each other to grab consumers' attention.

2018 also saw the first time the nation experienced a change in government. The people of Malaysia achieved this by expressing their will democratically via the ballot box.

While this brave new world offered avenues of openness and opportunity, change also brought about a measure of uncertainty. A new Malaysia and a new Government meant new policies and priorities.

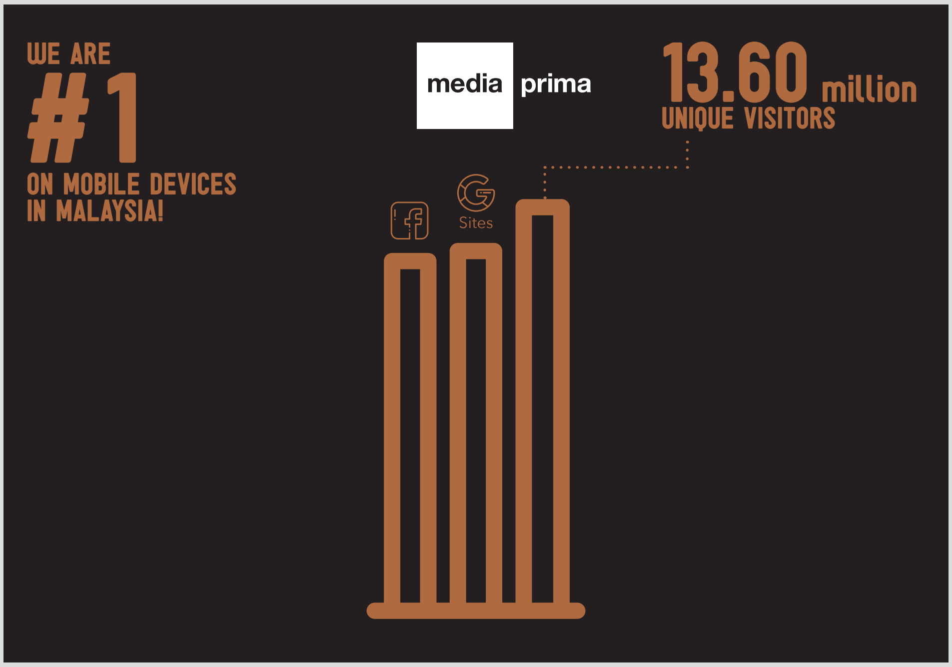
In fulfilling their pledge to address high public debts and welfare concerns among citizens, the government embarked on a sensible yet cautious approach to spending. Many companies assumed a similar stance, adopting a wait-and-see attitude before adjusting to new circumstances. These insecurities further accelerated the drop in traditional advertising expenditure ("adex") which declined by 9% in 2018[1]. As new policy framework and direction crystallizes, we are hopeful that the clarity will lead to an uptick in confidence, and that companies will get back on track to implement their business plans.

REGAINING TRUST

As the nation's largest and leading integrated media group, we are in a unique position to unite people, to facilitate important conversations, and develop minds. After all, we exist to serve our audiences. We take it as our duty to adapt to serve our stakeholders better.

[1] Nielsen Malaysia

GROUP MANAGING DIRECTOR'S STATEMENT



Comscore Mobile Metrix® Top 100 Properties, Total Audience, December 2018, Malaysia

The openness and freedom afforded to the media by the new government gave us the perfect opening to examine our journalistic practices and editorial positioning. We have resolved to adopt best practices and cover news without being influenced by external inclinations. The public expects us to report without fear of favour and that is what we are setting out to do - to become a trusted reference source, especially at a time where misinformation, rumour and innuendo are so easily taken as fact.

We are aware that it is a journey to rebuild public trust, but we are encouraged by the response to our initial efforts. Our print publications are better received, and our readership online has increased. The New Straits Times Press (Malaysia) Berhad ("NSTP") online brands, BH, Harian Metro and New Straits Times, are among the top sources for news in Malaysia with 4 million, 3.8 million and 1.7 million average monthly unique visitors respectively in 2018.

Meanwhile, our TV news programmes also recorded a viewership increase. TV3's Buletin Utama remained Malaysia's most watched news programme with an average reach of 3.8 million viewers while 8TV's Mandarin News increased to 1 million viewers in 2018.

EMBRACING CHANGE

The recent past has seen a reshaping of the media industry. New technologies, an increase in broadband penetration, and shift in consumer preference for digital content has fragmented the delivery of content and changed previously established business models.

Our business transformation initiatives – which focuses on new revenue generation across digital, commerce, and beyond Malaysia – have not only cushioned the negative impacts on our traditional businesses but allowed us to continue engaging communities effectively amid a challenging, and increasingly borderless media landscape.

2018 was a transformative year for Media Prima Berhad ("Media Prima"). In today's highly competitive media environment monopolised by the "Big Four Tech Companies", we stood out against the global giants for the first time ever in Malaysia. According to statistics from US-based media measurement and analytics company Comscore Inc, Media Prima ranked first for mobile audience reach in Malaysia with 13.6 million total unique visitors in 2018, followed by Google Sites and Facebook[1]. For Media Prima, this represents a 62% increase from December 2017, and reflects the success of our transformation to become a stronger player in the digital realm.

GOT DIGITAL?

Consumers and advertising are shifting online, and the ability to connect with digital communities is increasingly important to our clients. Over the years, we have worked hard to build a stronger digital presence across all our media platforms and gear towards greater monetisation opportunities. This is important as industry trends indicate that digital adex is on the rise. Digital adex contributed 10% to Media Prima's total adex in 2018, compared to 4% in the previous year.

[1] Comscore Mobile Metrix® Top 100 Properties, Total Audience, December 2018, Malaysia

In 2018, our online portals, mobile applications, and social media platforms recorded an increase in the number of visitors, followers, users, and subscribers. Our digital portfolio increased in total monthly unique visitors from 8.7 million in January 2018 to 13.2 million in December 2018. We achieved this through strategic alliances with global media partners, smart acquisitions, and organic growth.

Strategic Alliances

We adopted a platform-agnostic approach by sharing our award-winning video content beyond Media Prima's traditional ecosystem through collaborations with YouTube and Dailymotion. By making all our content available on these popular platforms, we are able to increase reach and revenue potential, while placing greater emphasis on what we do best – creating compelling content.

Since embarking on YouTube's Player for Publishers programme, we have seen a significant increase in our online viewership with close to 1.1 billion total views in 2018 across all our channels, a number we believe will grow as it is estimated that 80% of Malaysian online video consumption is through YouTube. In addition to YouTube, Media Prima also signed a memorandum of understanding with Dailymotion, a leading video player and content discovery platform providing us with a reach of over 300 million global monthly unique users. Both collaborations are important as our involvement in video content is no longer limited to our television networks but covers all our media platforms. Our partnerships with YouTube and Dailymotion have enabled us to reach more viewers and enhance monetisation through revenue sharing and digital advertising.

Another important segment for the Group's digital ambitions is eSports which has an estimated 2.4 million following in Malaysia. Media Prima has committed to allocate significant resources to this sector through Media Prima Digital ("MPD"). This includes a collaboration with Malaysia Digital Economy Corporation ("MDEC") to run an online gaming portal called MyGameOn. We also signed a partnership with local eSports company, Kitamen Resources, to boost the development of Malaysia's eSports industry and, among others, organise eSports tournaments and events that draw strong youth following.

In digital content delivery, we expanded our reach to new territories through a licensing partnership between REV Asia Holdings ("REV Asia") and Ziff Davis LLC to operate Mashable Southeast Asia – a regional offshoot of the internationally renowned technology portal targeted at millennials. The partnership complements REV Asia's already strong line-up of consumer portals, such as SAYS and Oh Bulan, which enjoy a wide following in the country.

Smart Acquisitions

Underscoring the importance placed on digital reach, we made several strategic acquisitions during the year. We are excited to welcome TanTanNews and The Vocket to our digital portfolio to strengthen REV Asia's dominant position in the millennial Chinese and Malay-speaking online community. As a pioneer and leader in providing sponsored content solutions to advertisers, these additions will allow REV Asia to scale at a rapid pace to cater to the demand for Chinese and Malay content from our audiences and advertisers.

Media Prima aims to invest more resources into mobile games and eSports

GROUP MANAGING DIRECTOR'S STATEMENT

In May 2018, MPD acquired Waktu Solat which is the most downloaded "Islamic Utility" mobile app in Malaysia with over 4.8 million downloads. Waktu Solat is also available in Brunei, Indonesia, and Singapore. Together with our Raudhah mobile app, this move enables us to dive into a new business vertical that targets the Muslim market.

Organic Growth

NSTP has aggressively and successfully adopted digital-first strategies to become the primary sources for online news among Malaysians. According to Comscore Inc, NSTP's brands Harian Metro and BH ranked second and third in terms of monthly average unique visitors among Malaysian news portals. In our pursuit for new growth, we launched a new portal under NSTP's lifestyle vertical for the urban Malay women segment called Hijab & Heels. The portal recorded over 1.2 million unique visitors and over 2.3 million page views since its launch.

NSTP's online education portal, FullAMark, continued to make good progress, achieving a 75% increase in total subscribers compared to the previous year. The service is expected to grow in popularity with the addition of content syllabus for year-5 pupils and the introduction of the FullAMark Class E-learning community which allows schools bulk subscription as well as corporate and government sponsorship of the service. The year 2018 also saw the Terengganu State Education Department sponsoring FullAMark for students in the state.

At Media Prima Radio Networks, we evolved our business into an audience-focused company called Ripple, which combines digital media and traditional broadcasting. Ripple aims to create more opportunities to connect with audiences by leveraging on data to personalise engagement in their daily lives. The aim is to connect with audiences through a mass, as well as a customised approach. Ripple also aims to exploit gaps within existing broadcast audiences with the launch of seven new digital assets – Dhia, Donna, Lunaria, Thelaki, Likely, Chapters and Wakeke.

In mobile app development, our team at MPD continues to roll-out digital extensions of our popular intellectual properties. Following the success of the Ejen Ali mobile games, we launched Mak Cun's Adventure for Android and iOS users which recorded over 100,000 downloads within 10 days of its launch. We also partnered with Streamline Games to launch Nightstream which is free for download for iOS and Android users. Media Prima Labs mobile apps achieved a total of 5.7 million downloads with 1.6 million average active users in 2018.

By having a strong digital reach, Media Prima has been able to generate revenue through digital advertising, subscription fees, and commercial agreements for content sharing. Group digital revenue increased to RM87.9 million for FY18 from RM41.5 million for FY17, driven by higher digital earnings across all our media platforms. Establishing reach has also enabled us to effectively venture into the consumer commerce arena.

HOME SHOPPING

Media Prima's consumer-based commerce initiatives are built on the strength of its traditional broadcast businesses and the growing popularity of its digital platforms. Media Prima Television Networks' ("MPTN") massive reach to Malaysian television audiences serves as one of the key drivers to the success of CJ WOW SHOP which amassed a total of 1.2 million customers by the end of 2018.

CJ WOWSHOP

Total customers	Full year revenue
1.2 MILLION FY18	RM213.1 MILLION FY18
640,000 FY17	RM129.5 MILLION FY17

Today, CJ WOW SHOP is Malaysia's fastest-growing home shopping network with presence across four TV channels, online, and on mobile devices. This segment generated total sales of RM213.1 million for FY18, a 65% increase from RM129.5 million recorded for FY17. To cater to the growing demand for home and online shopping, we will be allocating more broadcast hours and resources for CJ WOW SHOP in 2019. Based on the financial results achieved by CJ WOW SHOP, we believe the company is on track to break even in 2019.

Following the footsteps of MPTN, Ripple launched SuperDeals, an e-commerce platform available in English, Bahasa Malaysia, and Chinese. SuperDeals serves as a platform for companies and service providers to offer a variety of attractive discounts for categories such as food and beverage, beauty and spa, and travel to consumers. We believe that SuperDeals can leverage on the popularity and reach of Ripple's

Primeworks Studios premiered its critically-acclaimed film, Pulang, as a Netflix Original

broadcast stations and digital brands to develop into a new revenue stream for the Group.

STRENGTHENING OUR CORE

Our traditional media platforms continued to face considerable headwinds last year. Nonetheless, we persevered in our efforts to defend our positions by combining the best of traditional and digital media to attract audiences and advertisers.

In television broadcasting, we maintained our dominant position in Malaysia through TV3 and 8TV. TV3 remained the undisputed number one television station in the country commanding an audience share of 21.6%. Despite increased competition, 8TV reaffirmed its position as the number one Chinese station in the country with 29% of the mass Chinese audience despite increased competition from other broadcasters. Together, our four stations, namely TV3, 8TV, TV9 and ntv7, commanded 34.5% of the overall television audience in Malaysia in 2018.

We believe that the quality of our content and our ability to tap into the pulse of the mass market sets us apart from our competitors. In 2018, 97 of the top 100 highest viewership programme ratings belonged to our television stations. On the digital front, our television brands enjoy a massive following on social media with over 10 million followers and 1.6 million subscribers on YouTube.

With the partnership with YouTube and Dailymotion in place, we decided to take down tonton's paywall and give it users access to all our content for free. This is a win-win situation for all – it will allow Media Prima to reach a wider audience, many of whom are already familiar with the YouTube and Dailymotion platforms, reduce operating costs, and generate revenue through the partnership agreement. For consumers, they will have unlimited access to enjoy tonton's content.

NSTP continued to provide its readers with award-winning editorial content through our three publications and maintained our overall reach of 4.7 million daily readers[2]. Our Malay dailies performed well with BH's daily print circulation at 85,252 copies and Harian Metro at 98,093 copies. Our English daily, New Straits Times, recorded a daily print circulation of 32,064 copies. The decline in total daily circulation for NSTP's publications reflects the trend affecting newspapers in Malaysia. Conversely, the growth in online readership points to consumers' growing preference for digital media.

With 20 million Malaysians listening to the radio every week, our four radio stations under Ripple continue to be popular among young Malaysians. Two of our stations, Hot FM and Fly FM, hold the number two spot in Malay and English Radio Listenership respectively for ages below 30. Our Chinese station, One FM, is ranked second for Chinese radio listenership for age below 35. Kool FM, which caters for audiences in selected geographical areas, has 600,000 weekly listeners. Nonetheless, what sets Ripple apart from our competitors is the large digital community it enjoys with almost 10 million social media followers, 3.2 million average digital listenership, and 283 million total digital views.

[2] Nielsen Consumer and Media View

GROUP MANAGING DIRECTOR'S STATEMENT

In Out-of-Home Advertising ("OOH"), our subsidiary, Big Tree, continues to lead the market with its dominant share of 44%. One of the key ingredients driving its success is the constant innovation that we deploy in our OOH advertising assets. Big Tree has invested heavily in digital advertising screens and non-conventional billboards that set us apart from our competitors. Our next step involves diving deeper into the digital realm by connecting OOH billboards to consumers through their mobile devices using cutting-edge technology to boost offline to online traction for advertisers. With the increase in demand for hyperlocal advertising, Big Tree's latest OOH solution, Big+, targets commuters using geo-fencing technology and prompts consumers on their mobile devices to immediately take action upon viewing advertised products or services on static or digital OOH media. We believe this will be central to Big Tree's growth moving forward as they will provide higher yields compared to traditional assets.

Primeworks Studios ("PWS") expanded into new platforms and territories through its array of popular content. This includes our popular animated children's series, Ejen Ali, which can be viewed in over 50 countries today. Clients for Ejen Ali include Nickelodeon India, Disney Southeast Asia, Viacom India, Mediacorp Singapore, and Media Nusantara Citra Indonesia. Ejen Ali is slated to hit the silver screens towards the end of 2019. PWS also exclusively premiered its critically-acclaimed film, Pulang, as a Netflix Original on the world's leading video streaming service provider, marking its first major presence to global audience.

Fund managers and analysts at the Group's FY18 financial performance briefing session

STAY THE COURSE

While we are pleased with the results of our business transformation efforts, our FY18 financial results show we have not managed to fully escape the challenges of the new media landscape.

The pace of change, driven by new technologies, does not offer easy solutions or certainty of zero disruption beyond our control. To succeed in the future that is taking shape, we will continue to re-envision our business, and have been exploring workable and sustainable options to restructure the Group in response to the current operating environment.

The Group's ongoing assessment also involves identifying businesses and job functions that can be made more efficient and cost-effective. These include capitalising on new technologies, revising and streamlining processes to improve cost structures and increase operational efficiency.

In August 2018, we entered into a sale and leaseback of our properties in an effort to transform Media Prima into an asset-light Group, better positioned for new revenue opportunities. The sale and leaseback agreements with PNB Development involve properties owned by NSTP which include Balai Berita Shah Alam and Balai Berita Bangsar. With the completion of the sale, the Group recorded a gain of RM133.1 million. Media Prima will continue to operate from both locations as stipulated under the agreements.

The utilisation of the disposal proceeds for the repayment of the term loan allows the Group to conserve its existing cash reserves for its business transformation plan. With the full repayment of the term loan, the Group will be able to save approximately RM22.2 million on interest expenses as well as reduce our gearing level. We believe this will make Media Prima better equipped to face challenges in the new media landscape as we train our efforts on growth engines, particularly in the digital and commerce segments.

MOVING AHEAD

The events of 9 May, 2018 saw Malaysians taking a leap into the unknown, taking risks and bringing about change that many thought unimaginable. Similarly, as a company we must be prepared to embrace new realities and pursue initiatives that take us out of our comfort zone.

We will continue to anticipate and prepare ourselves for the future. We are confident that we have established the right strategies and foundations to confront any challenges ahead. The Group's mass reach and capability to synergise the best from multiple platforms allow us to offer something unique to advertisers and audiences as the only fully integrated media player in Malaysia. We will consolidate our resources and efforts to move forward from here, as we are driven to see Media Prima become Malaysia's leading digital-first content and commerce company.

Thank you for your continued support.

Datuk Kamal bin Khalid
Group Managing Director

Ripple leverages on the strength of its brands and massive reach to create new revenue opportunities and target new consumer groups

"THE PACE OF CHANGE, DRIVEN BY NEW TECHNOLOGIES, DOES NOT OFFER EASY SOLUTIONS OR CERTAINTY OF ZERO DISRUPTION BEYOND OUR CONTROL. TO SUCCEED IN THE FUTURE THAT IS TAKING SHAPE, WE WILL CONTINUE TO RE-ENVISION OUR BUSINESS, AND HAVE BEEN EXPLORING WORKABLE AND SUSTAINABLE OPTIONS TO RESTRUCTURE THE GROUP IN RESPONSE TO THE CURRENT OPERATING ENVIRONMENT."

GROUP MANAGING DIRECTOR'S STATEMENT – MANAGEMENT DISCUSSION AND ANALYSIS

PLATFORMS	2018 INITIATIVES	RESULTS/STATUS
Media Prima Television Networks ("MPTN")	Strengthen digital assets and reach	• Anugerah Juara Lagu 32 recorded 3.5 million users on social media using #AJL32 throughout live show. • Our television brands have over 10 million followers and 1.6 million subscribers on YouTube. • tonton is offered to Malaysians for free; using the YouTube and Dailymotion players have reduced tonton's operational costs. • TV3 received YouTube Gold Award; 1.4 million subscribers and 120 million video views monthly.
	Increase commerce revenue	• CJ WOW SHOP recorded 1.2 million customers; 65% increase in total sales of RM213.1 million for FY18. • Launch of new Mandarin-live show to cater to growing Chinese audience. • Increased broadcast hours.
	Solidify position as the most watched broadcasting network across multiple platforms	• MPTN channels commanded 34.5% audience share. • TV3 remained the number one station in Malaysia; audience share of 21.6%. • 8TV remained number one Chinese station; audience share of 6.2%. • Buletin Utama reaches 5.3 million viewers; an uptrend since Q1FY18. • The top 10 programmes with the highest viewership in 2018 were from MPTN channels.
The New Straits Times Press (Malaysia) Berhad ("NSTP")	Capitalise on demand for digital content	• Launched 14 hyper-local FB pages dedicated to a Malaysian state and community news. • News programmes and reporting on Facebook, Instagram, and YouTube. • Hijab & Heels recorded 1.1 million users and 1.9 million sessions in Malaysia. • Education portal FullAMark reached over 8,000 subscribers and a 77.5% conversion rate from registered to paid users.
	Asset Monetisation	• Disposed entire interest in Malaysian Newsprint Industries Sdn Bhd for a net gain of RM45.6 million. • Sale and leaseback agreement of NSTP properties with PNB Development Sdn Berhad; Group gained RM133.1 million and saves approximately RM22.2 million on interest expenses; reduced gearing level. • Collaboration with Karangkraf printing subsidiary Ultimate Print on the logistic and distribution of Karangkraf's newspaper, Sinar Harian.
	Continuous consumer engagement through targeted programmes	• C-Cycle Challenge recorded more than 1,000 participants which included members from public and corporate clients. • MyRumah was held across five venues around Malaysia with a total of 58,500 visitors in 2018; 79 properties sold by participating property companies.
Ripple	Expand digital assets and reach	• Launch of seven new digital assets – Dhia, Donna, Lunaria, Thelaki, Likely, Chapters, and Wakeke.
	Better engagement with consumers' interest	• Consolidate radio broadcast and digital brands to reach out to audiences across various age groups, race and gender with data-driven content.
	Expand revenue stream to commerce	• Launch of SuperDeals, an e-commerce platform available in English, Bahasa Malaysia, and Chinese, offering a variety of attractive deals from food and beverage, beauty and spa, and travel.

PLATFORMS	2018 INITIATIVES	RESULTS/STATUS
Big Tree	Growth through product innovation	• Samsung dominated the Cubig Series@Bukit Bintang in October to live-stream the Samsung Galaxy A launch from New York. • Refreshed KLCC Convex Crossing was completed in October 2018 and has achieved 100% occupancy.
	Expand reach and secure dominant market position	• Amplified presence along MRT Sungai Buloh – Kajang Line, Kerinchi Link Expressway, and in Kuching, Sarawak. • Big Tree's LRT Extended Lines media now covers the LRT Kelana Jaya, Ampang, and Sri Petaling lines. These train lines cut across Kuala Lumpur's satellite cities – Putra Heights, Ara Damansara, Subang Jaya, USJ, Puchong, and Bukit Jalil.
	Better engagement with a new and existing clients	• More initiatives to meet and greet with current and new clients to enhance existing relationships while expanding our prospects list. • Hosted OOH roadshows across Northern, Southern, and Eastern regions of Malaysia.
Primeworks Studios ("PWS")	Expand distribution rights	• Animations, dramas, and documentaries made available in countries namely Brunei, India, Korea, Singapore, the UAE, and the US. • Partnership with The Rights Xchange Limited, an online deal-making platform that enables television rights buyers and sellers from around the world to connect and complete licensing deals. • Secured deal with Ali Huda, a video streaming platform for Muslim children, making the Emmy-nominated animated series Saladin available worldwide. • Ejen Ali Season 2 is available across Southeast Asia including East Timor, Palau and Papua New Guinea via various PTV platforms. • Ejen Ali was sold to over 50 countries.
	Create extensions of intellectual properties	• Opportunities through licensing and merchandising Ejen Ali through corporate partnerships with AirAsia and Mamee Biskidz in conjunction with Season 2 of Ejen Ali. • Pulang novel was made available at MPH, Popular, Kinokuniya and Borders. • TV drama Dia was published into a novel by MPH.
	Solidify position as Malaysia's top production house	• Pulang, PWS' biggest film production in terms of both scale and budget, released in 89 screens across Malaysia and in Brunei. • Pulang was produced with state-of-the-art special effects, lifting Malaysian cinema to a new level. • Pulang premiered globally as a Netflix Original film.
Media Prima Digital	Smart partnerships	• Collaborated with YouTube under Player for Publisher commercial agreement; YouTube commands more than 80% of Malaysian online video consumption. • Signed a memorandum of understanding with Dailymotion, a leading video player and content discovery platform with a reach of over 300 million global monthly unique users.
	Grow digital revenue and reach	• Licensing partnership with Ziff Davis LLC to operate Mashable Southeast Asia for Indonesia, Malaysia, the Philippines, and Singapore. • Equity acquisition of social news portals The Vocket and TanTanNews to grow Malay and Chinese audience respectively. • Acquisition of Waktu Solat, the most downloaded "Islamic Utility" mobile app in Malaysia with over 4.8m downloads, and presence in Brunei, Indonesia, and Singapore.
	Grow eSports segment	• Collaboration with local eSports company, Kitamen, to develop Malaysia's eSports industry.
	Strengthen sales offerings to brands and advertisers	• Introduction of New Advertising Opportunities: Programmatic Guaranteed, Skin ad format via Sublime, Native ad format via AdYouLike and Grab video new inventory type.

TV3

8TV

NTV7

TV9

CJ WOW SHOP

TONTON

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MEDIA PRIMA TELEVISION NETWORKS

More than just TV

"THE GROWING ACCESS TO A MYRIAD OF MOBILE DEVICES HAS ENABLED US TO BE ONLINE ANYWHERE AND ANYTIME, CONSUMING CONTENT ON-THE-GO. WE ACKNOWLEDGE THAT VIEWERSHIP IS NO LONGER LIMITED TO TELEVISION SCREENS, AND THERE ARE REVENUE OPPORTUNITIES WHEN WE EMPOWER CONSUMERS WITH CONTROL AND CHOICE."

TV3 21.6%*

八度空间 6.2%*

ntv7 2.5%*

tv9 4.3%*

cj WOWSHOP
1.2 million CUSTOMERS

36.8% INCREASE IN NEW CUSTOMERS

* Nielsen Malaysia Television Audience Reach

Hael Husaini came out on top at Anugerah Juara Lagu 32 which recorded 6.1 million television viewers and 350,000 viewers on digital platforms

Nur was the most talked about drama in 2018

REVIEW OF OPERATIONS – MPTN

The way we consume media is continuously changing with the passing of time. Viewing habits have seen a seismic shift to digital streaming as it offers audiences advantages such as greater choice, flexibility, and mobility at lower costs. The rise of digital media consumption, however, does not mean that traditional media is no longer relevant.

As Malaysia's leading television network and the largest local digital media player, Media Prima Television Networks ("MPTN") has the capabilities to synergise the best from both traditional and digital realms to deliver a unique experience to our audiences, as well as effective campaigns for clients. Our ability to capture large audiences on television and online has also enabled us to successfully venture into consumer revenue.

To champion our mission, it is important to defend our leadership position in the television industry in tandem with our digital and commerce goals.

CONTENT DEMOCRATISATION

The growing access to a myriad of mobile devices has enabled us to be online anywhere and anytime, consuming content on-the-go. We acknowledge that viewership is no longer limited to television screens, and there are revenue opportunities when we empower consumers with control and choice.

We did this nine years ago when we launched tonton, an over-the-top platform that gives viewers access to all their favourite shows from MPTN across multiple digital platforms. Since then, we have been inspired by tonton's popularity and explored different ways to reach consumers digitally.

2018 was a big year for MPTN as we went platform-agnostic in an effort to democratise our content. We entered into strategic collaborations with YouTube and Dailymotion which sees all our content available on these renowned streaming platforms. We are confident that the popularity of our local content and access to large audiences beyond Malaysia makes this a win-win situation for all. About 80% of Malaysian online video consumption is via YouTube while Dailymotion reaches over 300 million monthly unique users worldwide.

Since entering into these collaborations, we have generated greater revenue through programmatic advertising. This inspired us to pivot tonton's business to an advertising-driven model. Today, tonton is offered to Malaysians for free. By embedding the YouTube and Dailymotion players across tonton's platforms, we are also able to reduce operational costs and reach a wider audience.

The success of these collaborations is reflected in our numbers – Media Prima's platforms recorded a total of 1.1 billion total views on YouTube in 2018. In December 2018, TV3 was given the YouTube Gold Award for being one of the 16 YouTubers in Malaysia that had reached 1 million subscribers and 120 million video views monthly.

DRIVING CONSUMER REVENUE

MPTN's ability to capture large audiences serves as one of the key drivers to the success of CJ WOW SHOP which amassed a total of 1.2 million customers by the end of 2018. This segment registered total sales of RM213.1 million for 2018, a 65% increase from RM129.5 million recorded for 2017.

CJ WOW SHOP reached many milestones throughout the year to become the fastest-growing home shopping company in Malaysia with presence across four television channels, on the web, and on mobile devices. We have also diversified our audience reach. Due to the popularity of CJ WOW SHOP'S Mandarin Segment, we launched its live-Mandarin show in 2018.

REVIEW OF OPERATIONS – MPTN

CJ WOW SHOP celebrated reaching its one millionth customer with the "WOW in a Million" tour across Malaysia

In April 2018, we celebrated our second anniversary with a home shopping carnival that set a sales record on the first day with orders three times higher than our daily average customer orders.

To celebrate reaching our 1 millionth customer, we launched the 'WOW In A Million' campaign in September 2018 with special back-to-back live shows. We also launched an in-house call centre to cater to our growing customer base, and WOW Rewards to reward existing customers and win over new ones to use our platform.

We will allocate more broadcast hours and resources for CJ WOW SHOP, as well as grow its online and mobile presence. We are cautiously optimistic that this segment will break even in 2019.

DEFENDING OUR TELEVISION DOMINANCE

For over three decades, MPTN has delivered award-winning entertainment and news content to Malaysians across our four television channels TV3, 8TV, ntv7 and TV9. After all, we exist to keep our audiences well-informed and entertained. To do that, staying relevant is crucial to our business and we are constantly revisiting the way we create and distribute content.

2018 saw MPTN's four channels reaffirming their dominance in the television space. We closed the year with a combined audience share of 34.5% compared to 34.2% in 2017. TV3 remained strong as Malaysia's most-watched channel with a 21.6% audience share, as well as the most-watched local channel on Malaysia's largest pay-TV service with a 24.4% audience share on the platform. 8TV also stayed strong among its target audience with a 30% share of the Chinese audience. To add another feather to our cap, the majority of the top 10 programmes with the highest viewership throughout 2018 were from our television channels.

This momentum persisted to the point where MPTN's share of television audience increased from 34.5% to 37.7% in January 2019 on the back of strong viewership for the Akasia slot and Buletin Utama. TV3 alone increased its viewership share from 21% to 27% in the same month.

MPTN's broadcast leadership is supported by our popular awards shows, drama series, reality television programmes, documentaries, and news bulletins that Malaysians know and love. It is the quality and appeal of our content that sets us apart from competitors.

In broadcast news, our TV3's flagship programme, Buletin Utama, recorded 5.3 million in daily viewership reach – an uptrend since the first quarter of 2018. The strong performance indicates that it has remained the preferred choice for television news among Malaysians. The month of the 2018 Malaysian General Elections saw our news programmes garner a total 400 million viewership – this reflects a frequency of an average of 23.5 times viewership by 17 million people, and an increase of almost 40% viewership compared to prior months. This growth continued on so much so that Buletin Utama has recorded an average reach of 3.8 million viewers per episode in January 2019.

In digital, the democratisation of our content on various platforms has fuelled audience growth – TV3's YouTube page @TV3malaysia recorded 1.4 million subscribers and was awarded the YouTube Gold Award for being one of the 16 YouTubers in Malaysia to reach 1 million subscribers with 120 million video views monthly in December 2018.

New technologies have also enabled us to deliver content in innovative ways to strengthen our connection with audiences. In 2018, we harnessed the power of technology and social media to enhance the way we reach audiences for our annual awards show, Anugerah Juara Lagu 32 ("AJL32"), which until today, remains an important event in Malaysia's entertainment industry.

The 32nd edition of the awards show recorded an increase in television viewership with over 6.1 million viewers. On digital, more than 350,000 viewers live-streamed the event on tonton, xtra, and our YouTube channel, that recorded a 121% viewership increase compared to the previous edition. Online, AJL32 was the top trending topic locally with over 6.1 million social media users tagging '#AJL32' throughout the event's live telecast. On YouTube alone, AJL32 accumulated more than 26 million viewers to date.

Leading up to the awards night in February 2018, we organised AJL32 Pentas Bergerak to generate buzz online. This was a first-of-its-kind guerilla marketing stunt that involved up-and-coming Malaysian singers and YouTube celebrities performing AJL32's finalist songs on board the Klang Valley's Mass Rapid Transit cars. AJL32 Pentas Bergerak recorded over 31 million in combined audience reach across social media, television, and digital channels while the hashtag, #AJL32, was used over 69,000 times in one hour during the campaign.

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Our other award shows also grabbed more eyeballs in 2018. The live telecast of Anugerah Bintang Popular Berita Harian 31 recorded an increase in television viewership to 6 million viewers and 1 million viewers across digital platforms. Anugerah Skrin 2018 had a record viewership of 5.2 million and a total of 721,000 viewers on YouTube. Over 5.3 million television viewers watched Drama Festival Kuala Lumpur 2018 with 106,000 viewers streaming the awards show on YouTube.

Beyond our live-shows, our drama slots, namely Akasia, Samarinda, and Lestary, have also attracted large audiences throughout 2018. Titles such as Jangan Benci Cintaku, Teratai Kemboja, and Nur, were among the most followed dramas of the year on television and online, reaching as high as 12 million in audience reach.

Other shows that enjoyed high viewership include our reality television programmes, Bintang Bersama Bintang 2018, Mentor Otai 2018, and I Can See Your Voice Malaysia.

To fulfil the needs of passionate Malaysian football fans, TV9 continues to be the home for Malaysian football that includes Piala Malaysia, Piala FA Malaysia and Liga Super Malaysia as well as Piala Sumbangsih.

Chinese content remains popular among Malaysians with 8TV commanding 29.7% of Chinese audiences. The top 20 programmes among Chinese audiences for 2018 were all on 8TV and ntv7. The most watched programmes include the drama My Sensei Nyonya, the reality game show The Z Power, and Behind the Scam.

BEYOND TELEVISION

We continued to execute on-ground events to attract our fans and allow participating advertisers to promote their products and services. In 2018, a total of 1.5 million visitors thronged Karnival Jom Heboh ("KJH") which was held in Kuala Lumpur, Kedah, Pulau Pinang, and Johor. On digital, 6,501 people used the #JomHeboh2018 hashtag on social media. This shows the overwhelming response and success of KJH as a positive indication and momentum for MPTN. Another ground event, Anggun Life, was held in Selangor and Johor, and had garnered over 500,000 visitors.

Apart from KJH, TV3 and ntv7 collaborated with The Lazada 11.11 Shopping Festival that was live-streamed on Lazada's mobile app and on our channels. This collaboration garnered high volumes of e-commerce transactions exceeding 3,000 transactions a minute at the peak on the Lazada website. Nearly 4.5 million Malaysians tuned-in on television to the star-studded programme staged at the Axiata Arena, with almost 7,000 people witnessing the show live.

MOVING FORWARD

Our 2018 numbers indicate that in an era of digital, Malaysia's television industry remains robust and resilient, while our brands continue to be an important feature in Malaysian homes.

This is reflected in the awards we won – ntv7 and 8TV took home nine trophies at the 4th Asia Rainbow TV Awards in China. 8TV's drama, Beautiful World – Husband, took home three trophies for 'Best Comedy', 'Best Comedy Actor' (Jack Yap), and 'Best Comedy Actress' (Wayne Cai), while its scriptwriter Moo Siew Keh was honoured with 'Best Script Writer' award. Beautiful World – Crow's leading actress Louisa Chong won 'Best Actress', while Emily Chan won 'Best Supporting Actress' for 8TV's drama Growth Behind The Sun.

We also walked away with three silvers and a bronze at the Marketing Events Awards 2018 for our two ground events, Gegaria Fest and AJL 32 Pentas Bergerak. Our team won silver for Best Event – Consumer: Gegaria Fest, Best Event – Home-Grown: AJL32 Pentas Bergerak and Best Event – PR/Guerrilla Marketing Stunt: AJL32 Pentas Bergerak. Our bronze award includes Best Event – Use of Bloggers/Influencers: Gegaria Fest.

A total of 16 films, 12 telemovies, and six drama series were nominated for various categories at Anugerah Skrin 2018. We bagged 21 awards in total while Pendosa Ingin Ke Syurga, a tear-jerker about a man seeking redemption for his sins, became the big winner.

On top of that, we have come out as the Media Owner of the Year for the second consecutive year at the 2018 edition of The Spark Awards for Media Excellence, on the back of 12 trophies won by MPTN from the same awards event.

Moving into 2019, we believe we can buoy our traditional television business while venturing aggressively into digital territories. However, we expect the challenges affecting media companies worldwide will continue to affect not only our traditional business, but our digital assets as well due to increased global competition.

As a preparation for the pervasive migration to the digital broadcasting landscape in 2019, we have successfully launched all of our television stations on myFreeview. This effort is expected to improve our television coverage from 85% to 100% nationwide.

Overall, we are cautiously optimistic that our transformation initiatives to synergise our digital and traditional businesses will enable us to continue delivering something unique that sets us apart from competitors. To maintain our television dominance, investment in technology and content will remain the top priority to satisfy our audience's insatiable needs.

NEW STRAITS TIMES

BH

HARIAN METRO

FULLAMARK

MIND CAMPUS

HIJAB & HEELS

NSTP

Your leading digital publisher

"NSTP'S TRANSFORMATION INVOLVES A DRAMATIC SHIFT IN THE WAY WE THINK AND THE STRATEGIES WE ADOPT, TO EVOLVE TO A DIGITAL-FIRST MINDSET THAT COMPLEMENTS OUR PRINT OPERATIONS. WE HAVE IMPLEMENTED NEW WAYS TO DELIVER NEWS ACROSS OUR RENOWNED BRANDS, AND TO EFFECTIVELY ENGAGE WITH OUR READERS AND ADVERTISERS."

BH ONLINE

4.0 million
AVERAGE MONTHLY UNIQUE VISITORS

myMetro

3.8 million
AVERAGE MONTHLY UNIQUE VISITORS

NEW STRAITS TIMES ONLINE

1.7 million
AVERAGE MONTHLY UNIQUE VISITORS

REVIEW OF OPERATIONS – NSTP

Wany Hasrita won Most Popular Artiste at the Anugerah Bintang Popular Berita Harian 31 which recorded 6 million television viewers and 1 million viewers on digital platforms

The New Straits Times Press (Malaysia) Berhad ("NSTP") has a long history of delivering award-winning and credible journalism to Malaysians through our flagship brands, the New Straits Times ("NST"), Berita Harian ("BH"), and Harian Metro ("HM"). However, the invention of new technologies over the years has heavily impacted circulation, advertising, and readership.

According to Nielsen, Malaysia's total advertising expenditure ("adex") for 2018 was RM5.7 billion, a 12% decrease from RM6.4 billion in 2017. This downtrend is also reflected in NSTP's adex for its newsprint titles, dropping notably by 26% in 2018. Interest in reading newspapers among Malaysians has also decreased. English newspaper readership declined to 6% between July 2017 and June 2018, while readers of Malay newspapers dropped to 38% in 2018 from 50% five years ago.

While traditional adex and readership decrease, digital adex and consumption have risen significantly. In Malaysia, internet penetration stands at 79% while mobile users form 68% of the total population. With the fast-paced digital world becoming increasingly present in our lives, we believe that a strategy that embraces digital is the way forward for NSTP to not only remain relevant, but to prosper.

FROM PRINT TO A DIGITAL-FIRST MINDSET

NSTP's transformation involves a dramatic shift in the way we think and the strategies we adopt, to evolve to a digital-first mindset that complements our print operations. We have implemented new ways to deliver news across our renowned brands, and to effectively engage with our readers and advertisers.

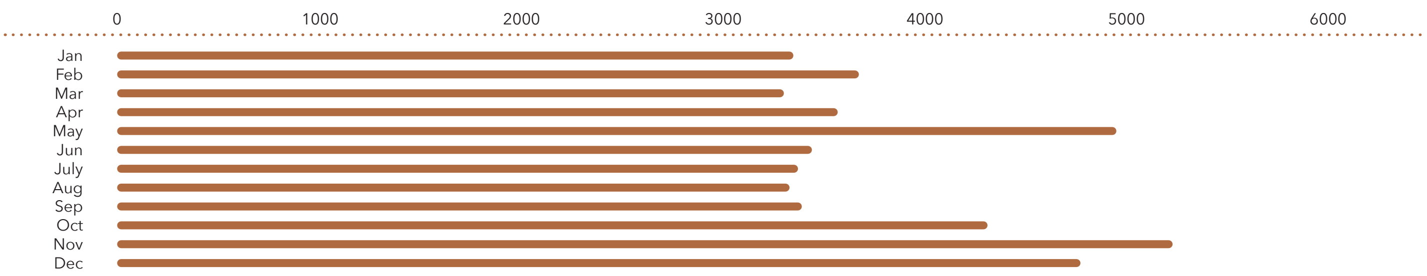
According to Comscore Inc, NSTP's online brands, BH, HM and NST, are among the top sources for news in Malaysia with 4 million, 3.8 million and 1.7 million average monthly unique visitors respectively in 2018.

NSTP took home three awards at the Asian Media Awards 2018 ceremony, organised by the World Association of Newspapers and News Publishers in Nusa Dua, Bali

REVIEW OF OPERATIONS – NSTP

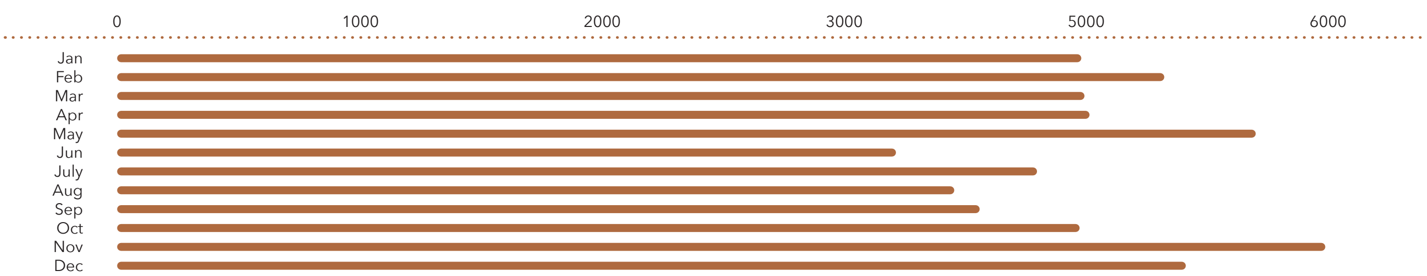
BHARIAN.COM.MY*
MONTHLY UNIQUE VISITORS IN 2018

Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Avg.
3,534	3,679	3,307	3,574	4,956	3,446	3,377	3,335	3,396	4,317	5,235	4,778	4.0 m



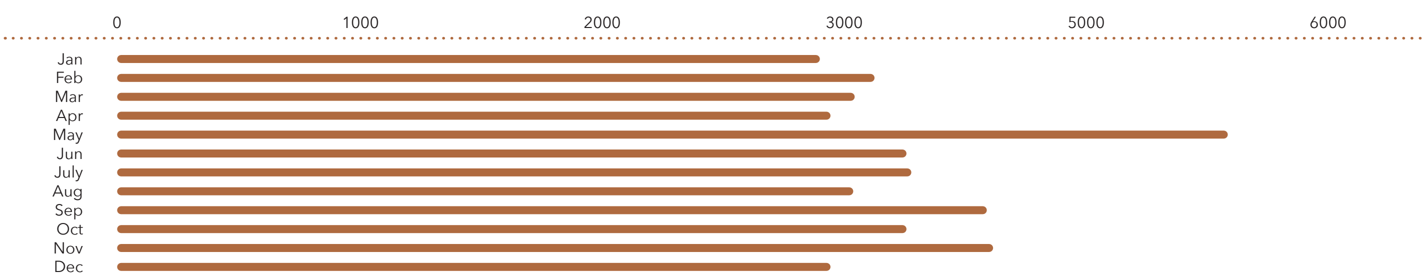
HMETRO.COM.MY*
MONTHLY UNIQUE VISITORS IN 2018

Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Avg.
3,963	4,306	3,973	3,997	4,684	3,197	3,780	3,438	3,543	3,956	4,977	4,395	3.8 m



NST.COM.MY*
MONTHLY UNIQUE VISITORS IN 2018

Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Avg.
1,444	1,557	1,516	1,466	2,287	1,623	1,633	1,513	1,789	1,623	1,802	1,466	1.7 m



*Comscore Inc

Our digital strategy also includes using social media channels to attract younger readers, boost brand awareness, and drive traffic to our news portals. We have a dedicated social media team to roll out a variety of content on Instagram, Facebook, and YouTube, to report news in interactive ways that could spark interest among younger audiences. We are scaling this up as we continue to innovate and experiment with new avenues.

In 2018, we introduced 14 hyper-local Facebook pages, dedicated to Malaysian states and the news that concerns their local community. This allows us to build better relationships with our readers through connecting with them in ways that are closer to home.

TOP 5 PERFORMING HYPER-LOCAL FACEBOOK PAGES

State	Facebook Page	Reach (up to October 2018)
Sabah	Hello Urang Sabah	269,500
Sarawak	Aritok	238,900
Kedah/Perlis	Mai Gebang	113,100
Selangor	Gerbang Ehsan	79,600
Kelantan	Set Kito	41,700

We also introduced short video news formats for Facebook and YouTube across our brands. NST launched two shows – 10 Quickies, which puts a spotlight on Malaysia's favourite personalities, celebrities, and politicians, and On The Pulse, an in-depth expose on hot-button national issues.

HM has used Instagram Stories to report breaking news which resulted in a 64% increase in followers in October 2018 against the comparative period. We introduced a new Instagram account for HM's entertainment section – RAP Harian Metro – which registered more than 4.9 million impressions within 7 days.

We have also taken advantage of our digital channels to promote our popular awards show, Anugerah Bintang Popular BH ("ABPBH"). Our publicity campaign for ABPBH 31 in 2018, themed Infinity, focused on social media and digital platforms to reach out to younger audiences. The awards show registered an 15.4% increase in television viewership and a significant increase in online live-streaming for all platforms.

	ABPBH 2018	ABPBH 2017
TV Viewership	6 million	5.2 million
ABPBH Microsite	7.4 million	5.2 million
Total Votes	24 million	1.5 million
Total Live-Streaming	1 million (YouTube, tonton, FB Live and instagram)	256,000 (YouTube and tonton)

REVIEW OF OPERATIONS - NSTP

NEW HORIZONS

Two years ago, we introduced content verticals to enter new business landscapes via a customer-centric approach.

NSTP's strong following for its educational content has led us to form an Education Vertical which consists of our Didik Minda print supplement, online portal FullAMark, and our most recent digital product, Mind Campus. Our content and digital tools are being used by schools nationwide with more than 35,000 registered users on FullAMark and over 82,000 downloads of Mind Campus in 2018.

We introduced a new lifestyle content vertical to offer new value-added alternatives through a customer-centric approach. Under this vertical, we launched Hijab & Heels, a lifestyle portal for aspiring Muslim women. Since going live in January 2018, it has recorded over 1.2 million unique visitors and over 2.3 million pageviews according to Google Analytics.

We have taken our ability to target and capture large audiences into organising events. In 2018, we continued another successful run on the MyRumah Property Showcase which targets homebuyers and property investors. Held in five venues across Malaysia, the event attracted more than 58,500 visitors with a total of 79 properties sold by participating property companies.

Our popular road bike cycling event, the C-Cycle Challenge, entered its second run in September 2018 at Eco Sanctuary, Kota Kemuning. More than 1,000 cyclists participated in the event which included members of the public and corporate clients. With the continuous success of C-Cycle, EcoWorld is keen to continue the partnership in 2019.

HIJAB & HEELS PERFORMANCE REVIEW (JANUARY-NOVEMBER 2018)

1,171,377
UNIQUE VISITORS (USERS)

1,194,138
NEW UNIQUE VISITORS (NEW USERS)

1,976,155
VISIT/SESSIONS

2,252,028
PAGEVIEWS

2,105,294
UNIQUE PAGEVIEWS

More than 1,000 cyclists participated in the C-Cycle Challenge at Eco Sanctuary, Kota Kemuning in September 2018

GOING LEAN

NSTP's performance has been affected by the structural shift in media consumption amid higher operating costs and weaker adex. We need to focus our resources in key growth areas, specifically in the digital and commerce segments, while exercising prudent financial and risk management. Our initiatives to go asset-light in 2018 is supportive of the Group's transformation as it not only strengthens our balance sheet, but allow us to focus our resources in key growth areas in digital and commerce.

These initiatives include disposing our entire interest in Malaysian Newsprint Industries Sdn Bhd ("MNI") for a net gain of RM45.6 million, a move which enabled NSTP to recoup part of its investment in MNI which had been fully written down last year.

To maximise the value of our existing assets, we entered into a sale and leaseback agreement of our properties with PNB Development for a total cash consideration of RM280 million. The properties include Balai Berita Shah Alam and Balai Berita Bangsar.

This move, which has received overwhelming support from our shareholders, will better position NSTP for new revenue opportunities and expansion in the digital segment as the Group recorded a gain of RM133.1 million and will be able to save approximately RM22.2 million on interest expenses as well as reduce our gearing level.

To further cut down operational costs, we embarked on a collaboration with Kumpulan Media Karangkraf's ("Karangkraf") printing subsidiary Ultimate Print Sdn Bhd ("Ultimate Print") on the logistics and distribution of Karangkraf's newspaper, Sinar Harian.

The logistics division of Balai Berita Shah Alam is now utilised to distribute Sinar Harian to the Southern region. Our plant in Pulau Pinang, Balai Berita Prai, has been leased to Ultimate Print, where both NSTP and Karangkraf newspapers are printed. Meanwhile, NSTP is responsible for the distribution of both companies' newspapers in the Northern region.

MOVING FORWARD

NSTP's increasing digital reach is proof that our digital strategies are on the right track. We believe we have laid down the right foundation to transform our business to meet the demands of the new media landscape.

The next element is to use big data to drive content generation which can be pushed based on the demands and preferences of each reader.

While we recognise that going digital is the way forward, we are mindful that the traditional print business still contributes a significant amount to our bottom-line. We believe our print media is still very much relevant, profitable and vital for strategic reasons such as brand awareness and recall. We will continue to focus on enhancing our digital platforms as well as our print media.

New offerings, work approaches and processes, cross-platforms, and cross-brand convergences, the creation of verticals, the monetisation of content, cost optimisation and new mindsets, are just some of our strategies to transform NSTP into a leading digital publisher. We will continue to upload the strong, deep rooted values of responsible journalism and reporting integrity for our three brands.

"NSTP'S INCREASING DIGITAL REACH IS PROOF THAT OUR DIGITAL STRATEGIES ARE ON THE RIGHT TRACK. WE BELIEVE WE HAVE LAID DOWN THE RIGHT FOUNDATION TO TRANSFORM OUR BUSINESS TO MEET THE DEMANDS OF THE NEW MEDIA LANDSCAPE."

RIPPLE

Redefining the rules of audience engagement

"ACCORDING TO A 2018 GFK RAM WAVE 2 REPORT, ALMOST 20 MILLION MALAYSIANS LISTEN TO RADIO EVERY WEEK — THAT'S 96% OF THE POPULATION. ALMOST 79% OF MALAYSIANS LISTEN TO RADIO WHILE DRIVING, 73% WHILE RELAXING, 57% WHILE WORKING, AND 50% DURING HOMEWORK OR HOUSEHOLD DUTIES."

10 million
SOCIAL MEDIA FOLLOWERS

280 million
TOTAL DIGITAL VIDEO VIEWS

3.2 million
AVERAGE DIGITAL LISTENERSHIP

REVIEW OF OPERATIONS - RIPPLE

SuperDeals is a voucher focused e-commerce platform featuring attractive deals ranging from food and beverage, beauty and spa, travel services and activities

Ripple introduces seven new digital brands that aims to engage with audiences in a more personal and meaningful way

Ripple continued to deliver compelling content that attracts consumers' interests such as Flydol: Sing It To Win It

Take everything that you know about traditional radio and throw it out of the window. The rise in digital consumption and new revenue trends means that the business is no longer just about deejays and selling radio spots.

Trends are changing faster than ever and our audiences have migrated to the digital realm. Nonetheless, radio is still very prevalent in our lives. According to a 2018 Gfk RAM Wave 2 report, almost 20 million Malaysians listen to radio every week – that's 96% of the population. Almost 79% of Malaysians listen to radio while driving, 73% while relaxing, 57% while working, and 50% during homework or household duties. Consumers are also exposed to radio advertisements more frequently compared to other mediums.

Radio also has the highest social media engagement with over 67% of media consumers interacting with radio's social handles in comparison to other mediums. This data is telling of the potential of merging both traditional and digital tools to effectively reach out to consumers today. We saw this as an opportunity for us to enhance the way we engage with our followers and to new consumers in a more meaningful way.

In October 2018, we transformed our radio segment to stay relevant with the evolving demands of consumers and clients today. One of our greatest strengths is our ability to actively connect with audiences on-air, online, and on-ground. We took that to heart when we introduced Ripple – an audience-focused company that aims to engage with communities creatively through synergising digital media, broadcast, and commerce.

Ripple consolidates our radio broadcast brands – Fly FM, Hot FM, One FM, and Kool FM – and digital brands – Dhia, Donna, Lunaria, Thelaki, Likely, Chapters, Wakeke, and Ais Kacang as well as an e-commerce brand, SuperDeals – under one roof to reach out to audiences across various age, race, and gender groups. We took this a step further by engaging with audiences with data-driven content, conversations, and experiences.

We are pleased to report our digital community includes over 10 million social media followers, more than 3.2 million average digital listenership, and over 280 million total digital video views in 2018.

REVIEW OF OPERATIONS – RIPPLE

	FlyFm	hot fm	One	koolfm
Our broadcast community	More than **1 million** listeners **No. 2 English Radio Listenership** for age below 30 years old Listenership for age below 30 years old increased by **43%** 57% increase in high HHI (> RM 8,001) Student listenership grew by 19% PMEBs and other white collar grew by **45%**	Almost **3 million** listeners **No. 2 Malay radio station** for listeners below 30 years old Exclusive listeners grew by 34% to **575,000** 19% increase in high HHI (> RM 8,000) **87%** urban listeners	**No. 1 TSL** (Time Spent Listening) in Chinese Language Station for age below 30 years old **No. 2 Chinese Radio Listenership** for age below 35 years old 54% increase in high HHI (> RM 4,001) **66%** are PMEBs, others are white collars, and students	More than **600,000** listeners 49% increase in high HHI (>RM 8,001) PMEBs and other white collars grew by 64% **92%** urban listeners
Our digital community	More than **1 million** social media followers Almost 7 million total digital video views 112k average unique digital listeners	**7.2 million** social media followers 224 million total digital video views 495k average unique digital listeners	More than **1 million** social media followers 26 million total digital video views 158k average unique digital listeners	Almost **500k** social media followers 43 million total digital video views 134k average unique digital listeners

NEW HORIZONS

The results of this transformation have been beneficial for the company. The synergy between our traditional broadcast and digital brands has formed a holistic and collaborative ecosystem to effectively grow digital and consumer revenue. By filling in audience gaps with new digital brands and data-driven content, we can address and serve all our stakeholders better.

Our new digital brands have also increased our digital following which in turn, has driven growth for our e-commerce venture, SuperDeals, an e-commerce platform available in English, Bahasa Malaysia and Chinese.

SuperDeals offers a variety of attractive deals for food and beverage, beauty and spa, travel and so much more.

SuperDeals provides an easy way for consumer to shop anytime, anywhere via computer and mobile devices with ease of mind through our secure payment method. Through the new digital brands, we can venture into connecting consumer to consumer transaction once we reach a sizable community.

DELIVERING COMPELLING CONTENT

Aside from our business transformation, we continued to deliver compelling content that attracts our consumers' interests. These include the return of Flydol: Sing It To Win It, Fantastik 4, Super Karoks Bonanza, and Wanted Love. Our passion to create compelling content for music, lifestyle, and entertainment, never stops as it is key to growing listenership for each station and extending our audience reach.

Ripple is an audience-focused company that aims to engage with communities creatively through synergising digital media, broadcast, and commerce

MOVING FORWARD

Ripple leverages the strength of its brands and massive reach to create new revenue opportunities and target new consumer groups. The new direction will also provide a more holistic solution for advertisers to reach out to a specific audience segment across different platforms. Moving forward, Ripple will continue to unlock the value of our existing assets through digital innovation and commerce-oriented strategies across the Group.

"THE SYNERGY BETWEEN OUR TRADITIONAL BROADCAST AND DIGITAL BRANDS HAS FORMED A HOLISTIC AND COLLABORATIVE ECOSYSTEM TO EFFECTIVELY GROW DIGITAL AND CONSUMER REVENUE. BY FILLING IN AUDIENCE GAPS WITH NEW DIGITAL BRANDS AND DATA-DRIVEN CONTENT, WE CAN ADDRESS AND SERVE ALL OUR STAKEHOLDERS BETTER."

BIG TREE

An immersive frontier

"IN MALAYSIA, BIG TREE CONTINUES TO THRIVE AS THE LEADING OOH ADVERTISING SOLUTIONS PROVIDER WITH AN EXTENSIVE SUITE OF STATIC AND DIGITAL OFFERINGS IN CITIES, EXPRESSWAYS, TRANSIT NETWORK, RETAIL HUBS AND AIRPORTS ACROSS THE NATION. TODAY, WE REMAIN AHEAD OF OTHER OOH COMPANIES WITH A 44% MARKET SHARE IN MALAYSIA."

CONVERGING AUDIENCE

WITH OOH AND ONLINE OFFERINGS AT PREMIUM LOCATIONS ACROSS MALAYSIA

NATIONWIDE PRESENCE

REVIEW OF OPERATIONS – BIG TREE

The award-winning media that includes Sexy Curve along the MRT Sungai Buloh – Kajang line at Pusat Bandar Damansara, Beamer Series at Semantan, MRT Bukit Bintang Station Dress Up, Halo Panels and LuMi Series at Persiaran Surian, and Halo Panels at Sungai Buloh and Kajang

While the rise in new technologies and digital media consumption has affected many traditional media players worldwide, out-of-home ("OOH") advertising continues to grow as a popular choice among brands today with digital OOH featuring prominently in the media mix to reach today's hyper connected consumer.

Even the world's most popular over-the-top video streaming platform, Netflix, is known to frequently promote their original content on billboards. According to reports, Netflix is eyeing to invest millions in an OOH company based in Los Angeles, a move that could help the company save costs and maintain a high profile in the world's entertainment capital.

In Malaysia, Big Tree continues to thrive as the leading OOH advertising solutions provider with an extensive suite of static and digital offerings in cities, expressways, transit network, retail hubs and airports across the nation. Today, we remain ahead of other OOH companies with a 44% market share in Malaysia.

Big Tree builds its business around creativity and innovation to beautify the landscape of cities and public infrastructure. Throughout 2018, we executed many initiatives to capture a wider and diverse audience by strategically expanding our inventory. We also strive to strengthen our market position by enhancing our existing assets using cutting-edge technology.

GOTTA CATCH 'EM ALL

Big Tree is constantly on the lookout for opportunities to capture large audiences effectively in prime locations after all, our OOH solutions advocate "Dynamic Moments" for brands to significantly reach audiences along their daily journeys, at multiple touch-points. By having inventory in cities, on expressways, transit, retail hubs, and airports, advertisers' messages would dynamically institute brand experiences at almost every location the audience travels.

In recognising the effectiveness of digital OOH, we rejuvenated our site at Masjid Jamek LRT Station, now known as Zippy Wall. The entrance and exit point of this high-ridership interchange station now offers twenty digital screens with wall stickers to heighten the interest of commuters towards brand messages

REVIEW OF OPERATIONS – BIG TREE

KLCC Convex Crossing, which connects Suria KLCC to the KL Convention Centre, reaches over 1.1 million users monthly

In 2018, we acquired new sites to solidify our presence and reach in the Klang Valley. Our LRT Extended Lines media covers the LRT Kelana Jaya, Ampang & Sri Petaling lines. These train lines cut across Kuala Lumpur's satellite cities – Putra Heights, Ara Damansara, Subang Jaya, USJ, Puchong, and Bukit Jalil – and allows advertisers to reach the affluent young crowds who are trendy and influential, as well as the fast-paced urban professionals. Our in-station and external inventories on these lines, such as Wall Glitz, Vista Series, Halo Panels, and LuMi Series, would ensure multiple impacts and recall to targeted audiences.

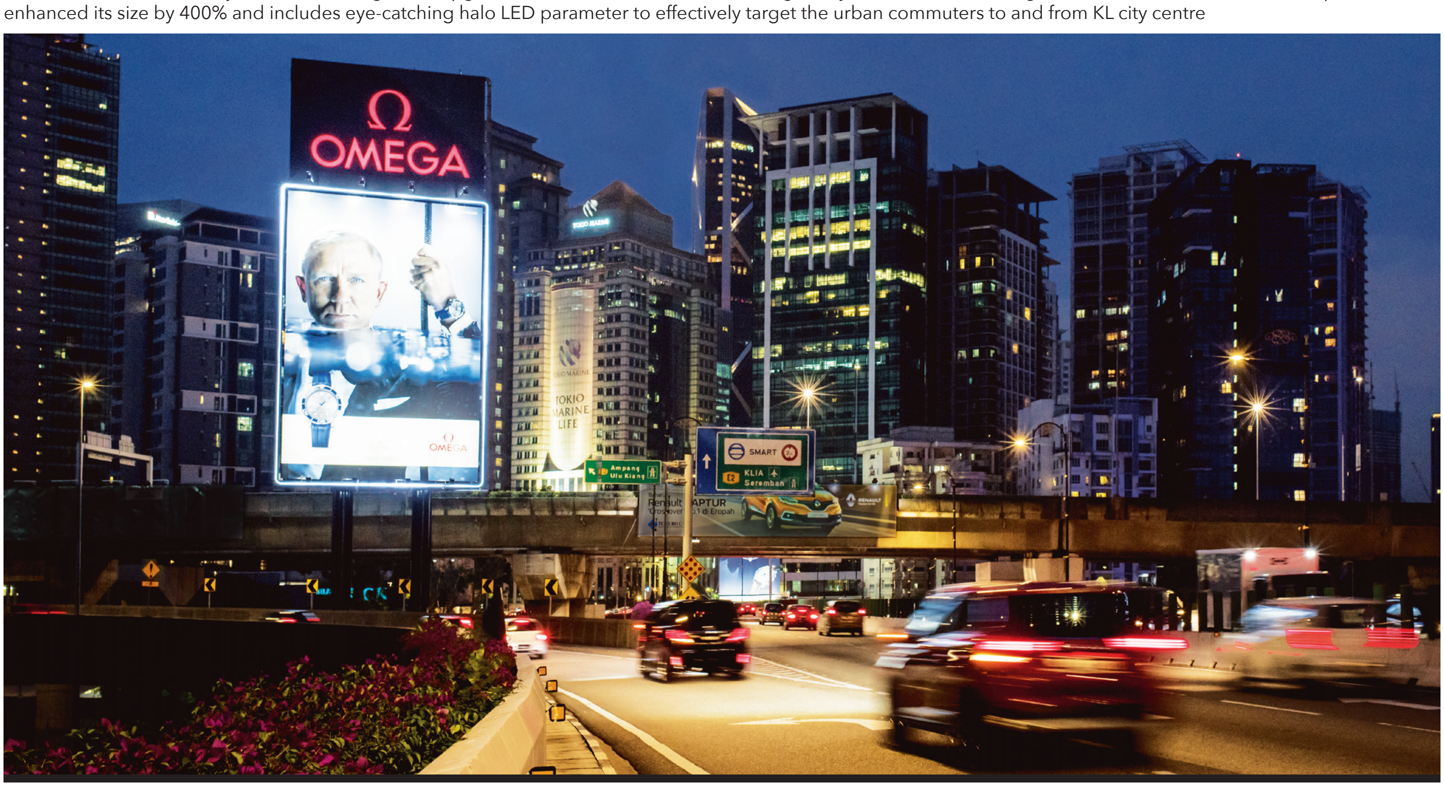
Along the MRT Sungai Buloh – Kajang line, we amplified our presence with award-winning media which includes Sexy Curve at Pusat Bandar Damansara, Beamer Series at Semantan, MRT Bukit Bintang Station Dress Up, Halo Panels and LuMi Series at Persiaran Surian, and Halo Panels at Sungai Buloh and Kajang.

Other site acquisitions include the Kerinchi Link expressway where we established our signature Halo LED to capture the attention of road users commuting between Petaling Jaya, Damansara, Semantan, and Jalan Duta. We have also established a digital OOH footprint in Subang Jaya and USJ with the Cubig Series, a site which enables advertisers to engage with the urban, affluent, and professional segments. Beyond the Peninsular, we established multiple overhead panels at high-traffic connecting roads in Kuching, Sarawak, targeting both locals and travellers.

IN-TREND

In this fast-changing media environment, we frequently revisit our sites to ensure that they stay relevant with trends for brand messages to be effectively delivered.

To ensure effective delivery of brand messages, we upgraded various media across the Klang Valley such as our site along Jalan Tun Razak with the Halo Unipole - this enhanced its size by 400% and includes eye-catching halo LED parameter to effectively target the urban commuters to and from KL city centre



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In 2018, the KLCC Convex Crossing underwent extensive refurbishment and premiumisation to enhance audiences' brand experience. This pedestrian tunnel crossing, which connects Suria KLCC to the KL Convention Centre, reaches over 1.1 million users monthly. The rejuvenated KLCC Convex Crossing imparts a 360-stimulation of the senses with the embellishment of lengthy wall graphics and extensive lightboxes, which allows brands to deliver an immersive experience to audiences.

In recognising the effectiveness of digital OOH, we rejuvenated our site at Masjid Jamek LRT station, now known as Zippy Wall. The entrance and exit point of this high-ridership interchange station now offers twenty digital screens with wall stickers to heighten the interest of commuters towards brand messages.

To ensure effective delivery of brand messages, we upgraded various media across the Klang Valley such as our site along Jalan Tun Razak with the Halo Unipole – this enhanced its size by 400% and includes eye-catching halo LED parameter to effectively target the urban commuters to and from KL city centre. Our media along AKLEH, an intra-urban highway, has been upgraded with halo LED parameter on multiple overhead panels and a wall banner. Along the Ampang & Sri Petaling LRT Line, our Vertical Lightboxes underwent an aesthetic upgrade with a sleeker appearance to provide seamless visual presentation with the Kelana Jaya Line.

CARVING OUR NICHE

Technology plays an increasingly important role in the delivery of content. At Big Tree, we have invested in new technologies to effectively engage with audiences. In 2018, we introduced dynamic digital content at selected digital OOH assets around the Klang Valley. This real-time feature enables brands to engage with targeted audiences in a dynamic and personalised way through digital OOH screens.

Our clients have used this feature to execute various campaign goals. In the Kuala Lumpur city centre, Samsung dominated the Cubig Series at Bukit Bintang to live-stream the launch of Samsung Galaxy A from New York. In Bangsar, the incorporation of advanced vehicle identification technology on our digital screens at Cubig at Bangsar, has enabled our client, Shell, to serve personalised visuals to specific vehicle models on site.

Aside from digital innovations, Big Tree also strives to deliver innovative campaigns for brands. The Bad Lab campaign using the LuMi Series at TTDI, serves as a good example of how brands can use traditional OOH media to generate online buzz. This talk-of-the-town campaign with Bad Lab involved converting a regular branding visual on the LuMi Series at TTDI with graffiti art overnight. These activities of the night heightened brand awareness after it went viral across numerous social media and online platforms.

Meanwhile, Big Tree's Adoption media offers advertisers to achieve impact in premiering new products or showcase industry-leadership branding. Through Adoption, advertisers can display products or branding in a package of lightboxes, pillars and 3D ambient display along the Damansara Link. Pepsi occupied a package of Adoption and featured an eye-catching 3D ambient of the Pepsi can with its logo, appealing to the affluent and urban audience commuting along this key route.

MOVING FORWARD

With the rapid urbanisation of the Klang Valley, Big Tree remains committed to ensure that its OOH offerings stay relevant with the changes to cityscapes and consumer behaviour. Despite being recognised as a traditional media company, our OOH solutions have evolved accordingly with the incorporation of cutting-edge technology, heightened visual quality, creative execution, and enhanced stature.

Moving into 2019, we will continue to expand and enhance our inventory, and find ways to inculcate innovations and creativity into our client offerings. Nonetheless, we remain cautious in view of persistent industry challenges which includes high site rental costs and authority fee, and intense sales competition and occupancy optimisation.

Our next step involves diving deeper into the digital realm by connecting OOH to consumers through their mobile devices using cutting-edge technology to boost offline and online traction for advertisers. OOH is viewable all-day, everyday, and achieves 84% noticeability weekly which makes it an effective medium to prompt consumers on their digital devices.

"MOVING INTO 2019, WE WILL CONTINUE TO EXPAND AND ENHANCE OUR INVENTORY, AND FIND WAYS TO INCULCATE INNOVATIONS AND CREATIVITY INTO OUR CLIENT OFFERINGS. NONETHELESS, WE REMAIN CAUTIOUS IN VIEW OF PERSISTENT INDUSTRY CHALLENGES WHICH INCLUDES HIGH SITE RENTAL COSTS AND AUTHORITY FEE, AND INTENSE SALES COMPETITION AND OCCUPANCY OPTIMISATION."

Primeworks Studios

Asian Stories for the World

"AT PRIMEWORKS STUDIOS, OUR MISSION IS TO BRING 'ASIAN STORIES FOR THE WORLD'. TO DO THAT, WE STRIVE TO BE INNOVATIVE AND CREATIVE IN DELIVERING THE BEST ASIAN CONTENT FOR ALL AUDIENCES. IN 2018, WE RELEASED OUR BIGGEST FILM PRODUCTION WHICH ALSO PREMIERED TO A GLOBAL AUDIENCE VIA THE WORLD'S LARGEST VIDEO STREAMING SERVICE."

5,000
HOURS OF CONTENT PRODUCED ANNUALLY

OVER **50**
COUNTRIES TELEVISE EJEN ALI

100,000
HOURS OF DRAMAS IN OUR LIBRARY

PULANG
AVAILABLE FOR STREAMING WORLDWIDE

REVIEW OF OPERATIONS – PWS

Datuk Ahmad Izham Omar, CEO of Primeworks Studios, launched Ejen Ali The Movie which is slated for release in December 2019

Alif & Sofia has been greenlit as the second animation IP for full production

Primeworks Studios serves as Malaysia's largest content production company with over 5,000 hours of compelling content produced annually for a range of platforms including television, cinema and digital. Our library has over 100,000 hours of dramas, reality shows, documentaries, films, award shows and many more. This presents Primeworks Studios with many unique opportunities to generate new revenue streams through content distribution and creating extensions of our intellectual properties ("IP").

At Primeworks Studios, our mission is to bring "Asian stories for the world". To do that, we strive to be innovative and creative in delivering the best Asian content for all audiences. In 2018, we released our biggest film production which also premiered to a global audience via the world's largest video streaming service. We also continued to unlock the value of our popular intellectual properties for digital and product extensions.

DELIVERING COMPELLING CONTENT

We have taken our love for good stories to a new level with our film, Pulang, which is Primeworks Studios' largest film production in its history. This epic love story made it to the big screen with state-of-the-art special effects and the best in digital computer-generated imagery ("CGI"), lifting Malaysian cinema to a new level.

Meanwhile, one of our most popular shows, Ejen Ali, continued strong into 2018 following the highly successful run of the first season of the popular animated series in 2017. Ejen Ali Season 2 finished on a high note in March 2018, reaching 2 million eyeballs weekly on TV3. Subsequently, it premiered on MNCTV Indonesia and Disney Channel in the same year.

We are excited to announce that Ejen Ali the Movie is slated for release in December 2019. The movie will feature new agents, new gadgets and a more immersive look into the fictional world of Ejen Ali.

Beyond Ejen Ali, three animation projects – Alif & Sofia, Iffins, and Fridgies – completed their pilots in 2018. The projects made their first international debut in MIPJunior 2018, the leading showcase for kids programming in Cannes, France. These animations are now available for pre-sale, with opportunities for broadcasting rights, licensing and merchandising rights, and co-production.

Alif & Sofia has also been greenlit as the second animation IP for full production investment under the Malaysia Creative Content Export Fund ("MYCEF"), in collaboration with Malaysia Digital Economy Corporation ("MDEC"). Aimed at the pre-school audience, the digital-first IP is set for release in the second quarter of 2019.

BEYOND THE SCREEN

Over the years, we have created content that can branch out into a variety of extensions in an effort to unlock the full value of our IP. Popular content, such as Ejen Ali and Pulang, have transcended their traditional spaces by going into merchandising, novels, mobile games and even on the body of an airplane.

One of our biggest successes is Ejen Ali. We launched its own merchandise, forged a strategic partnership with AirAsia and Big Bad Wolf, a partnership with Mamee Monster Biskidz and a distribution deal with Disney Channel.

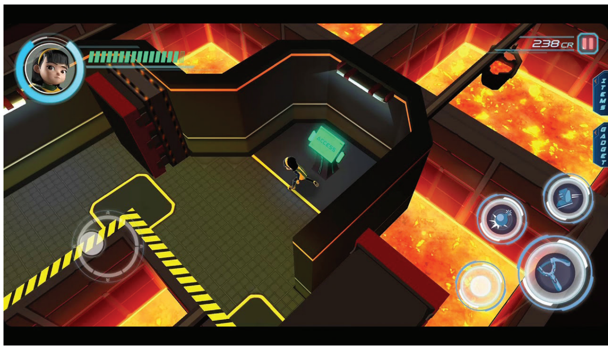
REVIEW OF OPERATIONS – PWS

In March 2018, AirAsia and Ejen Ali launched MATA Spy Jet, an AirAsia Airbus A320 aircraft decked out with Ejen Ali livery design. The launch is a culmination of the #MisiAspirasiAirAsia campaign, a partnership between Ejen Ali and AirAsia that emphasises four values – being aspirational, thrifty, friendly and kind, with the aim to inspire and empower more kids to be the future leaders of the world.

In merchandising, Ejen Ali's range of plush toys and IRIS glasses are available in stores nationwide at Toy World outlets, Parkson, Metrojaya and Hamley's. Ejen Ali is also the first local animation to have its merchandise available in BookXcess at a dedicated section in the bookstore. The back-to-school line of Ejen Ali products was further extended with the launch of BATA school shoes nationwide in December 2018.

In addition, Ejen Ali's first major carnival – codenamed Misi: MATA Academy – was held at IOI City Mall, Putrajaya, in conjunction with the December 2018 school holidays. The event was an experiential activation for kids, where they participated in a secret agent's training programme to get certified as a MATA Ejen. Other activities during the carnival include a meet and greet with Ejen Ali and Alicia mascots, contests, and sales of Ejen Ali's full range of merchandise. The overall turnout for the carnival was estimated at 70,000 people, and is expected to be the first of many in 2019.

Ejen Ali's popularity was boosted by the introduction of two mobile games first launched in 2016. Developed by Media Prima Labs, the two games registered a significant increase in mobile downloads in 2018.



A screenshot of the Ejen Ali mobile game which recorded an increase in downloads in 2018

Mamee Monster Biskidz renewed their licensing and merchandising partnership with Ejen Ali into Year 2. Part of the extension was a customised Augmented Reality mobile game app created by Media Prima Labs, which is available on all Android devices. The mobile game features Augmented Reality characters, which players can earn when they purchase Mamee Monster Biskidz and scan a collectable card that comes with the packaging.

"WE ARE EXCITED TO ANNOUNCE THAT EJEN ALI THE MOVIE IS SLATED FOR RELEASE IN DECEMBER 2019. THE MOVIE WILL FEATURE NEW AGENTS, NEW GADGETS AND A MORE IMMERSIVE LOOK INTO THE FICTIONAL WORLD OF EJEN ALI."

Primeworks Studios has also created extensions of its popular IPs into novels such as Dia, the popular drama series which was published into a novel by MPH.

Our film Pulang also transcended into the novel realm with thousands of Pulang novels distributed nationwide. It became the Top 2 local bestseller in MPH in its first launch week and featured at Popular bookstores' Pilihan Popular Wadah Jiwa Bangsa. Pulang was also selected as one of Malaysia's Top 50 titles featured at the 2018 Frankfurt Book Fair.

BEYOND MALAYSIA

Primeworks Studios has made great strides in selling content overseas and to global over-the-top video streaming services. In 2018, our animations, dramas and documentaries were available in countries such as Brunei, India, Korea, Singapore, the UAE, and the US.

We partnered with The Rights Xchange Limited, an online deal-making platform that enables television rights buyers and sellers from around the world to connect and complete licensing deals. This enables us to push our content into new markets and increase revenue beyond Malaysia.

We also secured a deal with Ali Huda, a video streaming platform that caters for Muslim children, making the Emmy-nominated animated series Saladin available worldwide.

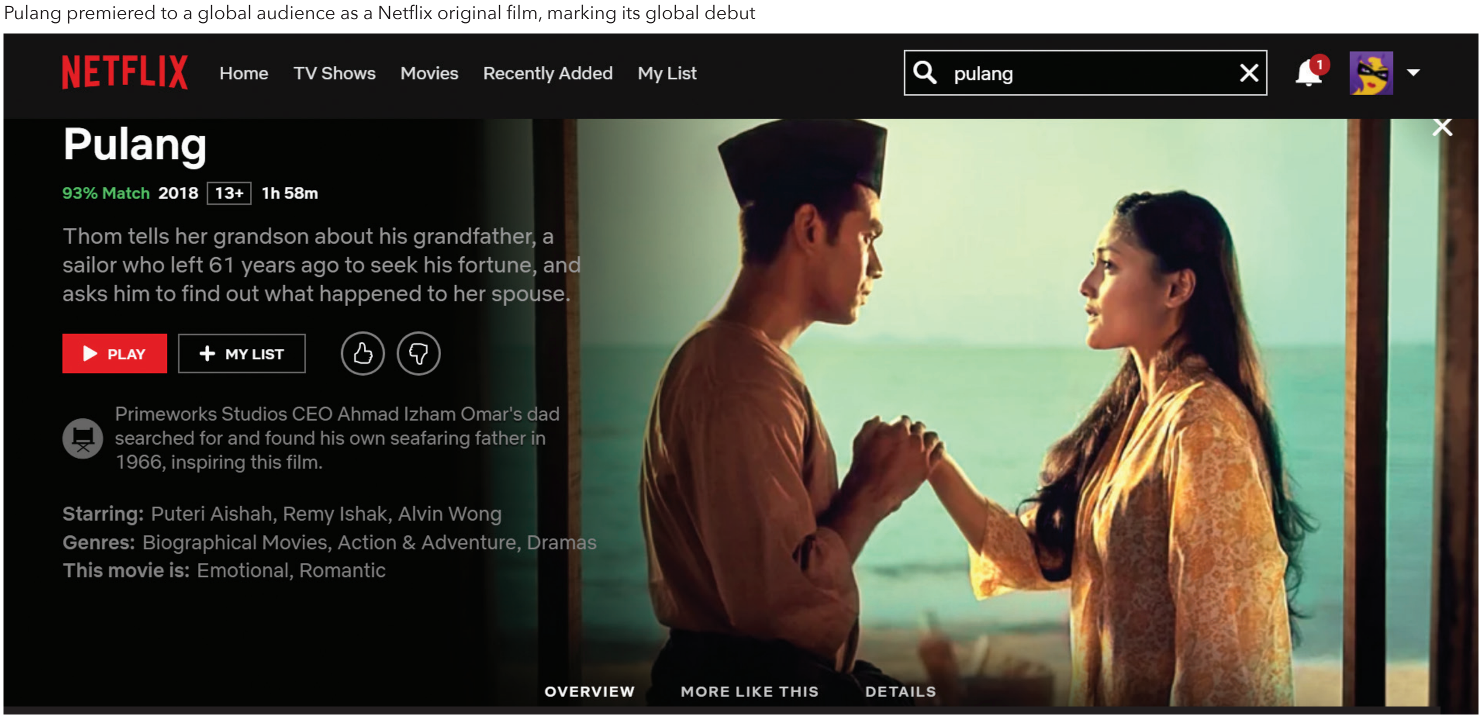
Primeworks Studios increased its audience reach with Ejen Ali Season 2, which has garnered commendable ratings in the Philippines and Thailand. The show is also available across Southeast Asia including East Timor, Republic of Palau and Papua New Guinea. To date, Ejen Ali is available in over 50 countries.

In film distribution, Pulang was released in cinemas nationwide on 26 July 2018 in 89 screens across Malaysia and Brunei in its opening week. The film collected RM2.27 million in box office sales. Pulang also premiered globally on Netflix, making Primeworks Studios a proud producer of a Netflix Original film.

MOVING FORWARD

We are committed to strengthening our brand as a content creation company and keep to our vision as providers of Asian Stories for the World. Our mission is to continue to expand our footprint regionally via content sales and co-productions, to improve the quality of our productions and to focus on new business development.

Pulang premiered to a global audience as a Netflix original film, marking its global debut



Media Prima Digital

Driving our digital future

"GAMING IS NOW A LUCRATIVE SEGMENT TO VENTURE INTO SEEING THAT THERE ARE MILLIONS OF GAMING ENTHUSIASTS IN MALAYSIA. WE IMMEDIATELY SAW THE POTENTIAL OF THIS EMERGING INDUSTRY WHEN WE FORMED OUR GAMES DIVISION, MYGAMEON, IN COLLABORATION WITH MALAYSIA DIGITAL ECONOMY CORPORATION."

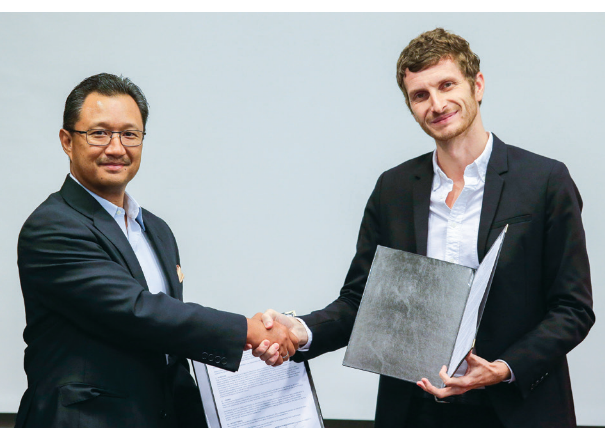
13.1 million
DOWNLOADS FOR OUR MOBILE APPS

10 million
MONTHLY UNIQUE VISITORS FOR REV ASIA AND MPLABS

2.3 million
AVERAGE MONTHLY ACTIVE USERS FOR OUR MOBILE APPS

REVIEW OF OPERATIONS – MPD

Mak Cun's Adventure mobile game app reached 250,000 downloads after two months since its launch



Our collaboration with Dailymotion has enabled the Group to access a wider audience beyond Malaysia through this popular streaming service

At Media Prima Digital, we understand the need to continuously evolve our business to adapt to new technologies and trends, especially in this fast-paced digital era. Our team has been at the forefront of the Group's transformation into a digital-first operating model. We spearhead innovation, digital advertising, and technology across Media Prima's group of businesses using an integrated and agile approach. Our goal – to make Media Prima a leading player in the digital ecosystem.

We are proud to report that the initiatives from our digital publishing arm, REV Asia Holdings ("REV Asia"), together with our digital product development arm, Media Prima Labs, have increased Media Prima Digital's reach to approximately 10 million monthly unique users, a 80% increase from 2017. On a Group level, our digital portfolio increased in total monthly unique visitors from 8.7 million in January 2018 to 13.2 million in December 2018.

ALLIANCES FOR GROWTH

In 2018, we realised the need to diversify the ways that audiences reach our content. We formed alliances with renowned technology players which significantly increased our reach in numbers and beyond Malaysia, as well as higher digital revenue across Group.

We entered the year with a collaboration with Grab, Southeast Asia's premier e-hailing company, which entails Media Prima delivering short-form content for its in-car media platform in selected Grab cars. This collaboration has enabled our content to reach Grab's database which boasts millions of users around Malaysia.

More significantly are our collaborations with two leading online video streaming platforms, YouTube and Dailymotion. This has enabled the entire Group to access a wider audience beyond Malaysia through uploading content on these popular streaming services. We have since seen a significant jump in online viewership and greater digital advertising revenue. In addition, we have reduced operational costs for our over-the-top business by embedding technology from YouTube and Dailymotion on tonton's platform.

BECOMING A DOMINANT ESPORTS PLAYER

Gaming is now a lucrative segment to venture into seeing that there are millions of gaming enthusiasts in Malaysia. We immediately saw the potential of this emerging industry when we formed our games division, MyGameOn, in collaboration with Malaysia Digital Economy Corporation ("MDEC"). MyGameOn is a portal to share the latest local game reviews and live broadcasts of various eSports events.

We continued to invest in this segment in 2018 through a collaboration with local eSports company, Kitamen, to develop Malaysia's eSports industry. This will see Media Prima providing its platforms, which includes digital television, print and radio, to promote gaming initiatives as well as broadcasting expertise in relation to live-streaming services. Kitamen will utilise Media Prima's in-house assets and tap into large scale on-ground events such as Karnival Jom Heboh and institution of higher learning tournaments.

Moving into 2019, we want to champion the growth of eSports, to educate more users and encourage people to participate in this segment.

REVIEW OF OPERATIONS – MPD

DIGITAL PUBLISHING

One of the highlights for the year is the expansion of our digital publishing arm REV Asia. Acquired by Media Prima in 2017, REV Asia is one of Southeast Asia's largest digital publishing companies with well-established brands such as SAYS, OhBulan!, SirapLimau, ViralCham and Rojaklah.

We sealed a region-wide partnership with Mashable, one of the world's fastest-growing online brands for technology, digital culture and entertainment content, for audiences across Indonesia, Malaysia, the Philippines, and Singapore. REV Asia is a pioneer in providing sponsored content solutions to advertisers while Mashable is a highly recognised and trusted source with a huge digital following around the world. This partnership will further accelerate our digital revenue growth across other key markets in Southeast Asia and will be one of our key strategies moving forward in expanding across the region.

To strengthen REV Asia's position in the Malay and Chinese-speaking markets, we acquired a share in two prominent local digital brands – TanTanNews is a prominent Chinese-language social news media and content portal while The Vocket is a popular Malay-language social news portal targeted at urban Malay youths. This allows us to scale at a rapid pace in helping potential advertisers target specific audiences for their campaigns.

In view of diversifying our audience segments, we acquired Waktu Solat – the most downloaded "Islamic Utility" mobile app in Malaysia with over 4.8 million downloads. Waktu Solat is also available in Brunei, Indonesia, and Singapore, and enables us to dive into a new business vertical that targets the Muslim market.

While expanding and diversifying our audience reach remains an important strategy, we also acknowledge the need to enhance user social experience. We launched a revamped rewards website and mobile app, 8coin, previously known as 8Share, which has over 770,000 social media users across Malaysia. This platform enables marketers to engage users as social advocates to promote their brands, while users can obtain rewards by sharing "interesting content" on their social media channels. Through 8coin, users can earn coins that can be redeemed for cash, and obtain free merchandise such as lifestyle products and gadgets.

MOBILE APPLICATIONS

Two years ago, we launched Media Prima Labs ("MP Labs"), a special vehicle dedicated to the development of digital extensions of the Group's popular intellectual properties. Our brands, such as Primeworks Studio's Ejen Ali, have successfully penetrated the mobile gaming realm and won multiple awards.

Media Prima Digital's portfolio of successful brands now includes The Vocket, Mashable and TanTanNews

REV Asia sealed a region-wide partnership with Mashable, one of the world's fastest-growing online brands for technology, digital culture and entertainment content for audiences across Indonesia, Malaysia, the Philippines and Singapore

In 2018, our mobile apps achieved a total of 13.1 million downloads with 2.3 million average monthly active users. We successfully launched two mobile games in the year including Mak Cun's Adventures for Android and iOS users. This mobile game based on our popular comedy-drama series, Mak Cun, recorded over 100,000 downloads within 10 days after its launch. We also launched Nightstream, a mobile game which was awarded Best Technology during the Level Up KL SEA Game Awards 2018.

MOVING FORWARD

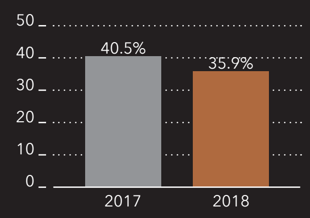
We aspire to be the leading Malaysian digital media company in terms of reach, retention and revenue. To do that, we will continue to lead and innovate digital strategies across the Group. In 2019, we aim to focus more on mobile-first initiatives as smartphone users are on the rise year-on-year. We also aim to grow big in the local gaming industry by developing more meaningful games and events for this segment.

"MOVING INTO 2019, WE WANT TO CHAMPION THE GROWTH OF ESPORTS, TO EDUCATE MORE USERS AND ENCOURAGE PEOPLE TO PARTICIPATE IN THIS SEGMENT."

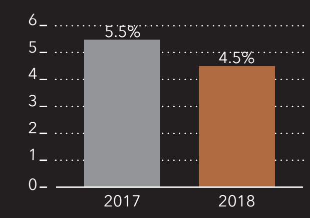
SEGMENTAL ANALYSIS

EXTERNAL REVENUE*

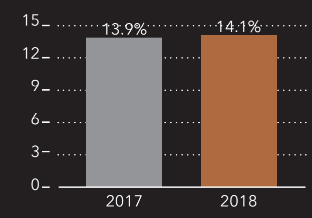
MPTN



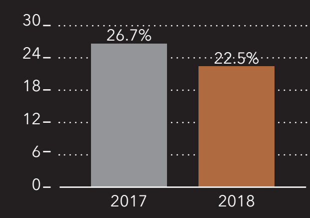
RIPPLE



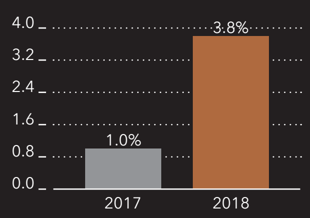
BIG TREE



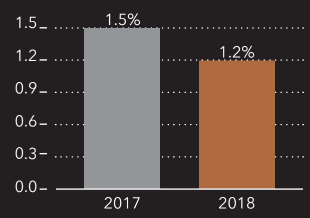
NSTP



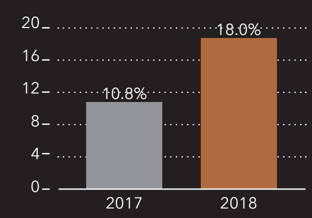
MEDIA PRIMA DIGITAL



PWS

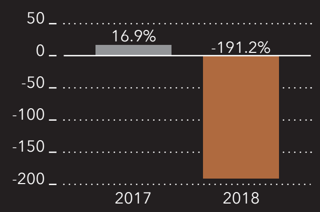


CJ WOW SHOP

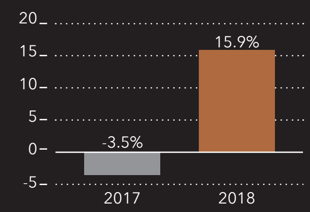


(LOSS)/PROFIT AFTER TAX*

MPTN



RIPPLE



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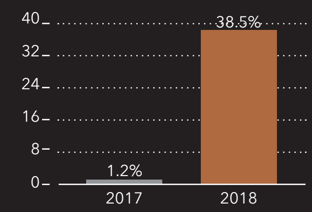
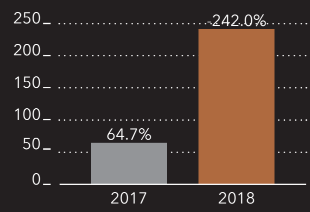
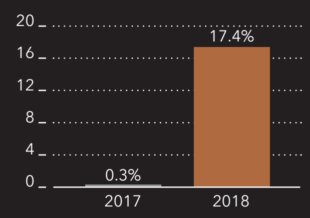


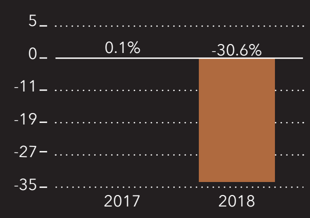
NSTP



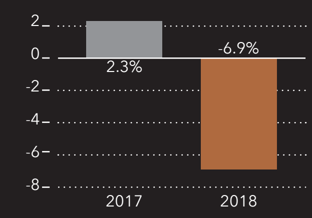
MEDIA PRIMA DIGITAL



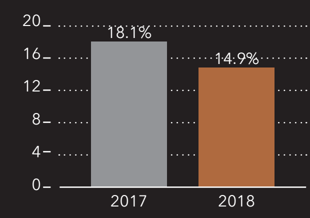
PWS



CJ WOW SHOP



CORPORATE & ELIMINATION



* Contribution to the Group

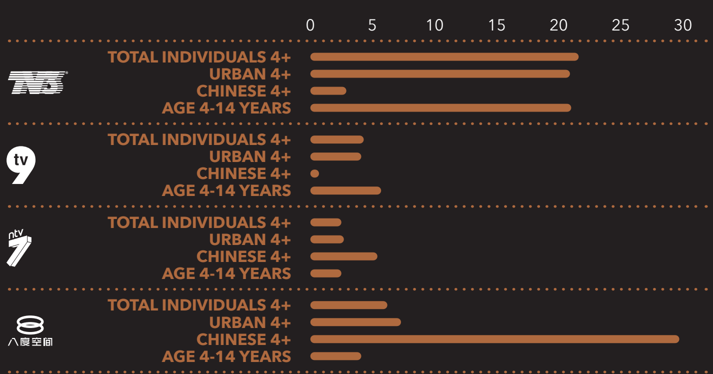
STATEMENT OF VALUE ADDED & DISTRIBUTION OF VALUE ADDED

RM'000	FYE 2018	FYE 2017 Restated
REVENUE	**1,185,737**	**1,198,828**
ROYALTIES	(374)	(1,219)
OPERATING EXPENSES	(1,310,085)	(1,811,643)
VALUE ADDED BY THE GROUP	**(124,722)**	**(614,034)**
OTHER OPERATING INCOME (EXCLUDING FINANCE INCOME)	198,919	22,050
FINANCE INCOME	6,188	9,161
FINANCE COSTS	(19,745)	(14,660)
SHARE OF RESULTS OF AN ASSOCIATE	–	(4,889)
VALUE ADDED FOR DISTRIBUTION	**60,640**	**(602,372)**
DISTRIBUTION OF PROFITS		
1. EMPLOYEE COST	400,998	503,028
2. TAXATION	1,649	64,137
3. RETAIN FOR REINVESTMENT AND FUTURE GROWTH		
- DEPRECIATION, AMORTISATION (EXCLUDING PROGRAMME & FILM RIGHTS) & IMPAIRMENT	74,286	472,137
- ACCUMULATED LOSSES	(416,293)	(1,641,674)
	60,640	**(602,372)**

VIEWERSHIP, LISTENERSHIP & READERSHIP DATA

VIEWERSHIP PERFORMANCE

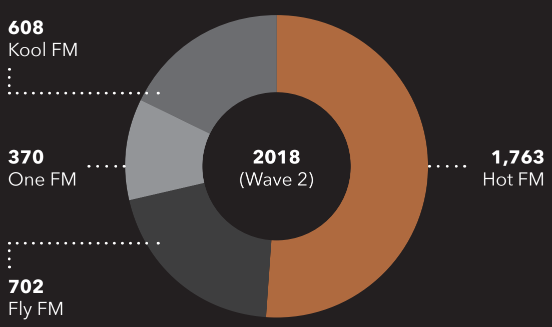
TARGET	TOTAL INDIVIDUALS 4+	URBAN 4+	CHINESE 4+	AGE 4-14 YEARS
Channel/ Variable	**Share**	**Share**	**Share**	**Share**
TV3	21.6	20.9	2.9	21.0
tv9	4.3	4.1	0.7	5.7
ntv7	2.5	2.7	5.4	2.5
8TV 八度空间	6.2	7.3	29.7	4.1



Source : Nielsen Audience Measurement

BROADCAST LISTENERSHIP (RIPPLE) REACH ('000)

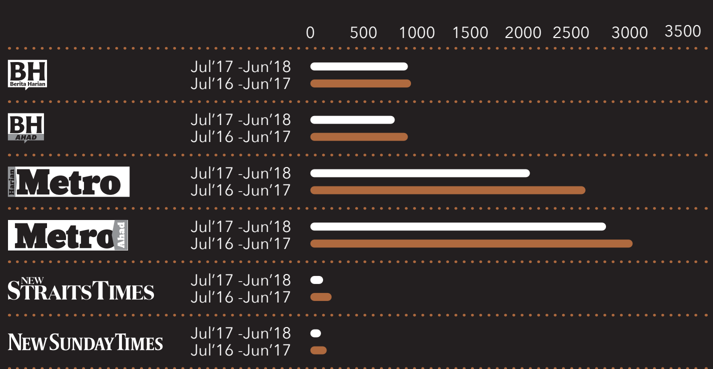
		Measurement
Hot FM	Age 10-29	1,763
Fly FM	Age 10-29	702
One FM	Age 10-29	370
Kool fm	People 10+	608



Source : GFK Radio Audience Measurement Wave 2

READERSHIP TREND

	Jul'17-Jun'18 ('000)	Jul'16-Jun'17 ('000)
BH Berita Harian	924	946
BH Ahad	793	916
Harian Metro	2,062	2,584
Metro Ahad	2,277	3,027
New Straits Times	120	200
New Sunday Times	82	154

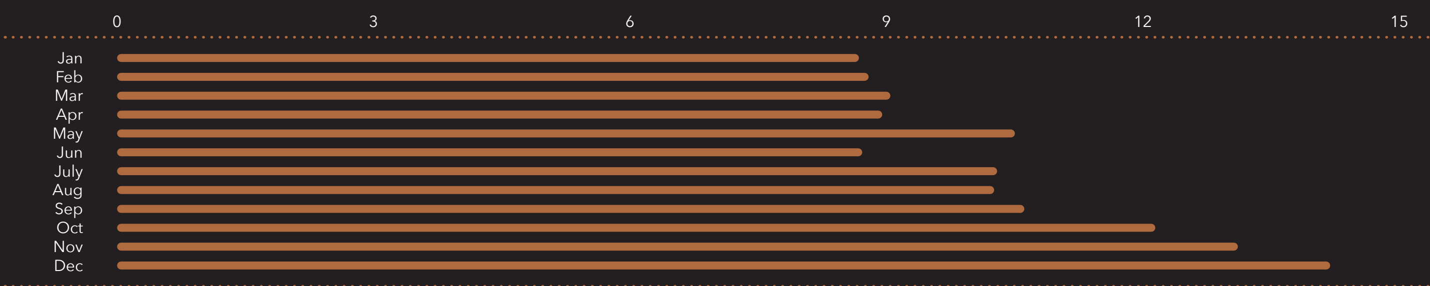


Source : Nielsen Consumer & Media View (Jul'17-Jun'18)
Nielsen Consumer & Media View (Jul'16-Jun'17)

DIGITAL DATA

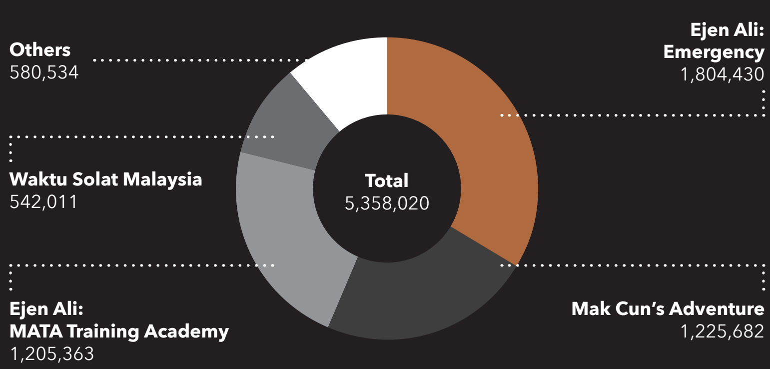
MEDIA PRIMA GROUP TOTAL UNIQUE VISITORS 2018 ('000)

Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
8,722	8,836	9,092	8,996	10,556	8,761	10,347	10,312	10,667	12,207	13,178	14,316



Source : Comscore January 2018 - December 2018

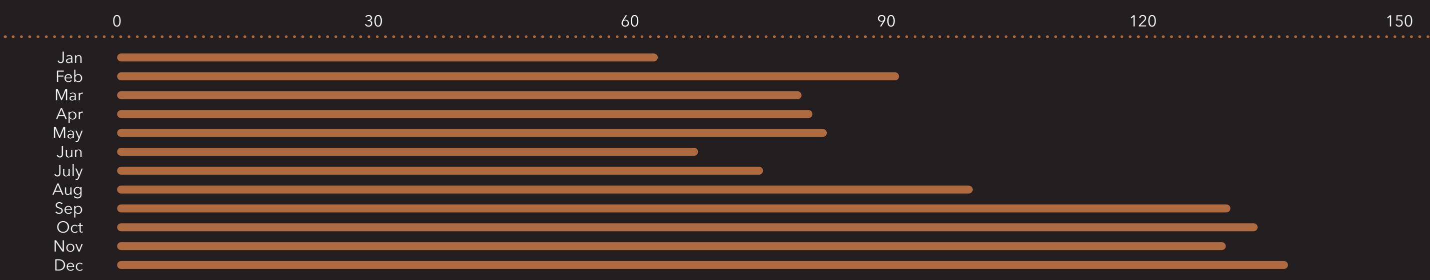
TOTAL MOBILE APP DOWNLOADS 2018



Source : Google Analytics January 2018 - December 2018

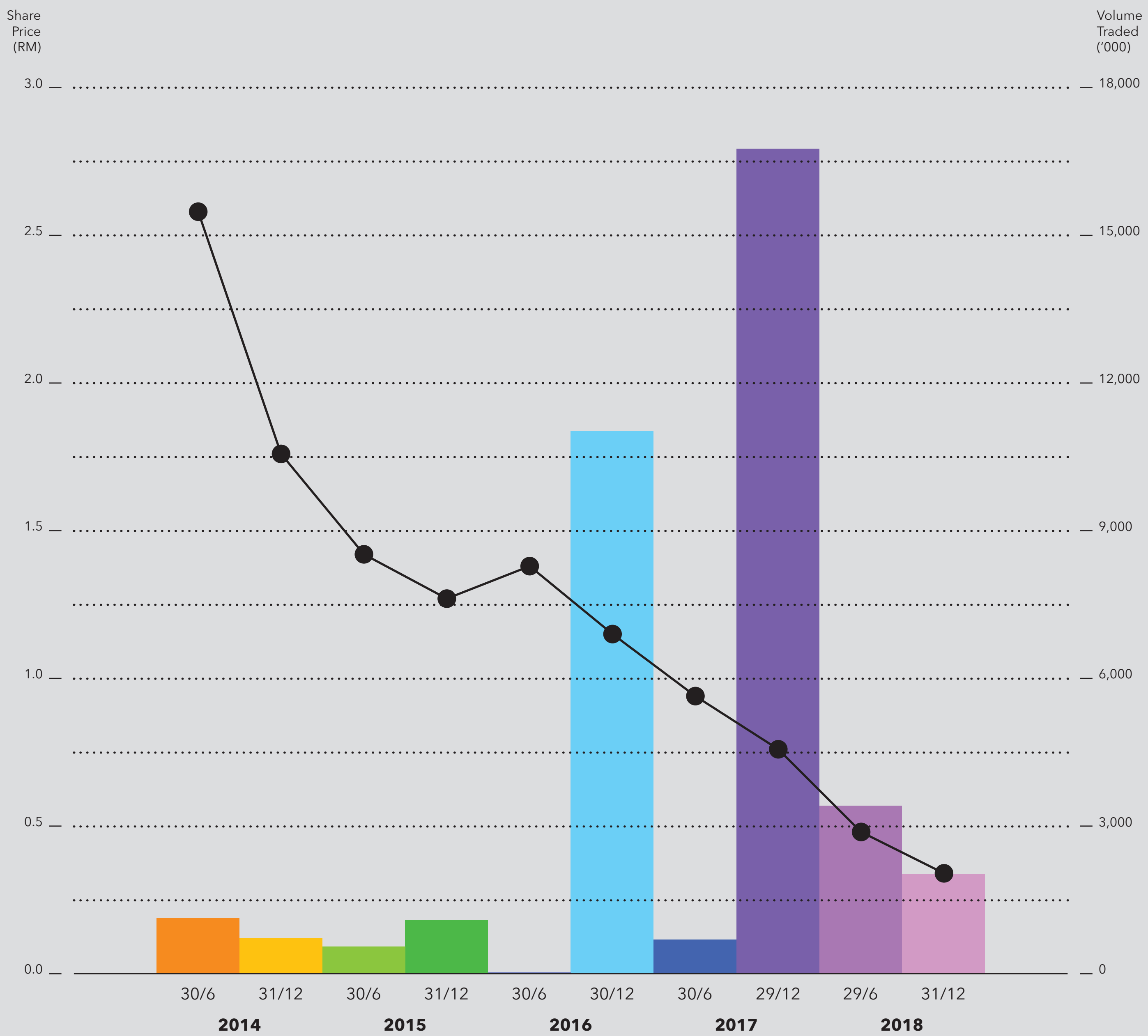
YOUTUBE VIDEO VIEWS BY MONTH 2018

Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
63,291,631	91,532,390	80,119,778	81,398,129	83,075,565	68,003,586	75,610,050	100,153,825	130,314,595	133,502,647	129,775,324	137,052,888



Source : YouTube January 2018 - December 2018

SHARE PRICE CHART



Date	30/6/2014	31/12/2014	30/6/2015	31/12/2015	30/6/2016	30/12/2016	30/6/2017	29/12/2017	29/6/2018	31/12/2018
Share Price (RM)	2.58	1.76	1.46	1.27	1.38	1.15	0.94	0.76	0.48	0.34
Volume Traded	1,139,900	733,200	561,300	1,076,900	42,600	11,012,500	674,800	16,775,500	3,392,000	1,964,000

Source : Bloomberg

Legends : Volume Traded ('000) Share Price (RM)

GROUP FINANCIAL REVIEW

REVENUE

Marginal revenue decline by 1% in 2018 to RM1,185.7 million against 2017 revenue of RM1,198.8 million reflecting the positive progress of Media Prima's business transformation plan.

The significant revenue growth recorded from digital and consumer revenue have cushioned the impact of decline in advertising revenue and newspaper sales. This is reflected by the significant growth of Group's digital revenue to RM87.9 million (2017:RM41.5 million) and home shopping revenue to RM213.1 million (2017: RM129.5 million) against 15% decline in total advertising revenue to RM774.5 million (2017: RM914.7 million), and 17% decline in newspaper sales to RM72.6 million (2017: RM88.1 million).

Television Networks ("MPTN")

Lower advertising expenditure ("adex") throughout the year contributed to Television Networks' ("TVN") 11% decline in revenue to RM437.4 million in 2018 from RM491.7 million in 2017.

While TVN's core free-to-air advertising revenue declined against the preceding year, its digital and commerce initiatives had seen revenue growth compared to 2017.

Print Media ("NSTP")

Revenue of RM270.3 million in 2018 was a17% decline against RM325.7 million recorded in 2017. Newspaper advertising and circulation revenue declined by 23% and 19% respectively in line with the decline in newspaper market demand. The platform's digital and education revenue was up by 27% contributed by growth of its digital portals and subscription services.

Outdoor Media ("Big Tree")

Despite lower occupancy recorded in 2018, revenue posted growth of 1% to RM169.6 million (2017: RM167.9 million) contributed by higher site roll-outs from Big Tree Seni Jaya Sdn Bhd.

Home Shopping ("CJ WOW SHOP")

This segment generated total sales of RM213.1 million for 2018, a 65% increase from RM129.5 million recorded for 2017.

Radio Networks ("Ripple")

Revenue declined by 18% to RM54.6 million (2017:RM66.6 million) attributed to lower adex during the financial year.

Digital Media ("Media Prima Digital")

Significant increase in revenue by 57% contributed mainly from higher internal shared service and digital advertising revenue. The growth in the digital advertisement for this segment was underpinned by the acquisition of Rev Asia Holdings Sdn Bhd and its subsidiaries ("Rev Asia Holdings Group") in 2017.

Content Creation ("Primeworks Studios")

Content Creation recorded external revenues of RM14.3 million for 2018, which is a 21% decline from 2017. The decline was mainly due to lower box office revenues, advertiser content and film distribution services.

Corporate

Corporate reportable segment mainly comprises of the corporate office and our group shared service functions. Revenues are mostly intercompany in nature and are eliminated for consolidation.

GROUP FINANCIAL REVIEW

AMORTISATION OF INTANGIBLE ASSETS

Amortisation of intangible assets decreased from RM186.7 million in 2017 to RM173.0 million in 2018. Amortisation of programme and film rights, which significantly accounts for the total amortisation of intangible assets, decreased to RM152.7 million (2017: RM165.8 million) due to lower programme rights amortisation by TVN coupled with lower film production costs from box office releases in 2018. Computer software and software development costs amortisation for 2018 amounted to RM3.0 million (2017: RM4.9 million). The decrease was mostly attributed to amortisation of development costs for our mobile applications under Digital Media platform in 2017 aside from amortisation of software supporting our other digital products and services.

NEWSPRINT AND NEWSPAPER PRODUCTION COSTS

Newsprint and newspaper production costs decreased by 43% to RM48.8 million (2017: RM85.3 million) as lower newsprint and printing material consumption is in line with lower circulation volumes of newspapers.

OUTDOOR DISPLAY AND PRODUCTION COSTS

Outdoor display and production costs in 2018 saw a 6% decrease against 2017 primarily due lower site rental and production costs.

EMPLOYEE BENEFITS COSTS

Total employee benefits costs decreased by 20% to RM401.0 million compared to RM503.0 million in 2017. The decrease was mainly due to lower termination benefits costs in 2018 and savings arising from manpower rationalisation exercise undertook in 2017.

DEPRECIATION

Total depreciation of property, plant and equipment and investment properties decreased by 30% to RM68.9 million compared to by RM98.7 million in 2017. The decrease was mainly due to RM117.9 million impairment charges of property, plant and equipment in 2017 and 2018 sale and leaseback agreements with PNB Development Sdn Bhd for properties owned by Print Media which include Balai Berita Shah Alam and Balai Berita Bangsar.

TAXATION

Taxation for 2018 decrease significantly to RM1.6 million against tax expense of RM64.1 million recognised in 2017. Included in the tax expense are tax savings amounting to RM11.3 million (2017: RM9.6 million) from utilisation of group tax reliefs. For 2018, our Group effective tax rate stood lower than the statutory corporate tax rate of 24%.

PROFITABILITY

We achieved a profit after tax of RM59.0 million for the financial year 2018 compared to a loss of RM669.7 million in the financial year 2017. If the exceptional items were excluded, we posted a normalised loss after tax of RM100.7 million (2017: 172.3 million) detailed as follows:

Exceptional Items

In addition to statutory performance measures in accordance with MFRS, we measure our performance based on normalised profit or loss because we believe normalised performance measures provide management and investors with useful additional information about the financial performance of the Group. Normalised performance measures are not defined by MFRS and may not be directly comparable with similar adjusted perfomance measures used by other entities.

The Group derived its normalised loss for the financial year by excluding exceptional items from the loss for the financial year in the consolidated statement of comprehensive income.

Exceptional items are those items we consider to be one-off or material in nature that be brought to attention in understanding the financial performance of the Group.

The reconciliation of normalised loss for the financial year is as follows:

	2018 RM million
Profit for the financial year	59.0
Exceptional items:	
- Gain on disposal of shares in an associate	45.6
- Termination benefits	(19.0)
- Gain on disposal of PPE	133.1
	159.7
Normalised loss for the financial year	(100.7)

TOTAL ASSETS

Total assets as at 31 December 2018 stood at RM1,317.6 million, a 16% reduction from RM1,582.3 million as at 31 December 2017.

Lower PPE, deferred tax assets and sale of investment in an associate contributed to the reduced total assets of the Group.

PROPERTY, PLANT AND EQUIPMENT

Total PPE as at 31 December 2018 stood at RM305.0 million (2017: RM498.6 million).

The 38% reduction in PPE balance was mainly because of the sale and leaseback agreements with PNB Development Sdn Bhd for properties owned by Print Media which include Balai Berita Shah Alam and Balai Berita Bangsar. During the year, the Group posted additions to PPE of RM26.7 million against RM95.7 million in financial year 2017.

INTANGIBLE ASSETS

Intangible assets stood at RM430.1 million as at 31 December 2018 against RM446.1 million as at 31 December 2017. Intangible assets consisting of programme rights and film production costs which we consider as operating in nature accounted for 12% of the total carrying amount of intangible assets. Combined programme rights and film production cost balance decreased to RM55.0 million in 2018 (2017: RM67.5 million) as a result of lower additions in 2018.

Goodwill and other intangible assets arising from business combinations accounted for 87% of our total intangible assets. We review the recoverable amounts of goodwill and other intangible assets with indefinite useful lives annually allocated across our Radio Networks, Print Media, Outdoor Media and Digital Media cash generating units (see Note 18 to the consolidated financial statements). There were no impairment charges recognised on the intangible assets with indefinite life during the financial year based on the result of the impairment assessment performed.

DEPOSITS, CASH & BANK BALANCES

Deposits, cash and bank balances stood at RM210.1 million as at 31 December 2018 compared to RM206.0 million as at 31 December 2017. The reduction in cash and bank balances are partly due reduced net cash inflows from operating activities of RM21.6 million (2017: RM44.3 million) in line with the continuous challenges faced during the financial year.

Net cash inflows generated from investing activities during the financial year increased to RM318.6 million mainly because of the proceeds from the sale of PPE and also proceeds from disposal of investment in an associate amounting to RM286.7 million and RM45.6 million respectively.

Net cash outflows from financing activities increased significantly from RM43.0 million for 2017 to RM327.5 million in 2018 mainly because of the repayment of borrowings and for higher interest paid during the financial year.

TRADE & OTHER RECEIVABLES

Trade and other receivables balances fell by 14% to RM255.0 million as at 31 December 2018 (2017: RM297.6 million). Net trade receivables after advance billings reduced to RM195.2 million (2017: RM244.2 million) due to lower gross trade receivables balance.

The trade and other receivables balances were also impacted by additional loss allowances for financial year 2018 upon the adoption of MFRS 9, which incorporates forward looking information as opposed to the incurred loss model under the previous MFRS 139.

Total net other receivables increased from RM53.5 million as at 31 December 2017 to RM59.7 million as at 31 December 2018.

TOTAL LIABILITIES

Our total liabilities reduced by 37.9% to RM503.2 million as at 31 December 2018 (2017: RM810.1 million) mainly because of the repayment of the term loan during the financial year.

The increase in trade and other payables is primarily due to net additional provision of termination benefits of RM9.8 million (2017: RM58.5 million) and higher accrued expenses of RM213.1 million (2017: RM176.9 million) mainly from accrued service tax and increased accrued site rentals under Outdoor Media as set out in Note 27 to the consolidated financial statements.

BORROWINGS

Total borrowings as at 31 December 2018 had reduced to RM4.2 million (2017: RM314.2 million) as a result of the repayment of the term loan during the financial year. The remaining outstanding borrowing as of financial year 2018 comprise of a short term banker's acceptance of RM4.2 million.

TOTAL EQUITY

Total equity increased by 5% from RM772.2 million as at 31 December 2017 to RM814.4 million as at 31 December 2018 on the back of the RM59.0 million total comprehensive income for the current financial year.

LOSS/EARNINGS PER SHARE & RETURN ON EQUITY ("ROE")

Basic loss per share of 58.66 sen for 2017 increased to earnings per share of 5.29 sen for 2018 in line with our profit for the financial year 2018.

The profit also resulted in our ROE for 2018 to stand at 7% as compared to -0.9% for 2017.

DIVIDENDS

Reflecting the Group's and the Company's accumulated loss position of RM717.9 million and RM592.1 million respectively, the Board of Directors do not recommend payment of any dividend for the financial year ended 31 December 2018.

SUSTAINABILITY REPORT

ABOUT THIS SUSTAINABILITY STATEMENT

The Media Prima Sustainability Statement 2018 reflects our commitment to sustainable work and transparent reporting. This statement provides stakeholders with a summary of our approach and performance in key sustainability areas.

SCOPE OF REPORT

REPORTING PERIOD

1 January to 31 December 2018, unless specified.

REPORTING CYCLE

Annually

COVERAGE

The Media Prima Sustainability Statement provides a brief summary of the Group's integrated approach to sustainable value creation. Full disclosure of Media Prima's Economic, Environmental and Social performance, following the Global Reporting Initiative ("GRI") Standards and Bursa Malaysia Sustainability Framework, can be found in the standalone Media Prima Sustainability Report 2018.

REFERENCES AND GUIDELINES

Principal Guideline: Global Reporting Initiative ("GRI") Standards

Additional Guidelines:

- Bursa Malaysia's Sustainability Reporting Guide
- FTSE4Good Bursa Malaysia Index
- International Organization for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility

RELIABILITY AND RELEVANCE OF INFORMATION DISCLOSED

The accuracy of the report's contents has been verified by SIRIM QAS International Sdn Bhd.

FEEDBACK

Group Corporate Communications Department
Media Prima Berhad
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No. 31 Jalan Riong, Bangsar
59100 Kuala Lumpur

Tel:
1 300 300 672

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communications@mediaprima.com.my

Website:
http://www.mediaprima.com.my

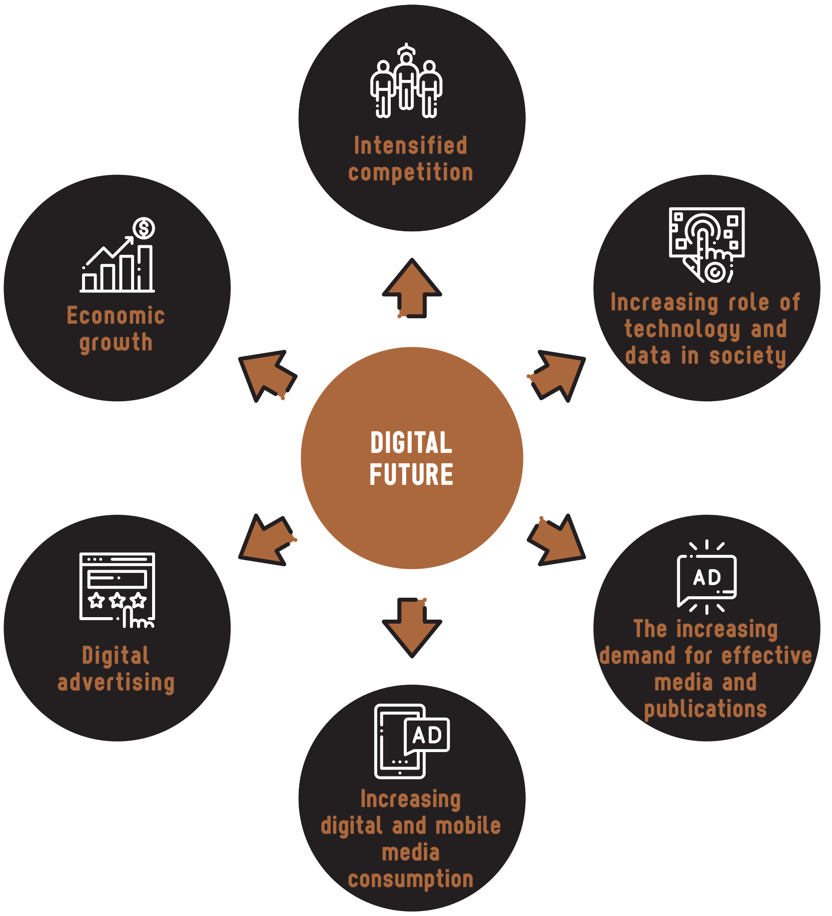
FORCES OF INNOVATION IN THE DIGITAL ENVIRONMENT

Digital transformation is happening and competition is increasing. Current market trends are fundamentally changing in the media industry such as:

- The declining growth of traditional revenue streams as new revenue models emerge
- Individual business models being replaced by a complex ecosystem
- Digital brands gaining prominence, powered by the ability to deliver an engaging multi-channel customer experience

The speed and magnitude of disruptive technologies have forced media companies worldwide such as ours to evolve our business models rapidly and at scale. We continue to innovate by embracing digital-based business strategies in order to successfully compete in this new ecosystem. This transformation results in a market tendency requiring high reactivity for the rapid implementation of solutions.

We focus on value creation and are mindful of six areas when formulating our digital future.



STRATEGY

STAYING AT THE FOREFRONT OF DEVELOPMENT REQUIRES AGILITY AND COURAGE TO INVEST IN NEW MOVES. CHANGES IN CONSUMER BEHAVIOUR, THE FRAGMENTATION OF THE MEDIA INDUSTRY, INTENSIFIED COMPETITION AND TECHNOLOGICAL DEVELOPMENT HAVE RAPIDLY CHANGED MEDIA CONSUMPTION. WE TOOK SIGNIFICANT STEPS IN DEVELOPING AND DELIVERING NEW DIGITAL SOLUTIONS WHEN WE BEGAN OUR DIGITAL TRANSFORMATION JOURNEY IN RECENT YEARS.

Media Prima creates sustainable growth by taking advantage of digitalisation opportunities. The objective is to increase shareholder value through revenue growth and improved profitability. Media Prima is developing and expanding its current business operations and seeking growth opportunities in new businesses and markets.

Media Prima will continue responding to consumers' changing media consumption and build its brand into integrated multi-channel media solutions. The shift from print to digital media will continue with the development of digital content solutions in line with customers' needs.

The share of revenue represented by digital consumers and business services continue to increase. New products and services will be launched to increase our digital offering.

We will continue investing in technology. Increasingly, Media Prima focuses processes and tools required to integrate technology across its platforms.

VALUE CREATION MODEL

Resources and Inputs

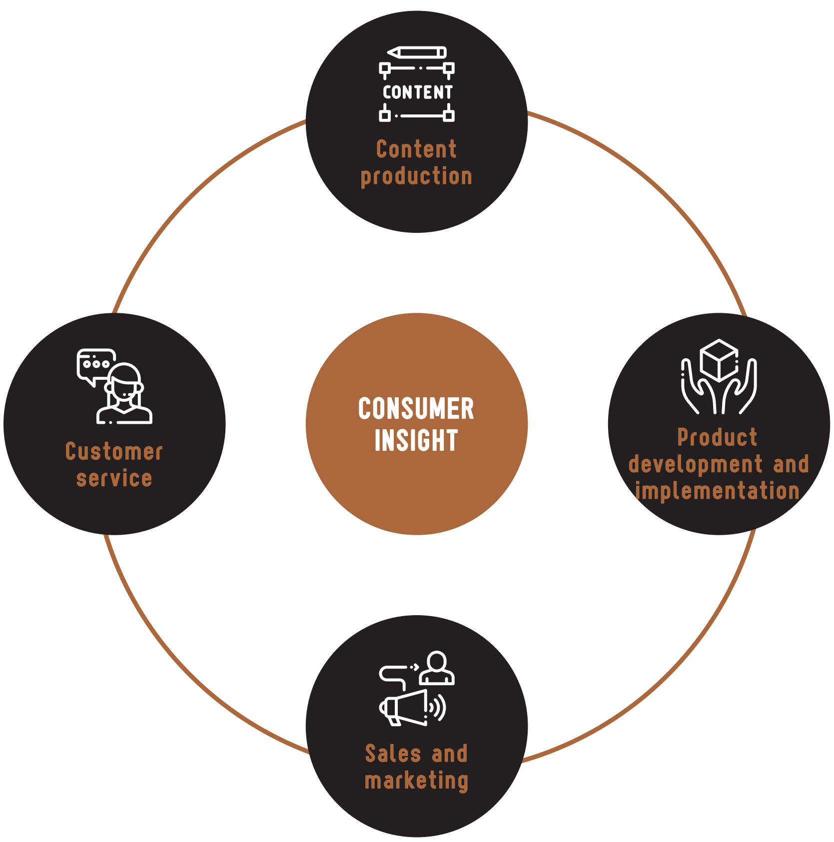
- Employees and talents
- Intellectual Property
- Financial resources
- Partnership

Outputs

- Products and services

Impacts

- **Individual growth:** Media Prima's operations increase people's competencies, awareness and understanding of the world's current affairs. Media Prima has a presence in the daily lives of millions of people, enriching them and making their lives easier.
- **Business growth:** We collaborate with companies and other organisations for new solutions and ideas that benefit our customers. Our continuous innovation results in brand loyalty and wider market outreach.
- **Societal growth:** Our presence contributes to the building of society and overall economic growth.



SUSTAINABILITY GOVERNANCE

MEDIA PRIMA'S SUSTAINABILITY GOVERNANCE MODEL PROVIDES A SOLID FOUNDATION FOR DEVELOPING A SUSTAINABILITY STRATEGY AND TARGETS. IT ENSURES THAT WE FOCUS ON EMBEDDING SUSTAINABILITY INTO THE BUSINESS BY IMPLEMENTING DECISIONS IN RELEVANT BUSINESS AREAS.

LEADING FROM THE TOP

The Board of Directors executes the Group's sustainability strategy by overseeing business strategy and risk management. The Group Managing Director and senior management are accountable for the sustainability practices within the respective businesses and operations. The Board and senior management team hold regular discussions and reviews on aspects of sustainability such as risk, employee health and safety, operations, talent management, compliance and business strategies.

PROCESSES THAT ENHANCE SUSTAINABILITY EFFORTS

Sustainability is an integral part of strategy development, innovation and business development processes. Media Prima's sustainability initiatives help the company differentiate and create value. We will continue to drive an innovative digital future for our customers.

INCENTIVISING SUSTAINABILITY

Sustainability is one of Media Prima's core values; this is reflected in how sustainability is linked with financials including remuneration. The remuneration of Media Prima's Board of Directors is based on both short and long-term goals, stretching beyond purely financial targets.

AUDITS AND REPORTING

Sustainability is at the core of Media Prima's strategy. Reporting the progress made towards sustainability targets is integrated with financial targets. Media Prima's sustainability reporting in the Integrated Annual Report is aligned with Global Reporting Initiative ("GRI") guidelines.

Media Prima commits to being transparent in reporting its sustainability performance: 'what still went wrong' in People, Planet and Profit performance is also disclosed annually.

MEDIA PRIMA'S STAKEHOLDER INTERACTION

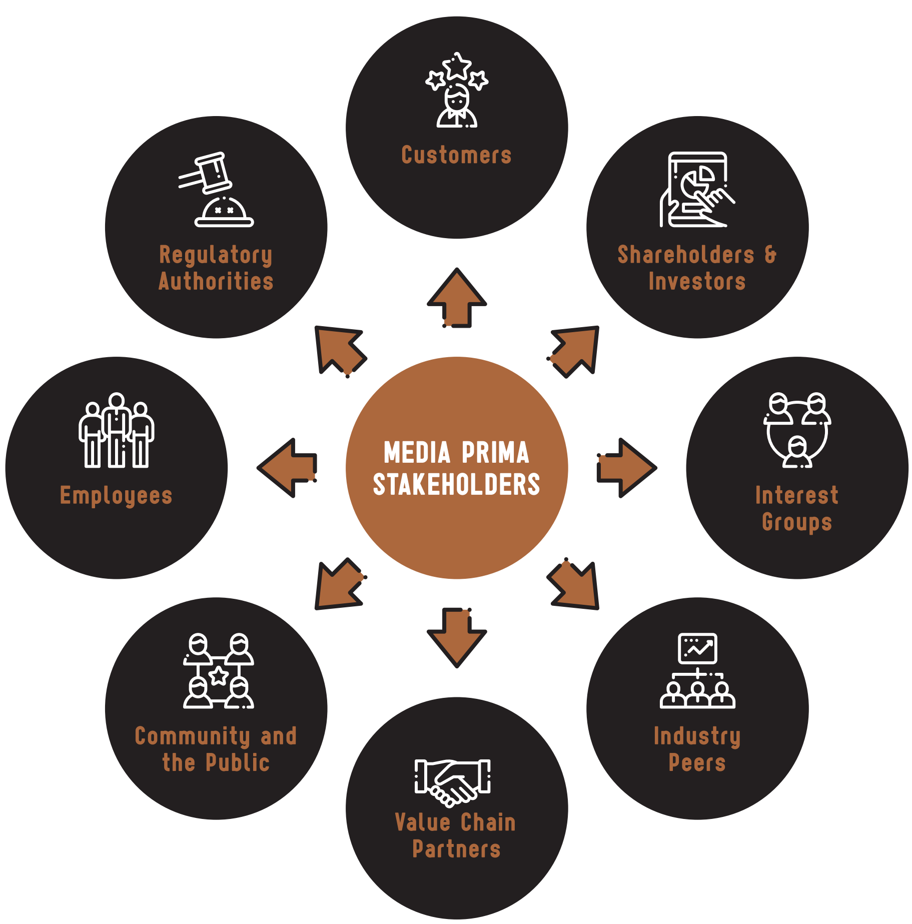
We actively listen to our diverse range of stakeholders, engaging in open dialogue and responding to their views and concerns. This engagement helps us balance competing expectations and address their issues in an informed manner.

Customers, employees, investors, NGOs, community members, suppliers, regulators, and business partners, are our most important stakeholders as they affect our business and operations, and vice versa.

An integrated approach and ongoing dialogue with stakeholders are favoured over a one-off engagement. Continuous engagement occurs at both the business unit and Group levels.

Digital transformation is making companies change their business models and adapt to the new market reality. As change is driven by our customers and the market, stakeholder engagement is more important than ever. It is crucial that we respond to their feedback.

MEDIA PRIMA'S KEY STAKEHOLDER GROUPS



		Method of Engagement	Areas of Interest	Addressing Their Interests
	Customers • Television Broadcasting: viewers • Print Media: readers • Outdoor Media: advertisers • New Media: viewers • Content Creation: Brand Management Group, Acquisition and Content Management • Radio: listeners	• Customer satisfaction surveys • Customer complaints tools • Social media • Websites	• Viewing and listening preference • Content development • Technical support • Social discourse • Privacy and freedom of expression • Children's rights	Our customers and the competition are instrumental to our prospects. We share a common goal across our organisation to provide customers with a value-added experience.
	Shareholders and Investors	• Financial results announcements and analysts briefings • Annual general meetings • Regular updates and communication • Investor roadshows	• Long-term profitability • Sustainability matters • Company's performance against targets • Compliance with all relevant requirements	We are committed to delivering economic value to our capital providers through a strong financial performance and our methods of engagement with them.
	Interest Groups • Non-governmental Organisations • Industry Analysts	• Regular and ad-hoc meetings • Official launches • Events • Open dialogue • Interviews, press releases and websites	• Company's performance • Rights of vulnerable groups • Future direction • Influence digital media has on society	We include the views of interest groups when considering the impact operations have on society.
	Industry Peers	• Conferences and meetings • Industry workshops • Networking events	• Our performance • Compliance • Development within the media industry	We have an excellent record of engaging with industry players. By sharing ideas and inspiring positive change, we continue to make the greatest possible difference. We collaborate with key partners and engage with thousands of people every day.
	Value Chain Partners • Third-party suppliers and vendors • Event sponsors	• Contract bidding and procurement management • Training and talent management • Programme roadshows • Programme licensing negotiations	• Fair procurement • Efficient supply chain management	Relationships with suppliers are governed by our supplier code of conduct. These guidelines, which conform to international ethical standards, stipulate the conduct expected from suppliers in areas such as economic sustainability, environmental sustainability and social responsibility.

	Method of Engagement	Areas of Interest	Addressing Their Interests
Community and the Public	• Financial and non-financial contributions • Philanthropic activities • Volunteerism programmes • Events and roadshows	• Social and economic development contributions • Socio-environmental impacts	We strive to be a strategic partner and positive force in our local communities.
Employees	• Employee satisfaction survey • Employee engagement programme • Internal communications such as newsletters, the intranet and updates • Events and functions • Employee grievance system	• Equal opportunities • Diversity • Career progression • Benefits and rewards	Our employees are key to our innovation-driven culture. People are our success and we are committed to being a good employer.
Regulatory Authorities • Ministry of Communications and Multimedia Malaysia ("MCMM") • Perbadanan Kemajuan Filem Nasional Malaysia ("FINAS") • Malaysian Communications and Multimedia Commission ("MCMC") • Communications and Multimedia Content Forum of Malaysia ("CMCF") • Communications & Multimedia Consumer Forum of Malaysia ("CFM") • Ministry of Finance ("MOF") • Ministry of Home Affairs ("MOHA") • Dewan Bahasa dan Pustaka ("DBP") • Department of Environment ("DOE")	• Regular communication • Reports and compliance • Periodical meetings • Regular environmental reporting to the DOE	• Compliance • Reducing environmental footprint • Compliance with environmental regulations	We have established sustainability governance to manage risk, ensure compliance and operate with integrity at all times.

Malaysia Airlines CEO and his management team paid a visit to Media Prima

Communications and Multimedia Content Forum (CMCF) Chairman, Datuk Ahmad Izham Omar, discussed with other panelists the impact of information sharing and fake news

Employee engagement programme - "Let's get physical" organized by Group Human Resources Media Prima Berhad

Media Prima Inside Out is the platform where the company shared the latest developments in its digital and e-commerce segments

MATERIALITY

The main reason for conducting a materiality assessment is to identify the most significant aspects of Media Prima's responsibility. Media Prima conducted a comprehensive materiality survey in 2017. Following a review, the results of this analysis are still deemed to be relevant as Media Prima's operations have not changed significantly. We aim to conduct this exercise at least biannually.

THE METHODOLOGY

The Media Prima Stakeholders Materiality Survey was conducted in the last quarter of 2017. The survey was once again performed by an external consultant to ensure impartiality and secure the anonymity of the respondents.

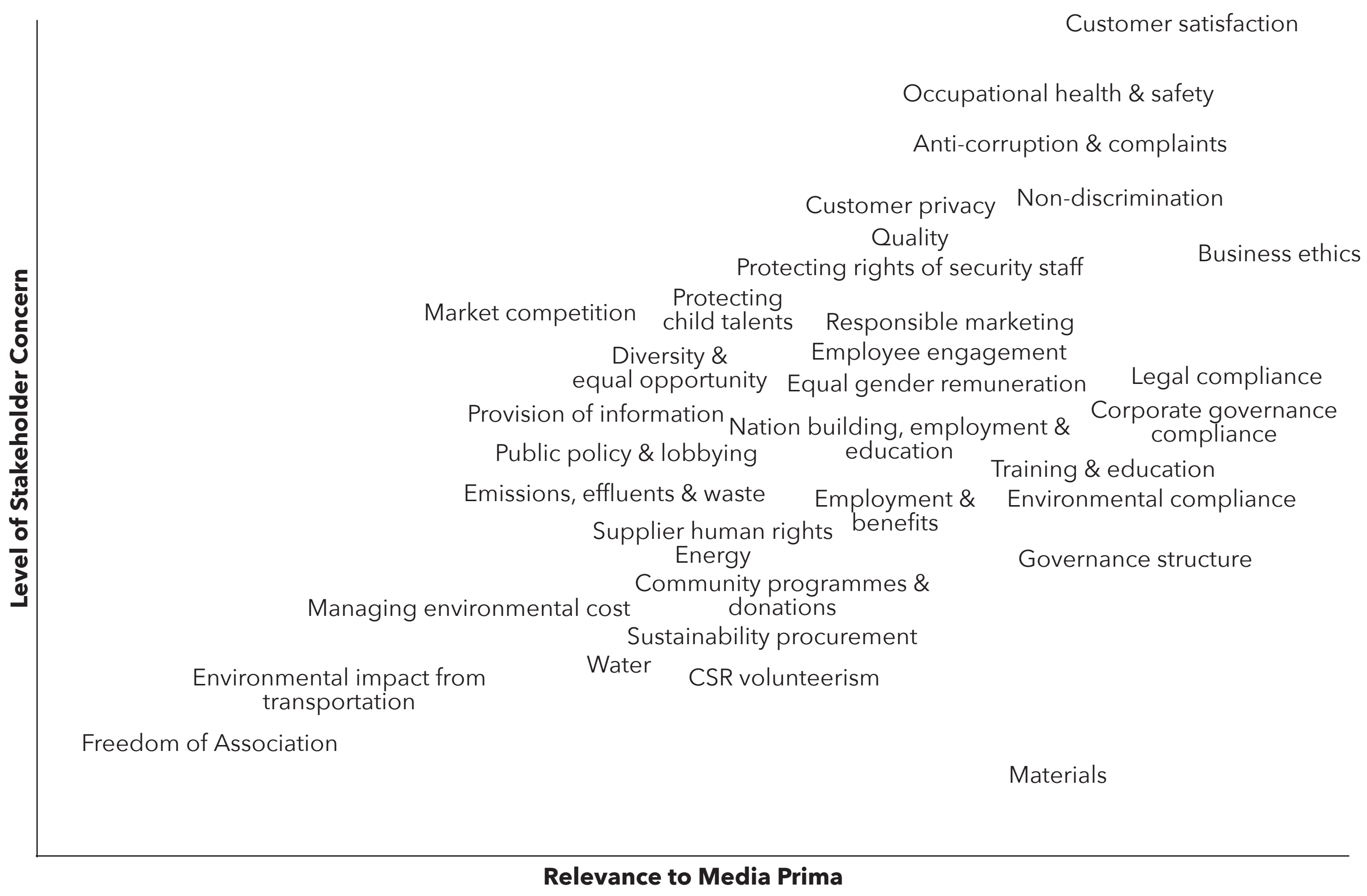
Stakeholders Contacted During the Materiality Survey

The respondents were asked to rate the importance they placed on 34 corporate governance, economic, environmental and social issues.

The same survey was completed by the members of the Board of Directors whose responses represented the relevance to Media Prima.

THE RESULTS

The results of the analysis were then used to develop a materiality matrix, with the level of importance to Media Prima plotted along the X-axis and importance to stakeholders on the Y-axis. The matrix is presented in the following diagram.



VALUABLE MEMBER OF SOCIETY

Media Prima disseminates, publishes and broadcasts information, which is traditionally seen as part of the role of an integrated media company. Our various platforms and services also engage in other efforts to support sustainable social growth. We want to be part of our community's lives.

Media Prima's Targeted Social Initiatives

Education

Humanitarian

Environment

Community

MEDIA PRIMA - NSTP HUMANITARIAN FUND

Established on 15 May 1991, the Media Prima – NSTP Humanitarian Fund ("MPNHF") gives financial aid to Malaysians who would otherwise be unable to afford treatment for heart problems, leukaemia, cancer or the fitting of prosthetic limbs. Our media platforms are used to appeal for public donations and raise money through fund-raising events. Essentially, it is a platform for generous and caring Malaysians to support humanitarian causes.

As a digital-first, fully integrated media company, we play our role by highlighting and raising awareness of various humanitarian plights through our integrated platforms such as digital, newspapers, television, radio and out-of-home.

We work with hospitals to identify deserving cases and pay the treatment fees, directly. Previously, MPNHF has helped fund financially-burdened individuals who were suffering from illnesses such as heart problems, kidney failure, hydrocephalus, cerebral palsy, biliary atresia, epidermolysis bullosa, cancer and prosthetic limbs. The scope has since been expanded to include victims of poverty, disasters and political conflicts.

Public Contributions in 2018

20 patients

were able to undergo life-saving heart surgery, cancer treatment and other critical medical procedures

40 individuals

received assistance to ease the hardship faced due to their medical conditions

Tabung Bencana NSTP – Media Prima

Tabung Bencana NSTP-Media Prima was launched on 1 October 2009 to assist victims of natural and man-made disasters. In 2018, the fund helped purchase relief items, goods, hygiene kits and vouchers from a reputable hypermarket. These items were donated to flood victims in Pahang, Johor, Perlis, Kedah, Pulau Pinang, Perak, Terengganu, Melaka and Selangor.

Tabung TV3 Bersamamu

Tabung TV3 Bersamu was launched in 2005. It encourages public participation and contribution through the popular television programme Bersamamu and related activities on the ground. Today, Tabung TV3 Bersamamu is within the ambit of the Humanitarian Fund as it continues to help those living in poverty.

The programme, which is aired every Sunday at 6.30 pm, encourages the public to donate generously to Bersamamu beneficiaries. In 2018, 41 beneficiaries were helped by this cause.

Tabung Kemanusiaan Palestin Media Prima

The Palestinian cause is very dear to Malaysians. Although established in 2012, Tabung Kemanusiaan Palestin Media Prima was re-activated on 24 July 2014, following the escalation of the conflict in Gaza.

Media Prima provides a platform for contributors to help Palestinians through reputable NGOs such as Mercy Malaysia and Perdana Global Peace Foundation. In 2018, various Palestinian humanitarian programmes were funded. Media Prima lauded the generosity that members of the public and corporate sectors extended to the devastating situation in Palestine. A total of RM240,100 was disbursed as at 31 December 2018.

Tabung Kemanusiaan Rohingya Media Prima

Tabung Kemanusiaan Rohingya Media Prima was launched on 25 November 2016 following escalating violence against the Rohingya community. Various programmes, which benefited the Rohingya community, were held during the year.

Kyauk Tan Rural Health Centre provides medical service for at least 12,000 people from 12 surrounding villages. Contributions from the Tabung Kemanusiaan Rohingya Media Prima has helped upgrade this centre which was in a poor state. Following the reconstruction, the centre is now equipped with various facilities and managed by Mercy Malaysia.

In 2018, a total of RM412,350 was raised as at 31 December 2018 and disbursed in January 2019. Mercy Malaysia helped to manage this fund which was partly used to sponsor medical services at the medical centre and nine clinics in the Sittwe district in Myanmar. The fund also helped to fund a medical outreach programme for the Rohingya community in Malaysia, which was jointly organised by Mercy Malaysia and Gleneagles Kuala Lumpur in Seberang Balok, Kuantan.

PROMOTING A SAFE DIGITAL SOCIETY

Significant growth opportunities for society are offered by the digital world, stimulating business, innovation and employment. Improved education, healthcare and connectivity positively affect the quality of people's lives.

Digital access, with adequate privacy and protection measures, is instrumental to economic, social and environmental development.

What we are doing

Our promotion of a digital society strategy is based on widening access and enhancing skills. Opportunities are created for individuals and communities while protecting children through education and empowerment programmes and tools.

Our digital child safety policy governs the global direction of our actions.

Protecting Children in a Digital World

Reduce potential risks during children's online interaction

Promote understanding of digital child safety issues

Ensure all digital content unintended for children is clearly labelled

SUSTAINABLE OPERATIONS

Responsible Marketing

Product quality and ethical integrity are strongly connected with sustainability in the media industry. Media Prima is responsible for all consumers including readers, viewers, listeners and the general public. We endeavour to provide accurate, meticulous and truthful information in all publishing products including newspapers, digital products, radio and TV while respecting the attitudes and sensitivities of the general public.

Our Responsible Marketing Practices

We produce only accurate and truthful marketing and advertising messages.

Deliberately misleading messages, omissions of important facts, or any false claims about our competitors' offerings are unacceptable.

All products and services are sold fairly and honestly, as we emphasise their quality and value.

Responsible Advertising

Big Tree complies with the Ministry of Housing and other regulatory bodies by reviewing advertisements to ensure that they abide by Malaysian law.

Big Tree's Guidelines Applied to Advertisements' Ethical Reviews

Advertising content that exploits the faces and bodies of adults, children and the disabled, with no relevance to the advertisement, is not allowed.

Reflecting our nation's mixed culture and beautiful heritage with no elements of discrimination is encouraged in advertisements.

Advertising alcohol, tobacco and gambling is prohibited.

Bahasa Malaysia must be prioritised when used together with other languages. Words in Bahasa Malaysia must be given prominence in size, colour and position.

Bahasa Malaysia usage must be accurate and have been approved by the Dewan Bahasa dan Pustaka.

Advertising content must be clear, attractive and safe. Advertisements must contain 85% graphics and 15% words to ensure they do not endanger road users.

Responsible Content

Media Prima adheres to the national policy of responsible marketing set by the Lembaga Penapisan Filem ("LPF") and two other main censorship acts:

- Film Censorship Act 2002 (Act 620)
- Censorship Guidelines (KDN) 2010

These acts determine whether a film is categorised as (U), P13, 18 or TUT (Tidak Lulus Untuk Ditayangkan) and if it contains dialogue or scenes that must be censored.

Film screening judgments are made based on the rules and criteria set by the three basic documents of the Film Censorship Act, Guidelines and User-Specific Censorship. Any film passed with compulsory cuts must be edited by the distributor before the film is released or screened. These are either edited in a studio in the case of digital or television screenings, or by physically removing the offending section from the film.

We have adopted practices for managing, moderating and/or filtering user-generated content including user codes of conduct.

Our responsible marketing policy strictly adheres to the:

- Malaysian Communications and Multimedia Commission ("MCMC") Act
- Guidelines from the Association of Accredited Advertising Agents Malaysia ("4As").

All editorial and print media content adheres to the regulations governed by the MCMC's Content Code and all other publication guidelines under the Ministry of Home Affairs ("MOHA"). Our content dissemination promotes equity of access to content and products for audiences.

Responsible Entertainment

Media Prima provides quality entertainment for the entire family. Child protection is prioritised throughout the Group and we help parents shield their children from unsuitable content.

Programming is managed by a rigorous system and a watershed prevents unsuitable content from being shown before 9:00pm. All platforms reassess their child protection measures as the market shifts towards digital.

UNDERSTANDING DIVERSITY OF OPINION

Plurality and diversity of opinion are encouraged and media freedom is promoted through a variety of services and content. Viewers and customers are empowered to make their own programme and content decisions.

TV Network

SINGLE AUDIENCE MEASUREMENT

In 2018, a single audience measurement committee, codenamed M³, was formed as part of our goal to create a single TV rating currency for the industry. Previously, Astro, unifiTV, TV AlHijrah and Media Prima used different platforms to measure audience and viewership ratings.

Media Prima TV Networks' ("MPTN") CEO sent a Request for Proposal ("RFP") to various research companies to solve this dual currency issue with MCMC being the appointed mediator and coordinator. Astro, UnifiTV and TV AlHijrah are currently reviewing the RFP and the timeline for its implementation which is scheduled for the first quarter of 2020.

NEW RESEARCH APPROACH

Media Prima Digital has partnered with Vodus to perform online research. MPTN's Research Team also leverages on this partnership to gather feedback from the viewers of some programmes, beginning with Borak Kopitiam.

The results have been made available to the production team. Several additional studies are planned for the Millennials, East Malaysia Viewing Habits and the playback viewing of recorded programmes ("PVR"). This approach is more cost effective than conventional research and the results are more readily available.

STUDYING THE EAST MALAYSIA VIEWERSHIP PREFERENCES AND PLAYBACK VIEWING OF RECORDED PROGRAMMES ("PVR")

Our current viewership analysis reports only cover Peninsular Malaysia. We have made a one-off purchase of Kantar Media viewership data to understand the viewership pattern of East Malaysian audiences and PVR more clearly. This data allows us to extract and analyse these demographics separately.

The study results helped us understand the viewing behaviour of these specific demographics. However, as the data was collected from the Beyond PVR set-top box, it is not representative of the Malaysian TV viewing population.

SYNERGY ACROSS MEDIA PRIMA PLATFORMS

Media Prima aims for its research activities to be as broad as possible in terms of platforms covered. This approach minimises duplication which increases cost efficiency.

For example, MPTN subscribed to Nielsen Media Impact, a total solutions tool that is accessible across Media Prima platforms whilst NSTP subscribed to the Psychographic study that is also accessible by everyone. Ripple and CJ Wow can now access Nielsen's data findings despite not being the registered subscriber. This approach minimises the costs and time involved while improving the researcher's skills and knowledge.

Ripple

Radio listeners are as diverse as their listening preferences. Listeners tune in at different times of the day, for different reasons. Our radio programming determines the best way to cater to the broader audience while still pleasing core listeners.

Listening peaks at certain times regardless of the station's market. These highs and lows are mostly shaped by consumer habits and lifestyles – the relationships between employment, being away from home and radio listening is very important. Other factors include the daily commute, at-work listening, lunch break tune-in and weekend errands.

Ripple uses several methods to gauge listeners' preference and satisfaction. The results guide the content team of each radio station to produce music.

GFK Radio Audience Measurement ("RAM") survey

- **Conducted over six weeks, this biannual survey targets 6,000 unique individuals aged 10 years and above. GFK utilises 4,800 paper diaries and 1,200 e-diaries which are good representatives of radio listeners across the country.**

Radio Insight

- **GFK Radio Insights is an annual survey that assesses the behaviour of 1,000 Peninsular Malaysia listeners aged between 15 and 49 years.**

Auditorium Music Test ("AMT")

- **AMT is conducted annually with 180 listeners aged between 15 and 44 years.**

Music Jury

- **Music Jury is a regular process used to determine song playlists on radio stations. Listeners are asked to vote for their choice of songs through the station's website.**

Online Surveys

- **Online surveys are conducted as needed to ascertain listeners' preferences for content and talent.**

Digital Audience Measurement

Digital Audience Measurement includes:
- **Google Analytics to track website and mobile traffic.**
- **ComScore which is a market standard for measuring cross-platform audiences.**
- **RADIOactive to analyse digital audio and online streaming.**

NSTP

The insights and views of print readers, online consumers and viewers help us understand the quality of our product deliveries. Customers' satisfaction with NSTP products and services is measured in several ways.

Occasional in-house studies are conducted and external parties are engaged to gauge readers' experiences and track customers' satisfaction. NSTP continues to subscribe to Nielsen Company's Consumer and Media View database to track the performance of its printed and digital products.

The Audit Bureau of Circulation Reports is an important measurement tool that helps NSTP gauge product accomplishments. NSTP uses multiple systems to obtain the viewership of NSTP digital products such as Google Analytics, ComScore MyMetrix, App Annie and Socialbakers.

Internal Research

NSTP recognises the importance of measuring customer satisfaction and perceptions of product and service quality. Generally, our research unit works closely with internal clients and external research agencies to check that studies meet their set objectives. This approach ensures the research findings are beneficial, particularly for planning and strategising product improvements and developments.

Several other research techniques are employed including focus group discussions, face-to-face interviews and online surveys. Our research sampling represents the population as a whole to ensure valid and reliable research findings.

In 2018, we carried out a study on NSTP Bicara BH talk show through:
- A questionnaire for attendees of the show and
- An online survey link for live streaming viewers.

Indicators Measured by NSTP Bicara BH Survey

- **Customer satisfaction with the accessibility and content**
- **Effectiveness of the talk show programme**
- **Strengths and weaknesses**
- **Feedback on new ideas for future content**

A total of five online surveys were carried out for NSTP Bicara BH talk show.

Nielsen Consumer & Media View (CMV)

NSTP monitors readership performance by subscribing to Nielsen Consumer & Media View ("CMV") database. The CMV database is populated with primary data from face-to-face interviews with 10,000 people aged 15 and above in Peninsular Malaysia. This data helps NSTP:

- Understand consumers' media habits, behaviour and lifestyles
- Track the readership performance of its print and digital newspapers and websites
- Monitor changes in reader's demographic profile over time
- Improve its products and develop a brand plan
- Devise strategies and campaigns that improve reader's awareness, consumption and acceptance of its products and services

Nielsen Readership Performance

READERSHIP ('000) (Adult 15+)

DAILIES	New Straits Times 120	BH Berita Harian 924	Harian Metro 2,062
SUNDAYS	New Sunday Times 82	BH Ahad 793	Metro Ahad 2,277

Online Readership Performance

	NEW STRAITS TIMES	BH Berita Harian	Harian Metro
SOCIAL MEDIA			
(Likes) / (Followers) / (Subscribers) / (Followers)	356,432	7,134,609	6,268,128
NEWS PORTAL			
Monthly average unique visitors	1.7 million	4.0 million	3.8 million
MOBILE NEWS APP			
Apps downloaded	95,423	4.0 million	3.8 million
E-paper			
Apps downloaded & Subscribers	30,533	60,285	47,176

NSTP will continue using studies and research to gauge customer satisfaction and consumer habits and preferences related to its product and service offerings. The company will continue to measure consumer satisfaction with its digital products and improve product content.

COMPLIANCE

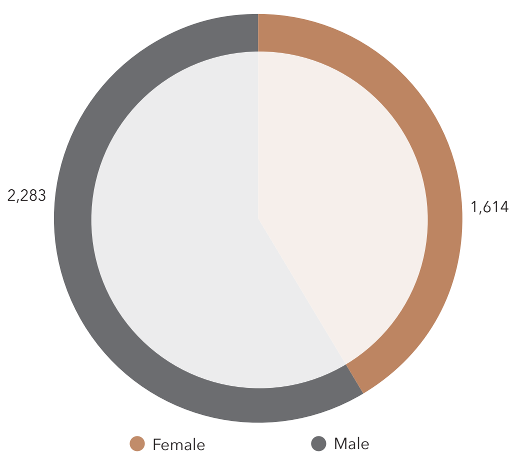
Media Prima has a comprehensive quality control system that is regularly evaluated and improved. There have been no incidences of noncompliance with any laws and regulations concerning the provision and use of our products during this period. Media Prima did not have any major incidents of noncompliance with regulations or its own voluntary codes concerning the impact of its operations.

* Full disclosure of our sustainability journey can be found in the standalone Media Prima Sustainability Report 2018.

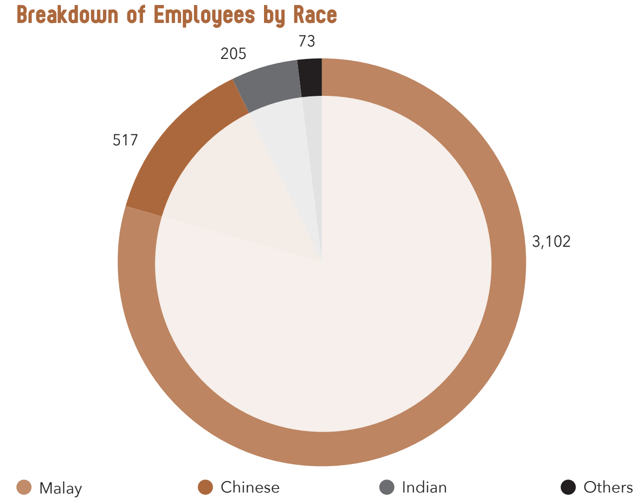
MEDIA PRIMA SUSTAINABILITY PERFORMANCE HIGHLIGHTS

PEOPLE STRENGTH

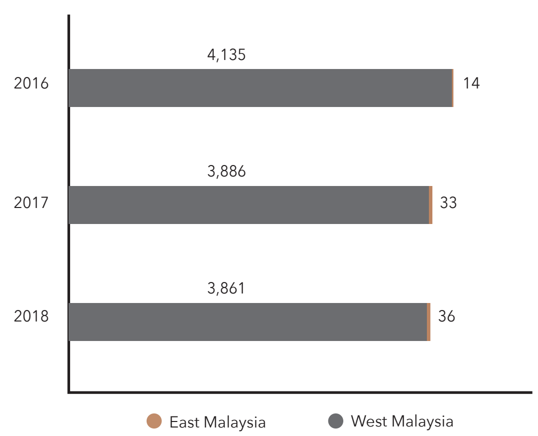
Breakdown of Employees by Gender



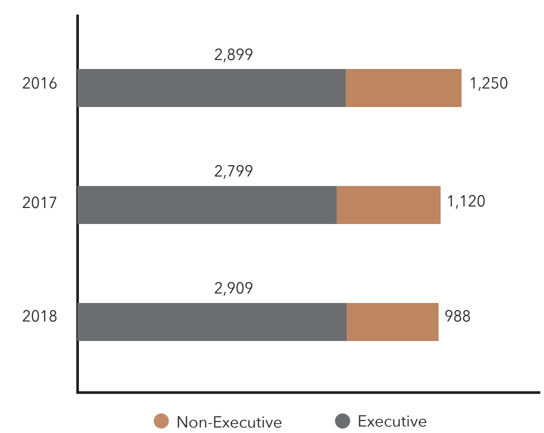
Breakdown of Employees by Race



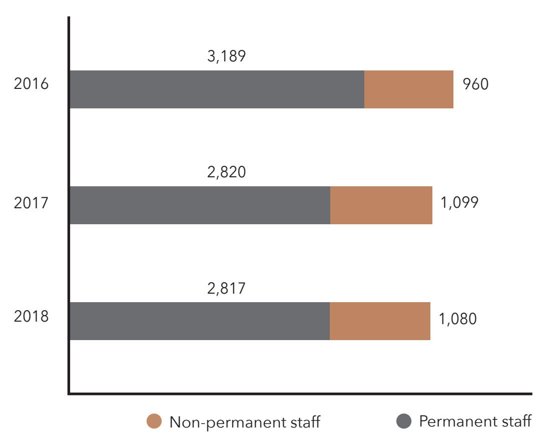
Breakdown of Employees by Region



Breakdown of Employees by Type



Breakdown of Employees by Contract



MEDIA PRIMA SAFETY RECORDS

OSH Indicators	2016	2017	2018
Injury rate (IR) for total workforce	1.8	1.4	6
Occupational diseases rate (ODR) for total workforce	0.2	0	0
Lost day for total workforce	132	87	348
Absentee rate (AR) for total workforce	0	0	0
Absolute number of fatalities for total workforce	0	0	0

ENVIRONMENTAL PERFORMANCE

Materials Management

Paper

Number of Pages per Kg of Newsprint in 2018

Balai Berita Shah Alam	Balai Berita Prai	NSTP
417.92	423.18	419.47

NSTP Paper Consumption (MT) by Plant

Year	Shah Alam	Prai	Senai	Ajil	All Plants
2016	19,758	7,899	7,421	3,952	39,030
2017	21,998	7,186	nil	nil	29,184
2018	12,505	5,251	nil	nil	17,756

Environmentally-friendly Plates

Chemical Usage, Prepress (litres)

Year	Shah Alam	Prai	Senai	Ajil	Total
2016	8,210	4,830	2,040	1,740	16,820
2017	10,200	5,080	-	-	15,280
2018	7,160	3,320	-	-	10,480

Ink

Number of Gross Pages per MT of Ink and Ink Usage

	2016	2017	2018
Ink Usage (MT)	767	429	327
Number of gross pages per kg of ink	22,116	22,066	23,743

Water Management

Water Consumption at NSTP Plants (m³)

Year	Shah Alam	Prai	Senai	Ajil	Bangsar	Total
2016	40,818	21,941	16,245	14,812	72,680	166,496
2017	39,965	22,593	0	0	0	62,558
2018	33,952	22,385	0	0	52,401	108,738

Energy Management

Electricity Consumption from 2016 to 2018 (kWh)

Site	2016	2017	2018
Media Prima	37,075,410	35,592,846	34,523,745
NSTP	28,743,916	19,952,318	17,732,204
Big Tree Outdoor (billboards)	4,211,303	5,041,266	2,639,620

Waste Management (KG)

Newsprint Wastage	2016 (kg)	2017 (kg)	2018 (kg)
Solid Waste	1,743,781	1,374,202	977,401
Scheduled Waste	92.87	123.28	44.08

Greenhouse Gas Emissions

Scope	Coverage	2016	2017	2018
Scope 1	CO2 Emissions (MT) from Company-Owned Vehicles by Fuel Type	2,017MT from petrol and 409MT from diesel	1,979MT from petrol and 582MT from diesel	544MT from petrol and 240MT from diesel
Scope 2	CO2 Emissions (MT) From Purchased Electricity	51,893MT	42,047MT	36,098MT
Scope 3	Air Travel(MT)	Flight bookings were decentralised as part of the Group's cost-saving journey. Employees were authorised to book their own flights based on the lowest fare available when travelling for business. This approach has resulted in significant savings as the Group now benefits from promotional fares without paying any agency fees. Scope 3 emissions calculations are no longer performed following the introduction of the decentralised booking system.		

INVESTOR RELATIONS

INVESTOR ENGAGEMENT

At Media Prima, we recognise the importance of establishing an effective communication platform with all of our shareholders. Media Prima's Investor Relations continues to enhance the quality of corporate disclosures, as well as the effectiveness of communication to stakeholders. With the ever-increasing and continued challenging market conditions in 2018, regular and proactive engagement have been more important than ever in order to keep our investors and stakeholders well-informed of the Group's transformation progress, business performance, business strategies, as well as industry changes and outlook.

In the past year, we conducted a regular series of productive interactions such as one-on-one and group meetings, conference calls, and other corporate events. These interactions, as well as our timely responses to queries, provide analysts and investors with updates on the company and industry developments to ensure that they are able to make more informed decisions on our stock. These regular interactions have been crucial in addressing analysts' and investors' concerns – instilling confidence and enhancing their understanding of the Group's strategic decisions in managing the industry challenges in 2018.

Media Prima's Investor Relations is committed to continuing robust engagements with investors to ensure shareholders understand the market pressures and challenges that the Group is enduring and remain confident about our ability to execute business plans and capture new value.

Media Prima Inside Out DC 2018: Presentation by Datuk Kamal Khalid, Group Managing Director, Media Prima

FINANCIAL ANNOUNCEMENTS

Each quarter, our financial results are released publicly to Bursa Securities, containing detailed financial statements, business performance analyses of the Group and its operating businesses, and the outlook for the following financial period. Biannually, we also present our results to research analysts and fund managers who cover our stock via analyst briefings, which include a comprehensive question and answer session chaired by our Group Managing Director and supported by our Group Chief Financial Officer.

We ensure that all investors and analysts have access to the investor presentation materials in a timely manner by making them available on our corporate portal immediately after the publishing of the financial statements on Bursa Malaysia's website. A link to the same briefing materials would also be emailed to the analysts and fund managers in our distribution list.

At the very best, we strive to ensure that the information disseminated to our research analysts, fund managers, and the wider investment community is timely, accurate, and fair.

INVESTOR DAY – MEDIA PRIMA INSIDE OUT DC 2018

The Group also continued to provide a special communication platform for the investment community by organising "Media Prima Inside Out DC" in 2018, an Investor Day to engage with analysts and fund managers, focusing on communicating updates on the Group's business initiatives, primarily on Digital and Commerce business segments.

The event which included a video presentation by our Group Managing Director, an interactive visit to our home shopping studio, digital product exhibitions and a very effective question and answer session with the senior management team, has allowed the audience to deepen their understanding of our Digital and Commerce businesses, enhancing their visibility of growth prospects of these non traditional businesses. For those who were not able to attend the event, the Media Prima Inside Out DC 2018 video is made available on the Investor Relations portal.

The Group Corporate Communications team assists to coordinate Investor Relations events which include organising the Annual General Meeting, Investors Briefings, press conferences, and other platforms such as the Media Prima Inside Out DC 2018 for investors and stakeholders to engage with our senior management and be updated on Group's business performance and initiatives.

WEBSITE

To enhance stakeholders' accessibility to Group's information and developments , we have revamped the corporate website at www.mediaprima.com.my with a fresh look and intuitive navigation. The website remains as an essential access point to all distributed corporate and financial information, such as the Annual Report, the quarterly announcements of the Group's financial results, and other corporate and business announcements.

As a means to further engage with shareholders and the general public, the Investor Relations team maintains its commitment to ensuring that the Investor Relations portal at www.mediaprima.com.my/investor-relations/ upholds up-to-date business information with the latest investor-related disclosures.

FEEDBACK AND ENQUIRIES

The Investor Relations team believes that there is always room for improvement. To measure the quality and effectiveness of the dialogue maintained throughout the year, we conducted an Investor Relations survey in December 2018 to assess the levels of satisfaction and effectiveness of Media Prima's Investor Relations activities for 2018. Analysts, shareholders, and fund managers are invited to participate in the annual survey. This is a worthwhile exercise given our commitment to seeking feedback from the investment community with the ultimate goal of continuously improving our interactions with them.

The Investor Relations team can be contacted directly with queries, and we always welcome feedback from the investment community to further improve our interactions with them.

Media Prima Inside Out DC 2018: Interactive Visit to our Home Shopping Studio

DATUK MOHD NASIR BIN AHMAD
GROUP CHAIRMAN

DATUK KAMAL BIN KHALID
GROUP MANAGING DIRECTOR

OUR BOARD OF DIRECTORS

LYDIA ANNE ABRAHAM
INDEPENDENT NON-EXECUTIVE DIRECTOR

RAJA DATUK ZAHARATON BINTI RAJA ZAINAL ABIDIN
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

TAN SRI DATO' SERI UTAMA HAJI ISMAIL BIN HAJI OMAR
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATUK LOO TOOK GEE
INDEPENDENT NON-EXECUTIVE DIRECTOR

MOHD RASHID BIN MOHD YUSOF
INDEPENDENT NON-EXECUTIVE DIRECTOR

HISHAM BIN ZAINAL MOKHTAR
INDEPENDENT NON-EXECUTIVE DIRECTOR

DIRECTORS' PROFILE

DATUK MOHD NASIR BIN AHMAD

GROUP CHAIRMAN

Appointed as Independent Non-Executive Director on 26 February 2016. Appointed as Group Chairman on 12 June 2018.

Datuk Mohd Nasir bin Ahmad, aged 64, male, a Malaysian, is the Independent Non-Executive Group Chairman of Media Prima Berhad ("Media Prima"). He was appointed to the Board of Media Prima on 26 February 2016.

He is a Fellow of the Association of Chartered Certified Accountants ("ACCA") United Kingdom ("UK") and a Chartered Accountant with the Malaysian Institute of Accountants ("MIA"). He was the President of MIA from August 2011 to July 2013. He was elected as a Council Member of the ACCA (UK) in September 2013 and re-elected as Council Member in September 2016. He holds a Master of Business Administration (Finance) from Universiti Kebangsaan Malaysia.

Datuk Mohd Nasir brings with him vast experience in the area of finance, accounting, and management which spans 39 years, having started his career as a Trainee Accountant with Tenaga Nasional Berhad ("TNB") in 1979, and moved on to hold various positions in the Finance Division. In January 1993, he was seconded to TNB's subsidiary company, Malaysia Transformer Manufacturing Sdn Bhd as the Financial Controller before being appointed as Chief Executive Officer ("CEO") in June 1994. In January 2000, he joined Sharikat Permodalan Kebangsaan Berhad as its CEO. On 1 June 2001, he was appointed as CEO of Perbadanan Usahawan Nasional Berhad, a position he held until his retirement on 1 June 2011.

Currently, Datuk Mohd Nasir also sits on the Boards of CIMB Group Holdings Berhad, CIMB Bank Berhad, SIRIM Berhad and Prokhas Sdn Bhd. He is the Group Chairman of CIMB Group Holdings Berhad and a member of the Board of Trustee of Yayasan Canselor UNITEN.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

DATUK KAMAL BIN KHALID

GROUP MANAGING DIRECTOR

Appointed as Group Managing Director on 2 August 2017.
Member of the Option Committee of Media Prima

Datuk Kamal bin Khalid, aged 47, male, a Malaysian, is the Group Managing Director of Media Prima Berhad ("Media Prima"). He was appointed to the Board of Media Prima on 2 August 2017, and is a member of the Option Committee of Media Prima.

Datuk Kamal received his secondary education in MRSM Muar, Johor, and graduated with a Bachelor of Laws (with Honours) Degree from the University of Nottingham, England, in 1994. He was selected to become Malaysia's Eisenhower Fellow for 2005.

He has previously held various positions in Media Prima including Chief Executive Officer, Television Networks, Chief Operating Officer of Group Shared Services, Chief Operating Officer of Business Development & International and Head of Content Distribution.

Prior to joining the company on 4 May 2009, he served as Head of Communications Unit in the Prime Minister's Office from October 2003 to April 2009.

In addition, he has also worked in the financial services sector, gaining experience in banking and private equity financing. He spent three and a half years at the Policy and Development Division at the Kuala Lumpur Stock Exchange (now Bursa Malaysia), where he eventually rose to the position of Manager, International Affairs. He was an Independent, Non-Executive Director of Utusan Melayu (M) Berhad from 2004 to 2009.

Datuk Kamal sits on the Board of Media Prima's subsidiaries including The New Straits Times Press (Malaysia) Berhad ("NSTP"), Sistem Televisyen Malaysia Berhad ("STMB"), Synchrosound Studio Sdn Bhd ("Synchrosound Studio"), Big Tree Outdoor Sdn Bhd ("Big Tree"), Primeworks Studios Sdn Bhd ("Primeworks Studios") and Media Prima Digital Sdn Bhd.

He is a member of UniKL Industry Advisory Board ("UIAB"), sits in the Marketing Committee of Football Association of Malaysia ("FAM") since 2017, and has been a Director on the Board of Malaysia External Trade Development Corporation ("MATRADE") since February 2018.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

DIRECTORS' PROFILE

LYDIA ANNE ABRAHAM

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Independent Non-Executive Director on 19 November 2013. Chairman of the Risk Management Committee and member of Audit Committee of Media Prima

Lydia Anne Abraham, aged 61, female, a Malaysian, is an Independent Non-Executive Director of Media Prima Berhad ("Media Prima"). She was appointed to the Board of Media Prima on 19 November 2013. She is the Chairman of the Risk Management Committee and a member of the Audit Committee of Media Prima.

Anne holds a B.A. in Mathematics from Essex University, United Kingdom, and a Higher National Diploma of Computer Studies from Plymouth Polytechnic, United Kingdom.

Within the Media Prima Group, she is the Chairman of Media Prima Digital Sdn Bhd and sits on the Board of The New Straits Times Press (Malaysia) Berhad ("NSTP").

She currently sits on the Board of Metrod Holdings Berhad and is a committee member of Pertubuhan Pelindung dan Penyelamat Kanak-kanak Selangor dan Kuala Lumpur (Protect and Save the Children Association of Selangor and Kuala Lumpur (P.S. The Children)).

Anne has over 20 years of experience in the Information Technology industry, starting out as a technical trainer in 1990, moving her way up to be the Managing Director for the Cisco Malaysian operations in 2008, a position she held for three years. Prior to that role, she was the Country Manager for the SAP Malaysian Operations for over two years. Holding leadership positions in two of the largest global technology corporations allowed her to be involved in strategic and significant technology discussions, recommendations and implementations across both government and corporate sectors in Malaysia. Her career track includes positions in Baan Asia Pacific, Oracle Malaysia and MCSB Systems Malaysia.

In the course of her corporate career, she has always been a strong advocate for women's advancement into leadership positions. In August 2011 she decided to leave corporate world to establish a consulting and training organisation committed to changing perceptions and mindsets on the significance of balanced gender leadership. Hence the establishment of LeadWomen Sdn Bhd in August 2011. As founder and Chair of LeadWomen, Anne plays a pivotal role in guiding the company's vision and mission towards developing and advancing women into leadership positions across the corporate and government sectors in the ASEAN region. She is working to drive for at least 30% women representation in decision-making positions and boards of Malaysian public listed companies.

Other than as disclosed, she does not have any family relationship with any Directors and/or major shareholders of Media Prima. She has no personal interest in any business arrangements involving Media Prima. She has had no convictions for any offences within the past five years.

RAJA DATUK ZAHARATON BINTI RAJA ZAINAL ABIDIN

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Independent Non-Executive Director on 13 August 2015. Appointed as Senior Independent Non-Executive Director on 12 June 2018. Chairman of the Nomination and Remuneration Committee and Option Committee, and a member of the Risk Management Committee of Media Prima

Raja Datuk Zaharaton binti Raja Zainal Abidin, aged 70, female, a Malaysian, is the Senior Independent Non-Executive Director of Media Prima Berhad ("Media Prima"). She was appointed to the Board of Media Prima on 13 August 2015. She is also the Chairman of the Nomination and Remuneration Committee and Option Committee, and a member of the Risk Management Committee of Media Prima.

She holds a Bachelor Degree in Economics from University of Malaya and a Masters in Economics in 1979 from the University of Leuven, Belgium.

Raja Datuk Zaharaton was a civil servant for 34 years. Her last post in the Government was as Director General of the Economic Planning Unit specialising in policy analysis and financial evaluation.

Upon retirement, the Government of Malaysia appointed her as Chairman of Technology Park Malaysia Corporation Sdn Bhd from January 2006 to December 2008. Subsequently, the Government appointed her as Chairman of Ninebio Sdn Bhd from January 2009 for a two year period. Between 24 June 2014 to April 2017, she served as Chairman of Global Maritime Ventures Berhad, a subsidiary of Bank Pembangunan Malaysia Berhad.

Within Media Prima, Raja Datuk Zaharaton is the Chairman of Big Tree Outdoor Sdn Bhd and sits on the Board of Primeworks Studios Sdn Bhd. She is a Director of her family-owned company, Kumpulan RZA Sdn Bhd. She is also an Independent Non-Executive Director of Taliworks Corporation Berhad, Yinson Holdings Berhad and ARECA Capital.

Other than as disclosed, she does not have any family relationship with any Directors and/or major shareholders of Media Prima. She has no personal interest in any business arrangements involving Media Prima. She has had no convictions for any offences within the past five years.

DIRECTORS' PROFILE

TAN SRI DATO' SERI UTAMA HAJI ISMAIL BIN HAJI OMAR

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Independent Non-Executive Director on 22 July 2016. Member of the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee of Media Prima

Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar, aged 65, male, a Malaysian, is an Independent Non-Executive Director of Media Prima Berhad ("Media Prima"). He was appointed to the Board of Media Prima on 22 July 2016. He is also a member of the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee of Media Prima.

He holds a Bachelor of Law (Hons) LL.B, International Islamic University of Malaysia.

Within the Media Prima Group, he is the Chairman of The New Straits Times Press (Malaysia) Berhad ("NSTP") and sits on the Board of Media Prima Digital Sdn Bhd.

Tan Sri Dato' Seri Utama Haji Ismail started his career as an Investigation Officer in the Criminal Investigation Department ("CID") of the Royal Malaysian Police Force.

For the first twenty five years of his career, he was assigned to various police departments in several states in the country. Apart from criminal investigation, he also served as an Investigator in the Traffic Department, as Police Prosecutor in the magistrate courts, as an Administrator and Area Inspector and as Investigator in the Disciplinary branch of the Federal Police Headquarters in Bukit Aman.

In 1992, he was promoted to the rank of Deputy Superintendent of Police. He continued to serve at the Federal Police Headquarters in the Criminal Department, Commercial Department and Narcotics Department. In 2005, with the rank of Deputy Commissioner of Police, he was tasked to head the Selangor Police Contingent as the Chief Police Officer of the State. Having successfully served in Selangor, he was further promoted as Director of Management, with the rank of Commissioner at the Federal Police Headquarters in Bukit Aman and subsequently promoted as the Deputy Inspector of Police in 2007.

In September 2010, the Yang di-Pertuan Agong affirmed him as the Inspector General of Police and he successfully completed his term of service in May 2013. After his brilliant career, he was again appointed by His Majesty to be the Malaysian Ambassador for France from 2013 to 2015.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

DATUK LOO TOOK GEE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Independent Non-Executive Director on 6 August 2016. Member of the Audit Committee of Media Prima

Datuk Loo Took Gee, aged 62, female, a Malaysian, is an Independent Non-Executive Director of Media Prima Berhad ("Media Prima"). She was appointed to the Board of Media Prima on 6 August 2016. She is a member of the Audit Committee of Media Prima.

Datuk Loo Took Gee holds a Master Degree in Policy Science from Saitama University, Japan, a Diploma in Public Administration from the National Institute of Public Administration ("INTAN"), Kuala Lumpur and Bachelor of Arts (Honours) Degree from University of Malaya, Kuala Lumpur.

Within the Media Prima Group, she is the Chairman of Primeworks Studios Sdn Bhd, and sits on the Boards of Synchrosound Studio Sdn Bhd and Big Tree Outdoor Sdn Bhd.

Datuk Loo Took Gee served the Federal Government of Malaysia for 37 years as an officer of the Administrative and Diplomatic Service ("ADS"). She was appointed as the Secretary- General of the Ministry of Energy, Green Technology and Water, Malaysia, from 1 August 2010 until her retirement on 4 August 2016. Subsequently, she was appointed as the Advisor to the Minister of Energy, Green Technology and Water, for one year from 1 September 2016 until 30 September 2017. One of her principal tasks as the Advisor was her secondment to Astana, Kazakhstan to take charge of the Malaysia Pavilion at the Future Energy Expo from June 2017.

Her previous positions include – Deputy Secretary General (2) – Ministry of Energy, Water and Communications, Malaysia, from 9 April 2007 to July 2010; Undersecretary (International and Sustainable Energy), Energy Division, Ministry of Energy, Water and Communications, Malaysia from 1 January 2006 to 8 April 2007; Undersecretary (Policy And Industry Development), Energy Division, Ministry of Energy, Water and Communications, Malaysia, from August 2002 to 31 December 2005; Principal Assistant Secretary (Energy), Ministry of Energy, Communications and Multimedia, Malaysia, from October 1999 to August 2002; Principal Assistant Secretary, Ministry of Works, Malaysia, from November 1990 to October 1999; Principal Assistant Director, Public Services Department, Malaysia, from February 1983 to September 1988; and Assistant Director, Public Services Department, Malaysia, from November 1979 to February 1983.

Other than as disclosed, she does not have any family relationship with any Directors and/or major shareholders of Media Prima. She has no personal interest in any business arrangements involving Media Prima. She has had no convictions for any offences within the past five years.

DIRECTORS' PROFILE

MOHD RASHID BIN MOHD YUSOF

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Independent Non-Executive Director on 12 June 2018. Chairman of the Audit Committee, and a Member of the Nomination and Remuneration Committee of Media Prima

Mohd Rashid bin Mohd Yusof, aged 63, male, a Malaysian, is an Independent Non-Executive Director of Media Prima Berhad ("Media Prima"). He was appointed to the Board of Media Prima on 12 June 2018. He is the Chairman of the Audit Committee, and a Member of the Nomination and Remuneration Committee of Media Prima.

Mohd Rashid is a Fellow Member of the Association of the Chartered Certified Accountants ("ACCA") and the Malaysian Institute of Accountants.

Within the Media Prima Group, Mohd Rashid is the Chairman of Synchrosound Studio Sdn Bhd and sits on the board of Sistem Televisyen Malaysia Berhad ("STMB").

Mohd Rashid currently sits on the Board of Scicom (MSC) Berhad, Velesto Energy Berhad and Standard Chartered Bank Malaysia Berhad.

His previous positions were Vice President of Supply Chain and Risk Management of Petronas, Managing Director of Engen Limited in South Africa and as the Head of Group Internal Audit, Head of Group Treasury and Head of Group Accounting.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

HISHAM BIN ZAINAL MOKHTAR

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed as Independent Non-Executive Director on 27 February 2019. Member of the Nomination and Remuneration Committee, Risk Management Committee and Option Committee of Media Prima

Hisham bin Zainal Mokhtar, aged 57, male, a Malaysian, is an Independent Non-Executive Director of Media Prima Berhad ("Media Prima"). He was appointed to the board on 27 February 2019. He is also a member of the Nomination and Remuneration Committee, Risk Management Committee and Option Committee of Media Prima.

Within the Media Prima Group, he is the Chairman of Sistem Televisyen Malaysia Berhad.

Hisham obtained his Bachelor of Science and Master of Science in Mathematics from Illinois State University, in 1984 and 1986 respectively. He obtained his Master of Business Administration from Massachusetts Institute of Technology ("MIT"), under the Sloan Fellows Program at the MIT Sloan School of Management in 2010. He is also a chartered financial analyst ("CFA") charterholder.

He is a Business Coach at Asia School of Business since August 2018. He is presently on the boards of Telekom Malaysia Berhad, CIMB Principal Management Berhad, and CIMB Principal Islamic Asset Management Sdn Bhd.

He began his career in the insurance industry at Universal Life and General Insurance in 1987. He joined William M Mercer Sdn Bhd in 1988 before becoming an investment analyst with Crosby Research (M) Sdn Bhd in 1991. He joined Barings Research (Malaysia) Sdn Bhd in 1994 and UBS Research (Malaysia) Sdn Bhd in 1996. He became a financial consultant at Sithe Pacific LLC in 1998, a regional independent power producer, and later ventured out to set-up a boutique investment advisory firm, KE Malaysia Capital Partners Sdn Bhd.

He served Tricubes Berhad as an Executive Director and Vice President of Corporate and Financial Planning from April 2001 to April 2005. He then joined Khazanah Nasional Berhad ("Khazanah") in May 2005 and later served as a Director in the Investments Division from April 2009 to June 2014. He was Chief Operating Officer of Astro Overseas Limited from July 2014 until June 2018 and after that a Director in the Group Managing Director's Office at Malaysian Industrial Development Finance Berhad from July 2018 until March 2019.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

SENIOR MANAGEMENT TEAM

DATUK KAMAL BIN KHALID

GROUP MANAGING DIRECTOR, MEDIA PRIMA BERHAD

Datuk Kamal bin Khalid, aged 47, male, a Malaysian, is the Group Managing Director of Media Prima Berhad ("Media Prima"). He was appointed to the Board of Media Prima on 2 August 2017, and is a member of the Option Committee of Media Prima.

Datuk Kamal received his secondary education in MRSM Muar, Johor, and graduated with a Bachelor of Laws (with Honours) Degree from the University of Nottingham, England, in 1994. He was selected to become Malaysia's Eisenhower Fellow for 2005.

He has previously held various positions in Media Prima including Chief Executive Officer, Television Networks, Chief Operating Officer of Group Shared Services, Chief Operating Officer of Business Development & International and Head of Content Distribution.

Prior to joining the company on 4 May 2009, he served as Head of Communications Unit in the Prime Minister's Office from October 2003 to April 2009.

In addition, he has also worked in the financial services sector, gaining experience in banking and private equity financing. He spent three and a half years at the Policy and Development Division at the Kuala Lumpur Stock Exchange (now Bursa Malaysia), where he eventually rose to the position of Manager, International Affairs. He was an Independent, Non-Executive Director of Utusan Melayu (M) Berhad from 2004 to 2009.

Datuk Kamal sits on the Board of Media Prima's subsidiaries including The New Straits Times Press (Malaysia) Berhad ("NSTP"), Sistem Televisyen Malaysia Berhad ("STMB"), Synchrosound Studio Sdn Bhd ("Synchrosound Studio"), Big Tree Outdoor Sdn Bhd ("Big Tree"), Primeworks Studios Sdn Bhd ("Primeworks Studios") and Media Prima Digital Sdn Bhd.

He is a member of UniKL Industry Advisory Board ("UIAB"), sits in the Marketing Committee of Football Association of Malaysia ("FAM") since 2017, and has been a Director on the Board of Malaysia External Trade Development Corporation ("MATRADE") since February 2018.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

FARNIDA BINTI NGAH

GROUP CHIEF FINANCIAL OFFICER, MEDIA PRIMA BERHAD

Farnida binti Ngah, aged 42, female, a Malaysian, is the Group Chief Financial Officer cum Joint Company Secretary of Media Prima Berhad ("Media Prima") since 2 August 2017 and 8 September 2015 respectively.

She oversees the shared services function of Media Prima that encompasses Group Finance, Corporate Finance, Investor Relations, Group Information Technology, Group Management Services and Group Legal and Secretarial.

Having been with the Media Prima since 2009, Farnida has over 19 years of experience in the field of accounting, finance, business assurance and various corporate transactions namely mergers and acquisitions, initial public offerings, corporate bond issuance and corporate restructuring.

Before Media Prima, she worked with PricewaterhouseCoopers for six years and KPMG for four years. She holds a Bachelor of Commerce, majoring in Accounting and Finance from the Flinders University of South Australia.

She is a Fellow CPA Australia ("FCPA Aust.") a member of the Chartered Accountants Australia and New Zealand ("CA ANZ"), a Fellow Chartered Institute of Management Accountants ("FCMA UK") and a Member of the Malaysian Institute of Accountants ("MIA").

Other than as disclosed, she does not have any family relationship with any Directors and/or major shareholders of Media Prima. She has no personal interest in any business arrangements involving Media Prima. She has no convictions for any offences within the past five years.

JOHAN BIN MOHAMED ISHAK

CHIEF EXECUTIVE OFFICER, MEDIA PRIMA TELEVISION NETWORKS

Johan bin Mohamed Ishak, aged 43, male, a Malaysian, was appointed as the Chief Executive Officer ("CEO") of Media Prima Television Networks ("MPTN") in 2 October 2017.

He is responsible for the overall operations of MPTN and to strengthen its core businesses while pursuing new business opportunities in-line with Media Prima's long-term growth strategies. Johan oversees Media Prima's TV3, ntv7, 8TV, TV9, tonton, xtra and the home-shopping business CJ WOW Shop.

Johan is a graduate of Monash University, Australia, with a Bachelor's degree in Business Accounting. He is also a Fellow of Chartered Accountants Australia New Zealand ("CAANZ") and a member of the Malaysian Institute of Accountants ("MIA").

Before MPTN, Johan was the CEO of MyCreative Ventures Sdn Bhd since 2012, a government investment arm for the Malaysian creative industry. During his tenure at MyCreative Ventures, Johan also became a founding member of the pioneering team for arts platform R!UH as well as the creative industry think-tank, Cultural Economy Development Agency ("Cendana").

Johan was formerly the General Manager at the Group Finance Department in Media Prima between 2009 to 2012 where he oversaw Financial Reporting, Financial Strategy, Budgeting, Taxation, Mergers and Acquisitions, Restructuring and Project Feasibility. He also served as an auditor with PricewaterhouseCoopers, Deloitte Touche Tohmatsu International and Head of Financial Accounting at Petronas Group of Companies.

He currently chairs Creative Content Association Malaysia ("CCAM") and myFreeview coalition of Digital TV broadcasters. Previously, he sat on the Board of the Malaysian National Art Gallery,Global Entrepreneurship Movement ("GEM") as well as Malaysian Venture Capital and Private Equity Association ("MVCA"). Occasionally, Johan also lectures Consultancy courses at Universiti Teknologi MARA ("UiTM").

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has no convictions for any offences within the past five years.

DATUK SERI ABDUL JALIL BIN HAMID

CHIEF EXECUTIVE OFFICER, THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Datuk Seri Jalil has retired effective 31 March 2019)

Datuk Seri Abdul Jalil bin Hamid, aged 60, male, a Malaysian, was appointed as Chief Executive Officer ("CEO") of The New Straits Times Press (Malaysia) Berhad ("NSTP") on 1 March 2017 after assuming the position of Group Managing Editor on 15 October 2011.

Datuk Seri Jalil served at Bernama for seven years prior to joining Reuters. During his 18 years with Reuters, he was posted to offices in London, Singapore and Jakarta.

He then joined Securities Commission Malaysia as Head of Corporate Affairs Department before moving on to lead the National Communications Team under the Prime Minister's Office where he spearheaded strategic communications planning and execution for the government.

A graduate from Universiti Teknologi Mara in Mass Communications, he also attended journalism fellowship programmes in the United States and Japan and several management courses.

Prior to his current stint as NSTP's CEO, Datuk Seri Jalil was NSTP's Group Managing Editor overseeing the content and managing editorial operation for NSTP publications.

Datuk Seri Jalil sits on the Board of NSTP and Bernama. He is currently President of the Malaysian Newspaper Publishers Association ("MNPA").

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has no convictions for any offences within the past five years.

SENIOR MANAGEMENT TEAM

SEELAN PAUL

CHIEF EXECUTIVE OFFICER, RIPPLE

Seelan Paul, aged 44, male, a Malaysian, joined Media Prima on 1 August 2005 and is now heading Ripple, formerly known as Media Prima Radio Networks ("MPRN"). As one of the pioneer members, Seelan has demonstrated strong leadership and steered the company towards substantial growth over the past 13 years. Ripple is the home for four established radio broadcast brands – Fly FM, Hot FM, One FM and Kool FM, seven digital brands – Dhia, Donna, Lunaria, The Laki, Likely, Chapters and Wakeke, a podcast platform - Ais Kacang, and an e-commerce brand - SuperDeals.

Seelan was first exposed to the media industry as a radio announcer prior to his role as Network Manager at MPRN. In 2009, he was given the trust to take the helm as Chief Operating Officer and subsequently promoted to Chief Executive Officer in 2011. This MBA graduate of Cardiff Metropolitan University has played an integral role in the acquisition of new stations which paved the way to Kool FM's launch in 2016. A big believer in delivering great content across multiple platform, Seelan spearheaded the launch of Ripple in October 2018, which is an audience-focused digital media, broadcast and commerce company that engages audiences through content, talents, experiences and platforms.

In recognition of Seelan's contribution towards the local radio industry, he was appointed President of Commercial Radio Malaysia in October 2015. He was also a Committee Member of the National Football Development Programme Malaysia.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

MOHAMAD SHUKOR BIN ARIFFIN

CHIEF EXECUTIVE OFFICER, BIG TREE

Mohamad Shukor bin Ariffin, aged 49, male, a Malaysian, joined Big Tree in 2004 as Manager, Corporate Affairs and Business Development. Shukor has demonstrated strong leadership and contributed significantly towards the company's rapid growth to become Malaysia's leading Out-of-Home ("OOH") Advertising Solutions provider. He was later promoted to the position of General Manager, Business Development and Corporate Planning in September 2009 and then became General Manager of Operations in October 2011. In June 2017, he was made Chief Operating Officer. He was appointed as the Chief Executive Officer of Big Tree on 16 November 2017.

An advocate for the utilisation of the latest technologies, Shukor revolutionised the Malaysian OOH industry and Big Tree's offerings by bridging the experience of OOH media with online capabilities, extending reach, impact and recall. He has also been responsible in managing and developing activities concerned with the production of cutting-edge media formats that allow advertisers to not only reach consumers effectively but also cascade brand messages in the best possible way. Big Tree has significantly transformed the conventional advertising panels into those that utilise digital screens, halo panels, ambient media, retail displays and many other formats. At Big Tree, Shukor led several key projects for the company which includes the implementation of OOH advertising solutions for the Malaysian Mass Rapid Transit ("MRT") and Light Rapid Transit ("LRT") lines. The transit lines are utilised by over 500,000 commuters daily and are essential for advertisers reaching the lucrative and young demographics.

Shukor graduated from the University of Bradford, United Kingdom, with a Bachelor of Science (Honours) in Economics. His other appointments prior to Big Tree include PLUS Malaysia Berhad and Azlan & Associates Consulting.

He sits on the Board of Big Tree.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has no convictions for any offences within the past five years.

DATUK AHMAD IZHAM BIN OMAR

CHIEF EXECUTIVE OFFICER, PRIMEWORKS STUDIOS

Ahmad Izham bin Omar, aged 49, male, a Malaysian, is the Chief Executive Officer ("CEO") of Primeworks Studios Sdn Bhd ("PWS"). With a mission to always produce something new, exciting and different, Izham has ignited many different industries.

After a sterling performance heading Media Prima Television Networks ("MPTN"), Izham was promoted as Chief Executive Officer of PWS, Malaysia's leading content company specialising in movies, television programmes, animation and more. Besides MPTN, Izham's other notable roles included heading the company's Radio Networks.

A multi award-winning music producer, arranger, songwriter and musician, Izham's musical career started with the legendary Positive Tone record label in 1994, producing progressive music that captured the imagination of Malaysia. His other feats also include launching a world-class video portal called tonton, being awarded the Most Promising Entrepreneur Award by Enterprise Asia, being accepted as a delegate in the prestigious Asia Society 21 Young Leader's Summit, and recognised with a Lifetime Achievement Award by the Voice of Independent Music Awards ("VIMA") for his contribution to music.

Izham is an alumni of Berklee College of Music (1991) in Boston, U.S. He then pursued his MBA at Suffolk University (1994) in Boston. He also attended a course in Effective Media Strategies at Harvard University (2008) in Cambridge, U.S.

Izham is the Chairman of the Communications and Multimedia Content Forum of Malaysia ("CMCF"). He has a monthly column in the New Straits Times called "For The Record" where he talks about all things music and creativity.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has no convictions for any offences within the past five years.

RAFIQ BIN RAZALI

CHIEF EXECUTIVE OFFICER, MEDIA PRIMA DIGITAL

Rafiq bin Razali, aged 34, male, a Malaysian, joined the Group on 15 April 2016 as the Chief Executive Officer ("CEO") of Media Prima Digital ("MPD").

He holds a Bachelor of Science (First Class Honours) in Actuarial Science from Pennsylvania State University, United States, has comprehensive experience in business development and strategic planning. His track record includes establishing start-up companies related to digital and information technology.

His career in information technology began with Maxis Berhad where he held various positions that included responsibilities in the International Data Wholesale division and the Corporate Strategy division. In 2011, Rafiq was part of the team which formed Groupon Malaysia. Groupon is an e-commerce company based in United States, connecting customers with local merchants in more than 28 countries including Malaysia. He was promoted to Groupon's Country General Manager for Malaysia in 2013, following an impressive run of performance by the outfit.

In 2015, Rafiq and a group of investors established KFit, now known as Fave, a Malaysian start-up company that provides a fitness subscription service and a hyperlocal marketplace for the best food and services experiences in the city. KFit/Fave today boasts operations in six countries in Asia Pacific and has raised funding from multiple Venture Capital funds including Sequoia Capital, one of the world's leading venture capital firm.

His appointment as MPD CEO is in line with the Media Prima's commitment to further consolidate its position as the largest integrated media group in Malaysia, providing the Group with numerous opportunities to introduce innovative solutions to fulfil the ever-changing needs of its customers.

He does not hold any directorship of any public or public-listed companies.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has no convictions for any offences within the past five years.

SENIOR MANAGEMENT TEAM

MUSTAPHA KAMIL BIN MOHD JANOR

EXECUTIVE DIRECTOR, NEWS AND EDITORIAL OPERATIONS

Mustapha Kamil bin Mohd Janor, aged 58, male, a Malaysian, is the Executive Director of News and Editorial Operations, Media Prima Berhad ("Media Prima"), effective 2 October 2018. He sits on the Boards of Sistem Televisyen Malaysia Berhad and The New Straits Times Press (Malaysia) Berhad ("NSTP").

As Executive Director, Mustapha Kamil is responsible for the overall operations of Media Prima news and editorial functions. He provides the strategic direction and oversight of Media Prima Television Networks and NSTP news operations, and focuses on optimising the Group's news resources in-line with Media Prima's business transformation efforts.

He began his career as a Cadet Reporter in NSTP in 1989 and held various positions in the Company. In 1994, he attended the Advanced Journalism course, The Thomson Foundation in Cardiff, Wales. In 1994, he was a Reporter at New Straits Times' ("NST") Business Times and later served as NSTP's Foreign Correspondent in New York, U.S. in 1999. He returned to serve as Business Times' Managing Editor in 2001. Mustapha Kamil was promoted as NST's Group Editor in 2013 until his resignation in May 2016.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

DATO' MANJA BIN ISMAIL

MANAGING EDITOR, NEWS AND CURRENT AFFAIRS, MEDIA PRIMA TELEVISION NETWORKS

Dato' Manja bin Ismail, aged 57, male, a Malaysian, is the Managing Editor of News and Current Affairs ("NCA"), Media Prima Television Networks, effective 1 October 2018.

He started his career in journalism with Berita Harian in January 1985. He has held various positions within Media Prima including Bureau Chief of Berita Harian in Sarawak in January 1987, and Group Editor of Berita Harian and Director of Malay Production of The New Straits Times Press (Malaysia) Berhad in 2006.

In 2009, he served as Group Editor, News for ntv7, 8TV, TV9 and Radio News. He was appointed as Group Editor of NCA and Radio Networks in 2011 and promoted as Deputy Group Managing Editor of NCA in 2013.

Dato' Manja graduated with a degree in Mass Communication from Universiti Teknologi Mara. He is a Wolfson Press Fellow from the University of Cambridge and was part of the US State Department International Visitors Programme in 2002, and British Foreign Office – Engaging with UK Islamic Leaders programme in 2007.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has had no convictions for any offences within the past five years.

DATO' YUSHAIMI MAULUD BIN YAHAYA

EDITOR-IN-CHIEF,
THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Dato Yushaimi has been appointed as Chief Operating Officer of NSTP on 1 April 2019)

Dato' Yushaimi Maulud bin Yahaya, aged 50, male, a Malaysian, was appointed as Chief Operating Officer of The New Straits Times Press (Malaysia) Berhad ("NSTP") on 1 April 2019, after assuming the position as NSTP's Editor-in-Chief on 1 January 2018.

He has more than 26 years of experience in journalism, starting his career as a cub reporter with the Malay Mail after graduating from the NSTP Pre-Entry Training scheme in 1990.

In 2002, he was one of the two Malaysian journalists chosen for the Nihon Shinbun Kyokai/Japanese Press Foundation fellowship programme. Upon his return, he was tasked with setting-up four new bureaus for the Malay Mail (which was then part of the NSTP group), in Pulau Pinang, Johor, Melaka and Perak, in 2003.

In 2004, he was promoted to Assistant News Editor. A year later, he was transferred to the New Straits Times ("NST") as a News Editor.

In 2006, he was promoted to Chief News Editor for the Malay Mail and Sunday Mail before becoming Deputy Editor in 2007. He assumed a string of roles including Acting Chief Operating Officer, Executive Editor (Production), Editor and subsequently Editor-in-Chief in 2010. He was also the Group Editorial Advisor for the Redberry Group, which had bought the Malay Mail title, and was engaged as a consultant for a news portal revamp.

Dato' Yushaimi re-joined the NST in November 2012 as an Executive Editor (News), in charge of the general news, politics, crime, probes, streets, sports, Sunday Times and online desks; as well as the bureaus.

In March 2015, he was made Deputy Group Editor. As a writer, he was the recipient of the Malaysian Press Institute Best English News Report and Best Investigative Report awards in 2003 and 2014 respectively. He was appointed NST Group Editor on 1 March 2017.

Dato' Yushaimi was also the Treasurer of the NSTP National Union of Journalists ("NUJ") Malaysia from 2001 to 2004, and the National Assistant Treasurer of the NUJ in 2004. He was also the Deputy President of the National Press Club from 2011 to 2013.

He does not hold any directorship of any public or public listed companies.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of Media Prima. He has no personal interest in any business arrangements involving Media Prima. He has no convictions for any offences within the past five years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF MEDIA PRIMA BERHAD ("THE GROUP") IS PLEASED TO PRESENT TO THE SHAREHOLDERS, THE CORPORATE GOVERNANCE OVERVIEW STATEMENT ("OVERVIEW STATEMENT") OF MEDIA PRIMA BERHAD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018. THE OVERVIEW STATEMENT DEMONSTRATES THE BOARD'S COMMITMENT TOWARDS HIGH STANDARDS OF CORPORATE GOVERNANCE PRACTICES, VALUES AND ETHICAL BUSINESS CONDUCTS IN THE APPLICATIONS OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017 ("MCCG 2017").

PARAGRAPH 15.25 OF BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS PRESCRIBES THAT THE BOARD IS REQUIRED TO PROVIDE A NARRATIVE STATEMENT OF ITS CORPORATE GOVERNANCE PRACTICES WITH REFERENCE TO THE MCCG 2017, IN ITS ANNUAL REPORT. THE OVERVIEW STATEMENT IS TO BE READ TOGETHER WITH THE CORPORATE GOVERNANCE REPORT WHICH IS MADE AVAILABLE ON THE GROUP'S OFFICIAL WEBSITE AT WWW.MEDIAPRIMA.COM.MY. THE OVERVIEW STATEMENT AIMS TO PROVIDE SHAREHOLDERS WITH A DESCRIPTION OF THE APPLICATION OF EACH PRACTICE SET OUT IN THE MCCG 2017.

The Board of Directors of Media Prima Berhad is committed towards achieving excellence in corporate governance and acknowledges that the prime responsibility for good corporate governance lies with the Board. The Board is fully committed to ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to create, protect and enhance shareholders' value and the performance of the Group.

The Board believes that good corporate governance is fundamental in achieving the Group's objectives. In order to ensure that the best interests of shareholders and other stakeholders are effectively served, the Board continues to play an active role in improving governance practices and monitors the development in corporate governance within the Group.

The commitment and efforts of the Board and Management in sustaining high standards of corporate governance and investor relations have been vindicated by the following awards/recognitions received in 2018:-

AWARDS/ACCOLADES	ORGANISER
National Annual Corporate Awards ("NACRA") 2018 - Certificate of Merit	• Bursa Malaysia Berhad; • Malaysian Institute of Accountants; and • Malaysian Institute of Certified Public Accountants.
Australasian Reporting Awards 2018 - Gold Award	Australasian Reporting Awards Limited

The full listing of awards/recognitions received in 2018 by the respective business platforms is presented on pages 18 to 21 of this Annual Report.

A. BOARD LEARDERSHIP & EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.0 Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

1.1 The Group is led and controlled by an effective Board. All Board members carry an independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board recognizes the Board's philosophy, principles, ethics, mission and vision and reflects this understanding on key issues throughout the year. The Board delegates authority and vests accountability for the Group's day to day operations with a Management team led by the Group Managing Director. The Board, however assumes the following responsibilities in discharging its duty of stewardship of the Group:-

i. The Group's Strategic Plan

The Board plays an active role in the development of the Group's strategy. It has in place an annual strategy planning process, whereby the Management prepared and presented its 2019 Business Plan and Budget for the Board's review at the Special Board meeting and was approved by the Board on 28 November 2018. At this session, the Board reviews and challenges Management's views and assumptions. In furtherance of this, the Board then reviews and approves the annual budget for the ensuing year and sets the Key Performance Indicators in the Balanced Scorecard.

The Board promotes good corporate governance through sustainability practices which will translate into better corporate performance throughout the Group. A summary of these practices which demonstrate the Group's commitment to the evolving global environmental, social, governance and sustainability agenda appears in the Groups' Sustainability Report 2018. A detailed coverage of our corporate responsibility initiatives are explained separately in our Sustainability Report 2018.

ii. The Group's Business Management and Conduct

The Group Managing Director is responsible for the day-to-day management of the business and operations of the Group with respect to its operational functions. He is supported by the various Management Committees.

The Board is kept informed of key strategic initiatives, significant operational issues and the Group's performance based on the approved Key Performance Indicators in the Balanced Scorecard. The Chief Executive Officers of the business platforms and selected Senior Management were in attendance at Board meetings to support the Group Managing Director in presenting the updates on the progress of key initiatives, business targets and achievements to date and to provide clarification on the challenges and issues raised by the Board.

The Board is responsible to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to create, protect and enhance shareholders' value and the performance of the Group. The objective of creating shareholder value is achieved by adopting strategies to strengthen the profitable core business and to build possible business adjacencies that leverage on its strength.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In order to ensure the effective discharge of its functions and responsibilities, the Board delegates specific powers to the relevant Board Committees and the Group Managing Director where the Group Managing Director shall steer and govern the Company by the support of the Management via various Management Committees, as depicted below:-

BOARD OF DIRECTORS

Datuk Mohd Nasir bin Ahmad
(Independent Non-Executive Group Chairman)

Datuk Kamal bin Khalid
(Executive Director)

Raja Datuk Zaharaton binti Raja Zainal Abidin
(Senior Independent Non-Executive Director)

Lydia Anne Abraham
(Independent Non-Executive Director)

Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar
(Independent Non-Executive Director)

Datuk Loo Took Gee
(Independent Non-Executive Director)

Mohd Rashid bin Mohd Yusof
(Independent Non-Executive Director)

Hisham bin Zainal Mokhtar
(Independent Non-Executive Director)

BOARD COMMITTEES

Audit Committee

Risk Management Committee

Nomination and Remuneration Committee

Option Committee

GROUP MANAGING DIRECTOR

Datuk Kamal bin Khalid

MANAGEMENT COMMITTEES

Group Risk Management & Audit Committee

Procurement Committee

Tender Committee

Programme Committee

Newsprint Committee

Information Communications Technology ("ICT") Steering Committee

Intellectual Property Committee

Humanitarian Fund Committee

Digital TV Committee

Recovery Executive Committee

Project Odyssey Steering Committee

The governance structure within Media Prima Berhad is supported by a Board-approved Limits of Authority. The Limits of Authority has been structured to define all the common matters pertaining to operations such as policy approval, awarding of projects and capital and operational expenditure. It serves as a control whereby a cross-check system has been incorporated to minimise any abuse of authority. The system provides that approvals granted should be supported by a recommendation from the subordinates and notified to the superior of the approving authority particularly pertaining to material transactions.

The highest approving authority is the Board of Directors where the transactions will determine the direction and financial position of the Group and are above the limit that has been granted to the Group Managing Director. A separate Limits of Authority for each business platform has been prepared in order to ensure adequate management control and smooth operations at platform level. All Chief Executive Officers of the respective platforms shall be governed by the authority limits accorded to them in the Limits of Authority.

The Board delegates certain responsibilities to Board Committees which operates within clearly defined terms of reference in the execution of its duties and responsibilities where Board receives reports of their proceedings and deliberations. The ultimate responsibility and the final decision on specific matters still lies with the Board where Board Committees have no authority to make decisions on matters reserved for the Board.

The Management's performance is assessed by the Board through a status report which is tabled to the Board on a quarterly basis and includes a comprehensive summary of the Group's operating updates and financial performance during each reporting period.

Board Commitment

Board Meetings

Board meetings are scheduled in advance at the beginning of the new financial year to enable Board members to plan ahead and fit the year's meetings into their own schedules.

The Board meets at least four (4) times a year, once in every quarter and has a formal schedule of matters specifically reserved for Board decisions such as the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to Management and control structure of the Group including key policies, procedures and authority limits. Additional meetings are held as and when required.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of Media Prima Berhad. The Directors' commitment is affirmed by the high percentage of their attendance at the Board meetings and respective Board Committee meetings of Media Prima Berhad held during the financial year ended 31 December 2018.

During the financial year ended 31 December 2018, the Board of Directors had met 11 times on the following occasions:-

NO.	AWARDS/ACCOLADES	DATE
1	59th Meeting	22 February 2018
2	Special Meeting	13 April 2018
3	Special Meeting	25 April 2018
4	Special Meeting	15 May 2018
5	60th Meeting	24 May 2018
6	Special Meeting	12 June 2018
7	61st Meeting	30 August 2018
8	Special Meeting	1 October 2018
9	62nd Meeting	21 November 2018
10	Special Meeting	26 November 2018
11	Special Meeting	28 November 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of Directors' attendance at the Board of Directors Meeting for the financial year ended 31 December 2018 are as follows:-

NAME OF DIRECTOR	ATTENDED/HELD	ATTENDANCE
Datuk Mohd Nasir bin Ahmad • Redesignated as Interim Group Chairman on 21 May 2018 • Redesignated as Group Chairman on 12 June 2018	11 / 11	100%
Tan Sri Ismee bin Haji Ismail (Resigned on 19 May 2018)	4 / 4	100%
Raja Datuk Zaharaton binti Raja Zainal Abidin (Appointed on 13 August 2015)	11 / 11	100%
Datuk Kamal bin Khalid (Appointed on 2 August 2017)	11 / 11	100%
Datuk Shahril Ridza bin Ridzuan (Resigned on 20 August 2018)	6 / 6	100%
Lydia Anne Abraham (Appointed on 19 November 2013)	11 / 11	100%
Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar (Appointed on 22 July 2016)	10 / 11	91%
Datuk Loo Took Gee (Appointed on 6 August 2016)	11 / 11	100%
Mohd Rashid bin Mohd Yusof (Appointed on 12 June 2018)	5 / 5	100%
Hisham bin Zainal Mokhtar (Appointed on 27 February 2019)	n/a	n/a

Key transactions deliberated and approved by the Board during Board meetings in 2018 include:-

AREA	KEY TRANSACTIONS
Strategic Stewardship	• Proposed Budget and Business Plan of the Group for the financial year ending 31 December 2018; • Quarterly Project Odyssey Status Update and Group Managing Director's Reports; • Quarterly Risk Profiles of Media Prima Group; • Policies and Procedures; • Capital Restructuring; • Acquisition of Equities in Vocket Media and Monsterscape for Rev Asia; • Acquisition of 'Waktu Solat' Mobile Application; and • Corporate Rationalisation Exercise.
Investor Relations	• Quarterly Equity Structure Report; • Quarterly Shareholdings' Reports; • Proceedings and Possible Questions & Answers for the 17th Annual General Meeting; • Press release on the Group's Performance for the financial year ended 2017; and • Press release on the Group's Quarterly Performance for the financial year ended 2018.

AREA	KEY TRANSACTIONS
Financial Reporting	For the release of financial results and announcement made to Bursa Malaysia Securities Berhad:- • Group consolidated financial results for the financial year ended 2017; and • Group quarterly consolidated financial results (i.e. Q4 of 2017 and Q1, Q2 & Q3 of 2018).
Boardroom Affairs	• Deliberation on benefits for the newly appointed Group Chairman; • Composition of the Board Members in Subsidiaries; • Nomination of Directors/Member of Board Committees of Media Prima Berhad; • Deliberation of Findings on Board Effectiveness Evaluation Exercise; • Appointment of Directors to the Media Prima Berhad; • Annual Review on the list/composition of Directors for Media Prima Group of Companies; • Disclosure of Directors' interest; and • Quarterly Circular Resolutions passed.
Regulatory Compliance	• Annual Report 2017's Statements:- - Audit Committee Report; - Statement on Risk Management and Internal Control/Risk Management Committee Report; - Statement on Corporate Governance; - Group Chairman's Statement; and - Group Managing Director's Statement. • Circulars/Letters from Authorities.
Litigation Status	Quarterly summary and status of litigations suits.
Employee Welfare	• Appointment and remuneration structure for the newly appointed Senior Management; • Employees' Key Performance Indicators achievements for financial year ended 2017; • Senior Management's Balance Scorecard Rating and one-off Payout for financial year ended 2017; and • Balanced Score Card for Senior Management in 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Directorships

All directors of the Group do not hold more than five (5) directorships in public listed companies as at 31 December 2018. Directorship of Board members on listed Companies including Media Prima Berhad is as follows:-

Board Member's Directorship in Listed Companies (including Media Prima Berhad)

DIRECTORSHIPS	NO OF DIRECTORS	NAME OF DIRECTOR	%
3 Directorships	2 Directors	• Raja Datuk Zaharaton binti Raja Zainal Abidin • Mohd Rashid bin Mohd Yusof	25%
2 Directorships	5 Directors	• Datuk Mohd Nasir bin Ahmad • Lydia Anne Abraham • Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar • Datuk Loo Took Gee • Hisham bin Zainal Mokhtar	62%
1 Directorship	1 Director	Datuk Kamal bin Khalid	13%

The directors have sufficient time to carry out their responsibilities and the Group Chairman will be notified before a Director accepts any new directorship.

Board Training

The Board acknowledges the importance of continuous development of its Directors and encourages them to partake in courses or programmes that serve to enhance their skills and update their knowledge. This will enable Directors to sustain their active participation in Board deliberation.

All Directors attended relevant training programmes in 2018 to enhance their skills and knowledge, and to keep abreast with the relevant changes in laws, regulations and business environment in order to discharge their duties effectively. Conferences, trainings and seminars attended by the Board of Directors in 2018 are shown below:-

CONFERENCES/ SEMINARS/TRAINING	DATE	ORGANISER	ATTENDEES
Strategy			
Media Prima Berhad Board of Directors' Workshop - Winning Formula for a Better Tomorrow	19 December 2018	Media Prima Berhad	• Datuk Mohd Nasir bin Ahmad • Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar • Raja Datuk Zaharaton binti Raja Zainal Abidin • Lydia Anne Abraham • Datuk Kamal bin Khalid • Mohd Rashid bin Mohd Yusof • Datuk Loo Took Gee
CIMB Annual Management Summit	23 - 24 November 2018	CIMB Group	Datuk Mohd Nasir bin Ahmad

CONFERENCES/ SEMINARS/TRAINING	DATE	ORGANISER	ATTENDEES
Technology			
Asia Pacific Pay - TV Operators Summit	24 - 26 April 2018	Media Partners Asia	Hisham bin Zainal Mokhtar
Presentation on Digital Fundamentals and Tour of Integrated Newsroom and Resource Centre at Balai Berita, Bangsar	7 March 2018	Media Prima Digital Sdn Bhd	• Datuk Mohd Nasir bin Ahmad • Raja Datuk Zaharaton binti Raja Zainal Abidin • Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar • Lydia Anne Abraham • Datuk Kamal bin Khalid
Governance			
Tax and Business Summit 2018	8 November 2018	KPMG	Mohd Rashid bin Mohd Yusof
ASEAN Board of Directors Conference	18 & 19 October 2018	Malaysian Alliance of Corporate Directors ("MACD")	Lydia Anne Abraham
Board Training – Credit Risk, Revenue Risk, other forms of Liability Risk and Dispute Resolutions	24 September 2018	Yinson Holdings Berhad	Raja Datuk Zaharaton binti Raja Zainal Abidin
Board Training – Charter Contract	27 June 2018	Yinson Holdings Berhad	Raja Datuk Zaharaton binti Raja Zainal Abidin
Board Training - Key Amendments to Listing Requirements arising from Companies Act 2016	29 March 2018	Taliworks Berhad	Raja Datuk Zaharaton binti Raja Zainal Abidin
Audit Committee Conference 2018	27 March 2018	• Malaysian Institute of Accountant ("MIA") • Institute of Internal Auditors Malaysia ("IIAM")	• Datuk Mohd Nasir bin Ahmad • Datuk Loo Took Gee • Lydia Anne Abraham
BNM Annual Communication	23 March 2018	Bank Negara Malaysia ("BNM")	Datuk Mohd Nasir bin Ahmad

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONFERENCES/ SEMINARS/TRAINING	DATE	ORGANISER	ATTENDEES
Finance & Investor Relations			
Islamic Finance for Board of Directors	14 & 15 November 2018	International Shariah Research Academy	Mohd Rashid bin Mohd Yusof
World Congress of Accountants	5 – 8 November 2018	International Federation of Accountants ("IFAC")	Datuk Mohd Nasir bin Ahmad
"Malaysia: A New Dawn" Conference	9 October 2018	• Malayan Banking Bhd • CIMB Group Holdings Bhd • RHB Banking Group	• Datuk Mohd Nasir bin Ahmad • Raja Datuk Zaharaton binti Raja Zainal Abidin
Credit and Risk Management in Banking	2 & 4 September 2018	The Iclif Leadership and Governance Centre	Mohd Rashid bin Mohd Yusof
ACCA Malaysia Annual Conference	3 July 2018	Association of Chartered Certified Accountants ("ACCA") Malaysia	Datuk Mohd Nasir bin Ahmad
ACCA Global Summit	22 June 2018	Association of Chartered Certified Accountants ("ACCA") UK	Datuk Mohd Nasir bin Ahmad
Understanding Liquidity Risk Management	14 April 2018	The Iclif Leadership and Governance Centre	Mohd Rashid bin Mohd Yusof
Financial Institutions Directors Training Program B	5 – 8 March 2018	The Iclif Leadership and Governance Centre	Mohd Rashid bin Mohd Yusof
Financial Institutions Directors Training Program A	5 February 2018	The Iclif Leadership and Governance Centre	Mohd Rashid bin Mohd Yusof
Invest Malaysia 2018 - The Capital Market Conversation-Connecting Strengths, Advancing Performance	23 January 2018	• Maybank Berhad • Bursa Malaysia	Raja Datuk Zaharaton binti Raja Zainal Abidin

1.2 The Group Chairman leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and compliance. In turn, the Board monitors the functions of the Board committees in accordance with their respective Terms of Reference to ensure its own effectiveness.

1.3 The position of Group Chairman and Group Managing Director are held by two (2) different individuals. There is a clear distinction of roles and responsibilities between the Group Chairman of the Board and the Group Managing Director in order to ensure that there is an equilibrium of power and authority and that no individual has unfettered powers of decision.

The Group Managing Director is an Executive Director who has overall responsibility over the business operations on a day-to-day basis, organisational effectiveness and implementation of the Board's policies, strategies and decisions. The Group Managing Director has established several Management Committees to support him in discharging his operational and management duties.

The Board together with the Group Managing Director have developed position descriptions for the Board and the Group Managing Director, involving definition of the limits to management's responsibilities. The Board has also approved the corporate objectives for which the Group Managing Director is responsible to meet.

1.4 The Company Secretary provides a central source of guidance and advice to the Board, on matters of ethics and good corporate governance. The Company Secretary is required to provide the directors, collectively and individually, with detailed guidance on their duties and responsibilities. The Company Secretary assists in determining the annual Board plan and Board agenda and in formulating governance and Board-related matters.

The role of Company Secretary is jointly assumed by the Group Company Secretary and the Joint Company Secretary. Both secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Malaysian Institute of Accountants ("MIA") respectively.

The Board has unrestricted access to the advice and services of the Company Secretary who is responsible for providing directors with the Board papers and related matters. The Company Secretary coordinates the induction programme for newly-appointed directors as well as the Board assessment process.

The Board recognises that the Group Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board. All directors have access to the advice and services of the Company Secretary and, whether as a full board or in their individual capacities, directors are also at liberty to take independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense.

1.5 The Board and its Committees have full and unrestricted access to all information necessary in the furtherance of their duties, which is not only quantitative but also other information deemed suitable such as customers satisfaction, product and service quality, market share, updates and reactions. The Board is provided with the agenda for every Board meeting together with comprehensive management reports in advance, for the Board's reference. The Chairman of the Board takes primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.

All directors have the right and duty to make further enquiries where they consider necessary. In most instances, members of Senior Management are invited to be in attendance of the Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board.

The Board papers are circulated on a timely basis, at least five (5) days in advance of the meeting to enable the members to have sufficient time to review the papers prepared. Board papers are comprehensive and encompass all aspects of the matters being considered, enabling the Board to look at both the quantitative and qualitative factors so that informed decisions are made. The Board papers supplied to the directors include Quarterly performance reports of the Group, corporate proposals, Group's risk profiles, information on operational and financial issues, updates on Group's corporate social responsibility, business forecasts and outlook and Circular Resolutions passed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2.0 There is demarcation of responsibilities between the board, board committees and management. There is clarity in the authority of the board, its committees and individual directors.

2.1 A Board Charter had been established with the objectives to ensure that all Board members are aware of their duties and responsibilities, the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all dealings by Board members individually and/or on behalf of the Group. The Board Charter outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.

The Board Charter focuses on Board's roles and responsibilities, Board's composition and balance, Board's performance, Board's meetings, Remuneration policies, access to information and independent advice, financial reporting, stakeholder communication, Company Secretary and conflict of interest.

The Board Charter is subject to review from time to time to ensure that it remains consistent with the Board's objectives and current laws and practices is made available on the Company's official website at **www.mediaprima.com.my**.

The Board of Media Prima Berhad as a listed entity has entrusted its Board Committees with specific responsibilities to oversee the Group's affairs in accordance with their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairman of the respective Board Committee and the tabling of minutes of the Board Committee meetings.

The Chairman of the various Committees report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board of Directors' meetings.

Senior Independent Non-Executive Director

Raja Datuk Zaharaton binti Raja Zainal Abidin who joined the Board on 13 August 2015 was selected among the Independent Non-Executive Directors to assume the role of a Senior Independent Non-Executive Director on 12 June 2018, to whom concerns pertaining to the Group may be conveyed by shareholders and the public.

Shareholders and any other interested parties may contact Raja Datuk Zaharaton binti Raja Zainal Abidin to address any concerns in writing as per the following details:-

Email : zaharaton@mediaprima.com.my
Office Address : Media Prima Berhad,
Group Secretarial,
Level 3, Balai Berita Bangsar, Anjung Riong,
No. 31, Jalan Riong, Bangsar, 59100 Kuala Lumpur.

Board Committees

a. Audit Committee

The Audit Committee was established on 19 August 2003 and is chaired by Mohd Rashid bin Mohd Yusof. The Committee had held four (4) meetings in 2018 namely on 20 February 2018, 21 May 2018, 27 August 2018 and 12 November 2018 and members' attendance is as follows:-

NO.	DIRECTOR	ATTENDED/HELD	ATTENDANCE
1	Mohd Rashid bin Mohd Yusof (Chairman) (Appointed on 12 June 2018)	2 / 2	100%
2	Datuk Mohd Nasir bin Ahmad (Resigned on 12 June 2018)	2 / 2	100%
3	Lydia Anne Abraham	4 / 4	100%
4	Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar	4 / 4	100%
5	Datuk Loo Took Gee	4 / 4	100%

The Audit Committee keeps the Board informed of its activities and recommendations from time-to-time. A full Audit Committee report detailing its composition during the year is set out on page 150 to 158 of this Annual Report.

b. Risk Management Committee

The Risk Management Committee was established on 12 May 2011 and is chaired by Lydia Anne Abraham. The Committee had held four (4) meetings in 2018 namely on 20 February 2018, 21 May 2018, 27 August 2018 and 13 November 2018 and members' attendance is as follows:-

NO.	DIRECTOR	ATTENDED/HELD	ATTENDANCE
1	Lydia Anne Abraham (Chairman) (Redesignated as Chairman on 12 June 2018)	4 / 4	100%
2	Tan Sri Ismee bin Haji Ismail (Resigned on 19 May 2018)	1 / 1	100%
3	Datuk Mohd Nasir bin Ahmad (Resigned on 22 February 2018) (Re-appointed on 12 June 2018) (Resigned on 27 February 2019)	3 / 3	100%
4	Raja Datuk Zaharaton binti Raja Zainal Abidin (Appointed on 22 February 2018)	3 / 3	100%
5	Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar	4 / 4	100%
6	Hisham bin Zainal Mokhtar (Appointed on 27 February 2019)	n/a	n/a

A Risk Management Committee report detailing its responsibilities, terms of reference and summary of initiatives/activities during the year is set out on page 159 to 167 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

c. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established on 14 May 2015 and is chaired by Raja Datuk Zaharaton binti Raja Zainal Abidin. The Committee had held five (5) meetings in 2018 namely on 20 February 2018, 21 May 2018, 12 June 2018, 27 August 2018 and 1 October 2018 and members' attendance is as follows:-

NO.	DIRECTOR	ATTENDED/HELD	ATTENDANCE
1	Raja Datuk Zaharaton binti Raja Zainal Abidin (Chairman)	5 / 5	100%
2	Datuk Shahril Ridza bin Ridzuan (Resigned on 20 August 2018)	3 / 3	100%
3	Datuk Mohd Nasir bin Ahmad (Resigned 12 June 2018)	3 / 3	100%
4	Mohd Rashid bin Mohd Yusof (Appointed on 12 June 2018)	2 / 2	100%
5	Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar	4 / 5	80%
6	Hisham bin Zainal Mokhtar (Appointed on 27 February 2019)	n/a	n/a

The Nomination and Remuneration Committee recognises the importance of an appropriate balance and diversity of knowledge, skills, backgrounds, experience, professional qualifications and gender in building an effective Board. It has established policies, criteria and a clear methodology in accordance with its Terms of Reference which can be found in the Board Charter.

d. Option Committee

The Option Committee was established on 27 August 2004 and is chaired by Raja Datuk Zaharaton binti Raja Zainal Abidin who was appointed on 23 February 2017. The other members of the Option Committee include:-

NO.	DIRECTOR	Remarks
1	Datuk Kamal bin Khalid	Appointed on 2 August 2017
2	Tan Sri Ismee bin Haji Ismail	Resigned on 22 February 2018
3	Datuk Shahril Ridza bin Ridzuan	Resigned on 20 August 2018
4	Hisham bin Zainal Mokhtar	Appointed on 27 February 2019

The Committee held no meetings in 2018.

3.0 The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

3.1 The Company's Codes of Ethics for Directors and employees govern the standards of conduct and behaviour expected from Directors and employees respectively. They are to be applied to all aspects of business and professional practices and act in good faith in the best interests of Media Prima Group and its stakeholders.

The Code of Ethics for Directors is available on **www.mediaprima.com.my** whilst the Code of Ethics for employees is available on the Company's Intranet System (PeopleConnect). It requires all to observe high ethical standards of honesty and integrity whilst prohibiting activities or misconduct such as accepting bribes, dishonest behaviour and sexual harassment, among others.

3.2 In order to strengthen corporate governance practices across the Group, a whistleblowing policy was established to provide employees with accessible avenue to report suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to promote and encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be protected from reprisal.

The whistleblowing policy and the anti-fraud policy can be accessed by all staff via the Group's intranet. The key components of the whistleblowing policy include protection to the whistleblower from any retaliation in the form of dismissal, harassment or discrimination at work, or any action in court, in respect of disclosure made by the whistleblower to the regulators. Any employee who believes or suspects that a fraud exists or has been committed may report this to the Group General Manager, Group Corporate Governance Department.

II. BOARD COMPOSITION

The Nomination and Remuneration Committee was established after the merger of the Nomination Committee and Remuneration Committee on 14 May 2015. The Board is satisfied that the Nomination and Remuneration Committee has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions as listed in the Terms of Reference of the Nomination and Remuneration Committee.

Significant changes to the Board composition that took place during the year include:-

DATE OF CHANGE	DETAILS
19 May 2018	Tan Sri Ismee bin Haji Ismail resigned as the Group's Independent Non-Executive Group Chairman.
21 May 2018	Datuk Mohd Nasir bin Ahmad redesignated from Senior Independent Non-Executive Director to Senior Independent Non-Executive Interim Group Chairman.
12 June 2018	Datuk Mohd Nasir bin Ahmad appointed as Senior Independent Non-Executive Group Chairman
	Raja Datuk Zaharaton binti Raja Zainal Abidin redesignated from Independent Non-Executive Director to Senior Independent Non-Executive Director.
	Mohd Rashid bin Mohd Yusof appointed as Independent Non-Executive Director.
20 August 2018	Datuk Shahril Ridza bin Ridzuan resigned as Non-Independent Non-Executive Director.
27 February 2019	Hisham bin Zainal Mokhtar appointed as Independent Non-Executive Director.

In accordance with the Company's Articles of Association, newly-appointed directors shall hold office until the next Annual General Meeting and shall then be eligible for re-election. The Articles also provide that all Directors shall retire from office once at least in every three (3) years. Retiring directors may offer themselves for re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

4.1 The Board of Media Prima Berhad are made up of 87% of Independent Directors. It comprises of eight (8) members of whom only one (1) is an Executive Director who also serves as the Group Managing Director. The strong presence of seven (7) Independent Non-Executive Directors assures effective check and balance on the functioning of the Board.

Board Member's Independence Composition

DIRECTOR	No of Directors	%
Independent Non-Executive	7	87%
Executive Director	1	13%

4.2 By virtue of their roles and responsibilities, the seven (7) Independent Non-Executive Directors represent the Group's minority shareholders' interests. They are independent of the Management and free from any undue influence from interested parties which could materially interfere with the exercise of their independent judgement.

In discharging their responsibilities during each Board and Committee meeting, through their vast experience and knowledge, the directors had maintained their independence and objectivity in every major decision to safeguard the Company's and stakeholders' best interest.

The Nomination and Remuneration Committee and the Board have upon their Board Effectiveness Evaluation exercise, concluded that all of the Independent Non-Executive Directors continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continue to fulfil definition of independence as set out in the terms of reference and the listing requirement.

4.3 The Board has adhered to the nine-year rule for Independent Non-Executive Directors as prescribed in the Board Charter. Upon completion of such tenure, the Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

The Board recognises that an individual independence cannot be determined arbitrarily on the basis of a set period of time alone. The Board also firmly believes that the ability of a Director to serve effectively is dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity. It is also believed that there are significant advantages to be gained from long-serving Directors who possess insight and knowledge of the Company's business and affairs.

Hence, an Independent Director who has served the Company for nine (9) years, subject to the Nomination and Remuneration Committee' recommendation and Shareholders' approval, may continue to serve the Group in the capacity of Independent Director.

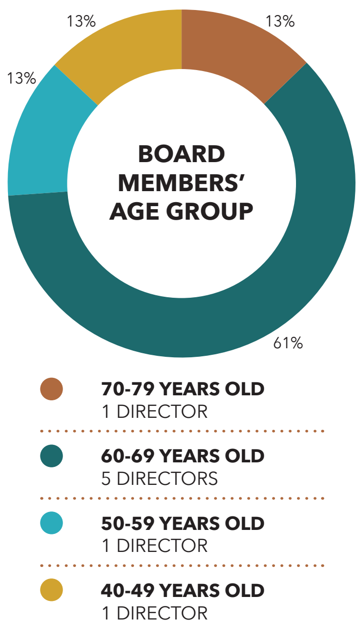
The Group Chairman and all Independent Non-Executive Directors have served the Board for less than nine (9) years where their tenures are set out in the Board of Directors' Profiles as set out on page 100 to 107 of this Annual Report.

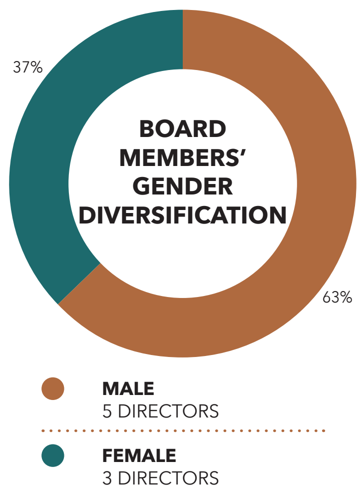
Noting that none of the Independent Non-Executive Directors has served more than nine (9) years cumulatively in Media Prima Berhad, the Board believes that the requirement for shareholders' approval to retain status of Independent Directors of nine (9) years on the Board is not applicable.

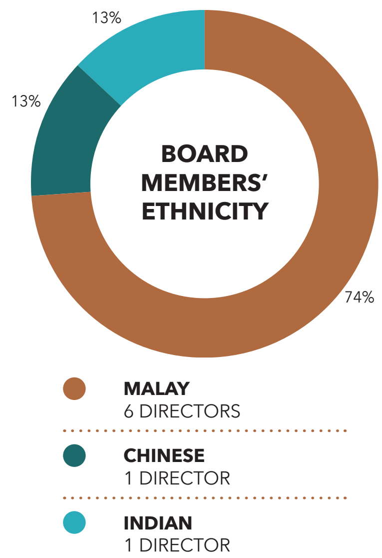
4.4 The Nomination and Remuneration Committee is responsible for recommending to the Board those Directors who are eligible to stand for election/reappointment. This recommendation is based on formal reviews of the performance of the Directors, taking into account the Board Effectiveness Evaluation results, contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interests of the Group in decision-making.

4.5 In its effort to promote boardroom diversity, the Nomination and Remuneration Committee has taken various steps to ensure that candidates are sought from various sources as part of its recruitment exercise. The experience and background of the respective Board members are described in their profiles as set out on page 100 to 107 of this Annual Report.

The Board is supportive of gender and ethnic diversity and the following diagrams depict a summary of Board diversity in Media Prima Berhad in terms of age group, gender diversification and ethnicity as at 31 December 2018:-







4.6 The Nomination and Remuneration Committee of the Board of Media Prima scrutinises the sourcing and nomination of suitable candidates for appointment as a Director in Media Prima and its subsidiary companies and to the Committees of the Board, before making recommendations to the Board for approval.

The Nomination and Remuneration Committee carries out an annual review on the composition of the Board as well as its Group of Companies to ensure the selection of Board members with different mixture of skill sets, competencies and gender diversity. The Annual Review is also undertaken to ensure that the Board remains effective and meets the business requirements of the Group as well as to focus on enlarged and expanded areas of activities whilst balancing the continuity needs. The last Annual Review of the Board composition was performed by the Nomination and Remuneration Committee and approved by the Board on 22 February 2018 during 59th Board of Directors Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4.7 The Board, through the Nomination and Remuneration Committee, is responsible for ensuring that there is effective and orderly succession planning within the Group. The Terms of Reference of the Nomination and Remuneration Committee provides that it is responsible for formulating nomination, selection and succession policies for the Members of the Board, Board Committees and the Group's key management personnel from time to time.

The Nomination and Remuneration Committee is responsible for reviewing candidates for key management positions and determining the remuneration for these appointments. In this respect, the Nomination and Remuneration Committee considers new appointments and renewal of service contracts of key management positions to ensure all candidates appointed to these positions are of sufficient competence. For this purpose, the factors considered by the Nomination and Remuneration Committee include the suitability of the shortlisted candidates based on their profiles, professional achievements and personality assessments. The Nomination and Remuneration Committee further considered the remuneration packages for the key management personnel when finalising the terms and conditions of their service contracts before it is further deliberated by the Board.

The Nomination and Remuneration Committee undertakes annual evaluation of the performance of the Senior Management based on their Balanced Scorecard with Key Performance Indicators measurements as per the principles set under Group-wide Key Performance Indicators Framework whilst the Group General Manager of Group Corporate Governance who reports to the Audit Committee is evaluated by the Chairman of Audit Committee. Generally, the remuneration of the Senior Management is directly linked to performance and hence, the performance bonus for the year would be determined by the Nomination and Remuneration Committee based on their respective performance ratings. The 2018 Balanced Scorecard and Key Performance Indicators results for the Group Managing Director and Senior Management were reviewed by the Nomination and Remuneration Committee at its meeting on 25 February 2019.

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

5.1 The Board through the Nomination and Remuneration Committee conducts an effective assessment to evaluate the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director. Performance indicators for the Board Effectiveness Evaluation for individual directors cover personality and quality aspect such as dynamics and participation, integrity and objectivity, technical competencies, recognition and independence.

The Directors' responses are submitted to the Company Secretary for collation and analysis. A comprehensive summary of the findings and recommendations is submitted to the Nomination and Remuneration Committee for deliberation, after which, the findings and recommendations are escalated to the Board and Board committees for further review and proposed actions. Recommendations affecting the Group's Management and operations arising from the Board Effectiveness Evaluation exercise are communicated to Management for implementation.

III. REMUNERATION

6.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. Remuneration policies and decisions are made through a transparent and independent process.

6.1 The Group has established a formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration package of individual director. The objective of the Group's policy on directors' remuneration is to attract and retain directors of the calibre needed to manage the Group successfully.

6.2 The Nomination and Remuneration Committee, carries out the annual review of the overall remuneration policy for Executive Director where recommendations are submitted to the Board for approval. The remuneration for Executive Director is structured to link rewards to corporate and individual performance. It is nevertheless, the ultimate responsibility of the Board to approve the remuneration of this director.

The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as directors), is a matter for the Board as a whole, subject to approval of shareholders at the Annual General Meeting. Each individual director would abstain from the Board's decision on his or her own remuneration to avoid any conflict of interest.

a. Remuneration Package for Executive Director

The remuneration package of the Executive Director is as follows:-

i. Basic Salary

The Nomination and Remuneration Committee recommends the basic salary (inclusive of statutory employer contributions to the Employee Provident Fund) for the Executive Director, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar positions in a selected group of comparable companies.

ii. Performance Bonus

The Group operates a performance based bonus scheme for all employees, including the Executive Director. The criteria for the scheme is dependent on the achievement of KPI set for the Group's business activities as measured against targets, together with an assessment of each individual's performance during the period. Bonus payable to the Executive Director is reviewed by the Nomination and Remuneration Committee and approved by the Board.

iii. Fixed Allowance

The Executive Director is entitled for fixed allowances.

iv. Benefits-in-Kind

The Executive Director is entitled to other customary benefits such as Group Hospitalisation, Surgical Insurance and a driver.

b. Remuneration Package for Non-Executive Directors

Non-Executive Directors are paid annual fees and attendance allowance for each Board meeting attended. They are also entitled for Group Hospitalisation and Surgical Insurance.

Directors of Media Prima Berhad are also covered under a Directors and Officers Liability Insurance Policy against any liability incurred by them in discharging their duties while holding office as directors of the Group. The directors contribute partially for the payment of the insurance premium.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

7.1 The details on the remuneration of directors for the financial year ended 31 December 2018, distinguishing between Executive and Non-Executive Directors with categorisation into appropriate components are as follows:-

DIRECTORS	FEES (MPB & SUBSIDIARIES)	FEES (BOARD COMMITTEES)	SALARY	STATUTORY (EPF)	OTHER REMUNERATIONS /EMOLUMENTS	BENEFITS- IN-KIND	TOTAL
Datuk Kamal bin Khalid	-	-	960,000	204,096	110,037	7,200	1,281,333
Total Executive Directors	**-**	**-**	**960,000**	**204,096**	**110,037**	**7,200**	**1,281,333**
Datuk Mohd Nasir bin Ahmad	145,110	4,504	-	-	333,248	2,023	484,885
Tan Sri Ismee bin Haji Ismail (Resigned on 19 May 2018)	28,356	1,134	-	-	295,706	3,977	329,173
Datuk Shahril Ridza bin Ridzuan (Resigned on 20 August 2018)	37,973	1,266	-	-	9,000	-	48,239
Raja Datuk Zaharaton binti Raja Zainal Abidin	110,000	4,715	-	-	68,750	-	183,465
Lydia Anne Abraham	125,000	6,556	-	-	69,750	-	201,306
Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar	138,575	8,000	-	-	94,000	-	240,575
Datuk Loo Took Gee	124,425	4,000	-	-	64,250	-	192,675
Mohd Rashid bin Mohd Yusof (Appointed on 12 June 2018)	52,836	3,893	-	-	13,250	-	69,979
Hisham bin Zainal Mokhtar (Appointed on 27 February 2019)	-	-	-	-	-	-	-
Total Non-Executive Directors	**762,275**	**34,068**	**-**	**-**	**947,954**	**6,000**	**1,750,297**
TOTAL	**762,275**	**34,068**	**960,000**	**204,096**	**1,057,991**	**13,200**	**3,031,630**

7.2 The remuneration paid to the Top 4 senior management of the Company during the year is as follows:-

Remuneration Range (not including Group Managing Director)	Number of Senior Management
RM700,001 to RM750,000	3
RM150,001 to RM200,000	1

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

The remuneration including salary, benefits in-kind and other emoluments of the Top 4 Senior Management of the Company disclosed above is on an aggregate basis and in bands of RM50,000 instead of on a named basis. The Board has decided that the disclosure of the senior management's individual remuneration would not be in the best interest of the company due to sensitivity and security concerns and to support the Company's efforts to retain key senior management.

B. EFFECTIVE AUDIT & RISK MANAGEMENT

I. AUDIT COMMITTEE

A detailed report on the Audit Committee comprises of its composition, terms of reference and summary of 2018 activities can be found on page 150 to 159 of this Annual Report.

8.0 There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

8.1 The Audit Committee was established on 19 August 2003 and is currently chaired by Mohd Rashid bin Mohd Yusof who is not the Group Chairman of the Board.

8.2 The Group's External Auditors Policy requires that any former key audit partner shall observe a cooling period of at least two (2) years before being appointed as a member of the Audit Committee.

8.3 The External Auditors Policy prescribes that the Audit Committee is responsible to assess, review and monitor the performance, suitability and independence of the External Auditors and make recommendation on the appointment and removal of the External Auditors to the Board of Directors.

8.4 The Audit Committee consists of four (4) Non-Executive Directors with all of them being independent directors and no alternate director is appointed as member of the Audit Committee.

8.5 The Audit Committee Chairman, Mohd Rashid bin Mohd Yusof, is a Chartered Accountant with the Malaysian Institute of Accountants ("MIA") and a Fellow of the Association of Chartered Certified Accountants ("ACCA") United Kingdom. The Board believes that the current composition has the required experience and knowledge for the roles of Audit Committee. The current Committee members' profiles, qualification and experience can be found in page 102 to 106 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its responsibility for the Group`s system of internal controls and risk management and for reviewing the effectiveness of these systems to ensure compliance with the applicable laws and regulations, as well as internal procedures and guidelines.

The Board is assisted by the Risk Management Committee in the oversight and its management of all identified risks. The Risk Management Committee meets quarterly to ensure that the accountability for managing identified significant risks is clearly assigned and that any identified risks affecting the Group are being addressed, managed and mitigated on an ongoing basis. The Risk Management Committee also reviews the risk management framework to ensure that it remains relevant for use and monitors the effectiveness of risk mitigation plans for the management and controls of the key risks.

The Group's risk profile discussed and approved during the Risk Management Committee meetings is presented by the Group General Manager of Group Risk Management Department, attended by representatives from the management and main business platforms to keep abreast of developments in the risk management landscape.

Risk Identification and Mitigation

The Risk Management Committee advises the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organisation. The Risk Management Committee reviews and recommends the Group's and Business Platforms' Risk Profiles which specify the key risks for approval by the Board. In a quarterly basis, the Risk Management Committee conducted a review on the Risk Profiles of the Group and Business Platforms and tabling the Risk Profiles to the Board for notification.

The Group's Internal Control

The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system. The effectiveness of system of internal controls of the Group is reviewed by the Audit Committee during its quarterly meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Group.

A detailed report on the nature and scope of risk management and internal control in reviewing the adequacy and effectiveness of risk management and internal control of the Group during the financial year 2018 is outlined on page 140 to 149 of this Annual Report. The Statement on Risk Management and Internal Control was put forth in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" to ensure that the processes adopted in reviewing the adequacy and effectiveness of the risk management and internal control of Media Prima Berhad are adequate.

9.0 Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

9.1 The Board has in place a continuous, proactive and systematic control structure and process for identifying, evaluating and managing significant risks pertinent to the achievement of the Group's overall corporate objectives. The control structure and process which has been established throughout the Group is updated and reviewed from time to time to suit the changes in business environment.

9.2 The Enterprise-wide Risk Management ("ERM") framework practiced by the Group is largely benchmarked against the ISO 31000:2009 Risk Management – Principles and Guidelines. The Board, from time to time, reviews the framework to facilitate a continuous and iterative process which leads to the enhancement of risk awareness across the organisation. The Enterprise-wide Risk Management framework enables the subsidiaries, operating units and support functions to exercise a consistent approach for risk identification and institutes a common platform to deliberate and manage risks.

9.3 The Board delegates the responsibility of reviewing the risk management systems and enhancing the effectiveness of the Group`s Risk Management Framework to the Risk Management Committee. The Risk Management Committee updates the Board on the significant changes that affect the risk profile of the Group. The Risk Management Committee's responsibilities as stipulated in the Board Charter include:-

- Reviewing and ensuring adequacy of risk management policies and procedures;
- Reviewing risk exposures; and
- Ensuring that infrastructure, resources and systems are in place for risk management activities.

Further details of the activities undertaken by the Risk Management Committee during the year are set out in the Risk Management Committee Report in page 159 to 167 of this Annual Report.

10.0 Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

10.1 The Board has established an internal audit function within the Group carried out by the Group Corporate Governance Department. The department is led by the Group General Manager, Group Corporate Governance who reports directly to the Audit Committee. The Group Corporate Governance Department checks for compliance with statutory/regulatory requirements, internal policies and procedures and review the work processes/ procedures for efficiency and effectiveness. Complementing the function of the Group Risk Management, the Group Corporate Governance Department also assesses the risk management and internal control effectiveness of the Group's operation during their course of reviews.

10.2 All internal audit activities during the financial year were conducted by the Group Corporate Governance Department. There was no area of the internal audit function being outsourced during the year. The details of the Group Corporate Governance Department are presented in page 154 to 157 of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

11.0 There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

11.1 The Group maintains regular and proactive communication with its shareholders and investors, with the provision of clear, comprehensive and timely information through a number of readily accessible channels such as Corporate Website and Investors Briefing.

Website

Media Prima Group believes in building investors' confidence through good corporate governance practices. The latest information on the corporate and business aspects such as stock information, financial results, announcements and quarterly results can be accessed via our corporate website at **www.mediaprima.com.my**.

Group Investor Relations

The Group's Investor Relations policy provides guidelines on the activities that enable the Board and Management to communicate effectively with the investment and financial community and other stakeholders including institutional investors, fund managers, analysts, bankers as well as research and stock-broking houses and the general public in relation to dissemination of timely, relevant and accurate information pertaining to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group welcomes inquiries and feedback from shareholders and other stakeholders. All queries and concerns regarding the Group may be conveyed to the following personnel:-

NAME	DESIGNATION	RELATED MATTERS	CONTACT NO
Farnida binti Ngah	Group Chief Financial Officer	Financial	603-2724 8778
Sere Mohammad bin Mohd Kasim	Group General Manager, Group Corporate Governance	Internal Control and Internal Audit	603-2724 8975
Mohd Hisham bin Md. Shazli	Group General Manager, Group Risk Management	Risk Management	603-2724 8988
Tuan Haji Zulkifli bin Haji Mohd Salleh	Group General Manager, Group Regulatory Affairs	Regulatory Affairs	603-2724 8923
Tan Say Choon	Group General Manager, Group Secretarial	Corporate Secretarial and Board Matters	603-2724 8911
Sharifah Nur Adibah binti Syed Tahir	General Manager, Corporate Finance and Investor Relations	Corporate Finance and Investor Relations	603-2724 8702
Azlan bin Abdul Aziz	Group General Manager, Group Corporate Communications	Corporate Responsibility and Other Queries	603-2724 8949

11.2 The Group is considering to adapt integrated reporting to improve the quality of information available to investors and promotes greater transparency and accountability in the near future.

II. CONDUCT OF GENERAL MEETINGS

12.0 Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Annual General Meeting

In addition to the Quarterly Financial Reports and annual report, the Annual General Meeting ("AGM") remains the principal opportunity for communication with shareholders and investors. At each AGM, the Board presents the progress and performance of the Group. The Group Chairman and/or the Group Managing Director presents a comprehensive review of the financial performance of the Group and value created for shareholders. This review is supported by visual and graphical presentations of key points and financial figures.

Shareholders are encouraged to participate in the proceedings and ask questions on the operations of the Group and on any resolutions being proposed. The Group Chairman will provide sufficient time for shareholders' questions on matters pertaining to the Group's performance and seek to explain concerns raised by the shareholders.

Each item of ordinary and special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for separate issues at the meeting and the Group Chairman declares the outcome of each resolution after proposal and secondment are done by the shareholders. A press conference is held immediately after the AGM where the Group Chairman and the Group Managing Director will clarify and explain issues raised by the media and analysts. An analyst briefing will also be held in the course of providing all stakeholders with the latest updates on the Group.

The Group had taken 28 days from the issuance of notice in the Annual Report as per Bursa Malaysia's announcement on 28 March 2018 to the 17th Annual General Meeting held on 25 April 2018.

All directors attended the 17th AGM, each Director representing each Board Committee provided meaningful responses to the questions raised by the shareholders during the session. Minutes of meeting on the AGM was uploaded timely for public viewing and is available on **www.mediaprima.com.my**.

The Group will consider leveraging on technologies especially to facilitate offsite voting (including voting in absentia) and remote shareholders' participation at the AGM. These initiatives will enable shareholders to participate, engage the Board and Senior Management effectively and make informed voting decisions at AGMs.

The Corporate Governance Overview Statement was approved by the Board of Directors during the meeting dated 27 February 2019.

ADDITIONAL COMPLIANCE INFORMATION

1. NON-AUDIT FEES

The amount of Non-Audit Fees paid/payable to external auditors and their affiliated companies by the Company for the financial year ended 31 December 2018 is set out in Note 8 to the financial statements for the financial year ended 31 December 2018.

2. MATERIAL CONTRACTS

On 30 August 2018, The New Straits Times Press (Malaysia) Berhad ("NSTP"), a subsidiary of the Company, entered into three separate conditional sale and purchase agreements ("SPAs") with *PNB Development Sdn. Berhad ("PNBD") for the sale of each of the following properties:

(a) Two pieces of freehold land held under GRN 31811/Lot 443 and GRN 31812/Lot 444, Seksyen 96A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, and the buildings erected thereon (collectively, "Bangsar Property"), for a cash consideration of RM118.7 million;

(b) A piece of freehold industrial land held under GRN 58799/Lot 64213, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan, and the buildings erected thereon ("Shah Alam Property"), for a cash consideration of RM127.9 million; and

(c) A piece of freehold industrial land held under GRN 58800/Lot 64214, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan, for a cash consideration of RM33.4 million,

for a total cash consideration of RM280.0 million ("Sale").

It is a condition under the SPAs for the Bangsar Property and Shah Alam Property, for NSTP and PNBD to enter into separate tenancy agreements for the tenancy of the Bangsar Property and Shah Alam Property by NSTP from PNBD ("Tenancy").

At the respective Extraordinary General Meetings of NSTP and the Company both held on 26 November 2018, the shareholders of NSTP and Company had approved the Sale and Tenancy.

The 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.

*The Major Shareholders namely Amanah Saham Bumiputera, Amanah Saham Malaysia 2 – Wawasan (formerly known as Amanah Saham Wawasan 2020), Amanah Saham Malaysia, ASN Umbrella for ASN Imbang (Mixed Asset Balanced) 2 (formerly known as Amanah Saham Gemilang for Amanah Saham Pendidikan) and Amanah Saham Malaysia 3 (formerly known as Amanah Saham 1Malaysia) were collectively deemed as Media Prima Berhad's Major Shareholder, by virtue of their aggregate shareholding in MPB of more than 10% within the 6 months preceding 30 August 2018, being the date of the SPAs. PNBD, a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB") was deemed a person connected to the Major Shareholders by virtue of PNB being the investment manager of the Major Shareholders.

3. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The gross proceeds raised from the Sale mentioned in Item (2) above amounted to RM280.0 million and its status of utilisation as at 31 December 2018 are as follows:

	Proposed utilisation RM'000	Actual utilisation RM'000	Variance RM'000
Gross proceeds from the Sale	280,000	280,000	-
Less: 3% payment for Real Property Gains Tax	(8,400)	(8,400)	-
Net proceeds from the Sale	271,600	271,600	-
Utilisation of net proceeds by NSTP:			
(a) Repayment of intercompany borrowings due to the Company[1]	48,350	58,252	9,902
(b) Issuance of new loan to the Company	223,250	204,000	(19,250)
(c) Repayment of amounts due to fellow subsidiaries[2]	-	9,348	9,348
	271,600	271,600	-
Utilisation of net proceeds by the Company:			
Repayment of borrowings	271,600	262,252	(9,348)

Note:

[1] Actual utilisation was higher by RM9.9 million as the intercompany borrowings balances due to the Company increased as compared to the balances as at the date of the announcement of the proposed Sale.

[2] RM9.3 million was utilised by NSTP to repay amounts due to its fellow subsidiaries. The RM9.3 million is also the aggregate amount owing from the same subsidiaries to the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MEDIA PRIMA BERHAD HAS COMPLIED WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE ("MCCG") 2017 WHICH REQUIRES THE BOARD OF DIRECTORS (BOARD) OF LISTED COMPANIES TO ESTABLISH AND MAINTAIN A SOUND RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROLS SYSTEM.

IN CONCURRENCE WITH PARAGRAPH 15.26 (B) OF BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS, THE BOARD IS PLEASED TO PROVIDE THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL WHICH OUTLINES THE NATURE OF RISK MANAGEMENT AND INTERNAL CONTROL WITHIN MEDIA PRIMA BERHAD FOR THE FINANCIAL PERIOD UNDER REVIEW.

A. RESPONSIBILITY

The Board acknowledges its responsibility to adopt sound risk management practices to safeguard Media Prima Berhad's business interest from risk events that may impede achievement of business strategy and action plan, enable value creation and process improvement.

The Enterprise-wide Risk Management ("ERM") framework practiced by the Group is largely benchmarked against the ISO 31000:2009 Risk Management – Principles and Guidelines. The Board, from time to time, reviews the framework to facilitate a continuous and iterative process which leads to the enhancement of risk awareness across the organisation. The Enterprise-wide Risk Management framework enables the subsidiaries, operating units and support functions to exercise a consistent approach for risk identification and institutes a common platform to deliberate and manage risks.

Sound internal control system is a vital process developed to ensure effective and efficient operation, provide reliable and relevant reporting, and comply with applicable laws and regulations.

The Group has in place a continuous, proactive and systematic control structure and process for identifying, evaluating and managing significant risks pertinent to the achievement of the Group's overall corporate objectives. The control structure and process which has been established throughout the Group is updated and reviewed from time to time to suit the changes in business environment.

The Group implements the three (3) line of defence concept:-

First line	Risk taking units (Business Units and Departments)	Manage the day-to-day management of risks inherent in its business activities.
Second line	Risk control unit (Group Risk Management Department)	Responsible for setting the risk management framework, developing tools and methodologies.
Third line	Independent assurance (Group Corporate Governance Department)	Provides independent assurance of the effectiveness of the risk management process and effectiveness of the first and second line of defence.

B. CONTROL ENVIROMENT AND ACTIVITIES

1. Key Control Structure of the Group

Media Prima Berhad has inculcated that managing risk is everyone's business. The whole Group comes together to manage risks in a successful and cost-efficient manner within the following key controls:-

i. Board of Directors

The Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control within the Group and is constantly keeping abreast with developments in the areas of risk and governance.

The Board meets at least quarterly, and more frequently when required, to review and evaluate the Group`s operations and performance and to address key policy matters. The Group Managing Director leads the presentation of Board papers and provides comprehensive explanation over pertinent issues.

The prerequisite to decisions made in the meeting is the thorough deliberation and discussion by the Board, together with recommendations and feedback from management. In addition to quarterly financial results, corporate proposals, Group's Risk Profile and progress reports on business operations are also tabled at the Board's quarterly meetings.

Other Board Committees are also established to assist the Board in performing its oversight function namely the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Option Committee. Specific responsibilities have been delegated to these Board Committees, all of which have formalised terms of reference accessible via the Board Charter which is available on the Company's official website at **www.mediaprima.com.my**. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.

At the helm of the organisation, the Board is ultimately responsible for the overall management of risks and internal control. The Board through the Risk Management Committee and Audit Committee maintains overall responsibility for risk and control oversight respectively, within the Group.

While the Board, Risk Management Committee and Audit Committee provide oversight, the responsibility for managing risks and internal control appropriately lies with Senior Management through the following activities:-

- Providing leadership and direction to business units;
- Providing oversight responsibilities of reviewing financial information and assessing the effectiveness of the Group's internal control environment;
- Dissecting risk and internal control issues highlighted at the Group Risk Management & Audit Committee Meetings;
- Understanding the inherent risks in each business platform;
- Implementing Risk Management Framework by understanding the risk measurement, monitoring and mitigation strategy adopted, as well as the impact of on-going action plans to meet objectives; and
- Assessing the performance and state of internal controls of operating companies within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ii. Risk Management Committee

The Board has also delegated the responsibility of reviewing the risk management systems and to ensure the effectiveness of the Group`s Risk Management Framework to the Risk Management Committee. The Risk Management Committee updates the Board on the significant changes that affect the risk profile of the Group. The Risk Management Committee's responsibilities as stipulated in the Board Charter include:-

- Reviewing and ensuring adequacy of risk management framework;
- Reviewing risk exposures; and
- Ensuring that infrastructure, resources and systems are in place for risk management activities.

Further details of the activities undertaken by the Risk Management Committee during the year are set out in the Risk Management Committee Report on pages 159 to 167 of this Annual Report.

iii. Independence of the Audit Committee

The Board is also supported by the Audit Committee with the main responsibility to provide independent assessment on the adequacy and reliability of the risk management processes and internal control, as well as compliance with policies and regulatory requirements.

The Audit Committee is comprised of four (4) Independent Non-Executive Directors who are highly experienced and whose knowledge, background and judgement are invaluable to the Group. The Audit Committee have unimpeded access to both the Internal and External Auditors and has the right to convene meetings with the auditors without the presence of the Executive Director and Management.

The Audit Committee reviews the work of the Internal and External Auditors, their findings and recommendations to ensure that it meets the necessary level of assurance with respect to the adequacy of the internal controls.

The Audit Committee meets at least on a quarterly basis and minutes of the Audit Committee meeting are then tabled to the Board. Details of the activities undertaken by the Audit Committee during the year are set out in the Audit Committee Report on pages 150 to 158 of this Annual Report.

iv. Operating Units

At the forefront, operating units are responsible for the identification and management of risks within its operations. The operating units are also responsible to comply with approved frameworks, policies, guidelines and procedures on all daily activities:-

Management Committees

Management Committees are established to ensure that the Group`s interests are adequately protected in arriving at important business/operational decisions. The Committees include the Programme Committee, Newsprint Committee, Group Risk Management & Audit Committee, Procurement Committee, Tender Committee, Information Communications Technology Steering Committee, Intellectual Property Committee, Humanitarian Fund Committee, Project Odyssey Steering Committee, Digital TV Committee and Recovery Executive Committee which all have clearly defined terms of reference.

Senior Management Meeting

Senior Management meetings are held on a monthly basis to formulate strategies on an on-going basis and to address issues arising from changes in both external business environment and internal operating conditions. The meeting is chaired by the Group Managing Director.

2. The Group's Control Environment

The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group`s business operations. The Group's control environment comprises of the following components which have been in place throughout the financial year:-

Risk Management Function

The ideology of Media Prima Berhad's risk management is built on a culture where risks are mitigated by calibrating risks to acceptable levels whilst achieving the organisation's business plans and goals.

At Media Prima Berhad, risk management is integrated within MPB's strategy planning process and its ongoing improvement in strengthening the quantification, review and monitoring of all significant risk areas remain a vital focus of the Board in building a successful and sustainable business.

GROUP RISK MANAGEMENT REPORTING STRUCTURE

Board

- Board of Directors
- ↓
- Risk Management Committee

↓

Management

- Group Risk Management & Audit Committee

↓

Department

- Group Risk Management

The Company has a structured risk management reporting line to ensure significant risks are escalated to the appropriate levels. The Risk Management Committee ("RMC") role is to provide oversight and extensive discussion on risk management matters at the Board level. The RMC reviews and assesses the adequacy of these risk management policies and ensures infrastructure, resources and systems are emplaced for risk management.

The Board and RMC is supported by the Group Risk Management Department ("GRM") in discharging their risk management responsibilities. Together with the various business units, GRM facilitates the risk review exercise across the Group to identify, manage and report the significant risks faced by the company to the RMC and ultimately to the Board. GRM is also responsible for ensuring that the risk management framework is effectively implemented and that risk registers are maintained by the respective business platforms.

Risk Management Framework

Media Prima Berhad's risk management framework encapsulates an on-going process of identifying, assessing, controlling, monitoring and reporting material risks affecting the achievement of Media Prima Berhad's business objectives. Tailored based on ISO 31000:2009 Risk Management – Principles and Guidelines, the framework sets out the risk management governance and infrastructure, risk management processes and control responsibilities.

The following principles guide the business platforms and departments in managing risks:-

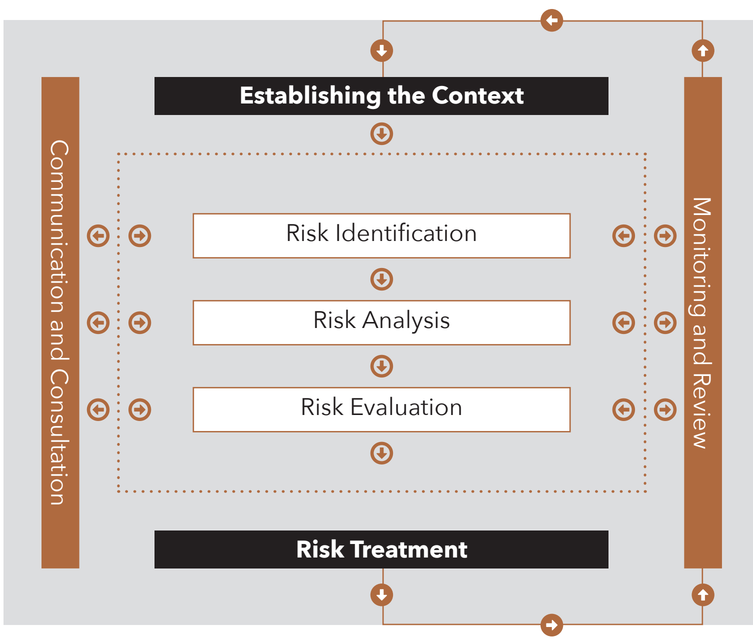
- Risks can be managed, but cannot be totally eliminated;
- Risks are aligned with, and driven by, business values, targets and objectives;
- Risks ownership lies with the chief executive officers of the business platforms and Heads of Department of the Business Units;
- Risks on material matters are highlighted to the Risk Management Committee with constant engagement on development of risks controls and mitigation processes; and
- Risk management processes are integrated with other processes including budgeting, planning and business development.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Process

A structured risk management process has been formulated to ensure that significant risks are identified and treated accordingly. Group Risk Management Department ("GRM") is a department that is responsible in coordinating risk review exercises and preparing quarterly reports on the company's risk management activities which include financial, operational, compliance, information technology, publishing & broadcasting management, internal controls and risk management systems.

The risk review exercise encompasses the following activities:-



- Identifying key risks affecting business objectives and strategic plans.
- Defining a common understanding of risk classification tolerance through quantification, whenever possible, and development of criteria matrix that reflect the impact and likelihood of the risk materialising.
- Evaluating adequacy of existing controls and developing additional plans, if required, to treat these risks.
- Monitoring effectiveness of measures taken to mitigate risks.
- Seizing prospects through evaluation of 'opportunity risks' so that management proactively realise opportunities.
- Identifying changes to risks or emerging risks and promptly bringing these to the attention of the Board where appropriate.

The outcomes from the risk review exercise and other risk management activities will be documented and presented to the RMC and ultimately to the Board. Details of the risks and mitigation actions reported and deliberated in the quarterly RMC Meeting are set out in the Risk Management Committee Report on pages 159 to 167 of this Annual Report.

Whilst the Group Risk Management Department's principal function is coordinating risk review and other risk management activities, all business units are responsible to carry out a risk review on a regular basis, especially in the context of exceptional events, to ensure that risk registers are up-to-date and risk controls are enhanced and kept current.

Internal Audit Function

- The Group Corporate Governance Department is an in-house Internal Audit function that was established by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems within the Group and the establishment is in accordance with paragraph 15.27 of Bursa Malaysia's Main Market Listing Requirement. The Group Corporate Governance Department's activities are guided by an Internal Audit Charter which is approved by the Audit Committee. The Audit Charter defines the department's roles, responsibilities, accountability and scope of work.
- The Group Corporate Governance Department undertakes regular reviews of the Group's operations and its system of internal controls. The Group Corporate Governance Department reviews the Group's activities based on an audit plan approved by the Audit Committee. The audit plan is developed based on the risk profiles of the respective business entities of the Group identified in accordance with the Group's Risk Management Framework and feedbacks from the Senior Management and the Board.
- Internal audit findings are discussed at Management level and actions are agreed in response to the Group Corporate Governance Department's recommendations. The progress of implementation of the agreed actions is being monitored by the Group Corporate Governance Department through follow up reviews in which implementation status are presented to the Audit Committee on a quarterly basis.
- The Group Corporate Governance Department has a clear line of reporting to the Audit Committee and the Audit Committee determines the remit of the Internal Audit function as conforming to Practice 10.1 of the MCCG 2017. Thus, the Group Corporate Governance Department is independent of the activities being audited and is performed with impartiality, proficiency and due professional care.
- The Group Corporate Governance Department adopts the standards and principles outlined in the International Professional Practices Framework of the Institute of Internal Auditors.
- Details of the activities undertaken by the Group Corporate Governance during the year are set out in the Audit Committee Report on pages 150 to 158 of this Annual Report.

Annual Business Plan and Budget

Annual business plans and budgets are prepared by the Company's business units, and are reviewed and approved by the Board. The performance of each business unit is assessed against the approved budget, with explanation on significant variances provided to the Board on a periodic basis allowing timely responses and corrective actions to be taken to mitigate risks.

Documented Policies and Procedures

- The Group has in place a clear and formalised Policy Management Framework to govern the activities of development and monitoring policies and procedures to ensure the approved documents for implementation are in compliance with the relevant laws and regulations as well as adequately equip with appropriate internal controls.
- During the year under review, the Group has enhanced the Group IT Security Policy, Group Payable Management Procedure and Group Training and Development Procedure to meet the current Group's business environment.

Group Human Resources Policy

- The Group has in place, a comprehensive Human Resources Policy approved by the Board that sets the tone of control consciousness and employee conduct. There is also in place, supporting procedures for the reporting and resolution of actions contravening these policies.
- There are proper guidelines within the Company regarding employment and dismissal, formal training programmes as well as other relevant procedures in place to ensure that staff are competent and adequately guided in carrying out their responsibilities.
- The policy aims to provide guidelines for the acceptable practice of the Group's Human Resource and to state the Group's stance on matters pertaining to Human Resources matters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Performance Indicators (KPI)

- The Group has in place a Performance Management System, which is linked to and guided by the Key Performance Indicators (KPIs) and accountability.
- Key Performance Indicators helps in outlining and evaluating progress towards accomplishing organisational goals. KPIs are quantifiable, established and agreed to beforehand. It reflects the critical success factors of an organisation and also to enhance a department's performance.
- The newly improved Performance Management Framework launched in the first quarter of 2018, was created to drive Group integration and collaboration. It focuses on aligning the Group direction by cascading the KPIs as well as by measuring the revenue growth, operational profit, and quality of revenue to ensure growth towards desired direction.

Limits of Authority

- The Limits of Authority (LOA) stipulates the approving authority of key personnel pertaining to the strategic and operational matters such as policy approval, budget, capital and operating expenditure, human resources matters, execution of contracts and etc.
- The Group has recently reviewed its LOA Delegation Framework to restructure the nature and threshold of the approving authority Group wide and ensure an appropriate delegation of authority is formally carried out from the Board of Directors to the Management.
- The framework, which was approved by the Board of Directors, designs to allow the delegation on operational matters from Group Managing Director (GMD) to the senior leadership according to the set of rules approved by the Board of Directors. With the introduction of this new framework, it complements the initiatives undertaken by the Group in its on-going transformation exercise, Odyssey 2.0.

Code of Ethics

- The Code of Ethics is communicated to all employees and compliance with this Code is mandatory. The Code serves as a guiding principles to assist employees to practice high ethical business standards, and it provides guidance on the way business and duties are governed in an efficient, effective and fair manner.
- The No Festive Gift Policy is enforced to complement the existing Employee Code of Ethics. This policy aims to assist employee in conducting business in an environment which is free from conflict of interest, biasness and favouritism.

Fraud Prevention Manual and Whistleblowing Policy

The Group has established a Fraud Prevention Manual consisting of the Anti-fraud Policy and Whistleblowing Policy. The manual builds into the Group's culture, abhorrence for fraud, and that any conduct of this nature will not be tolerated. It also promotes a transparent and open environment for fraud reporting within the Group whilst protecting the identity of the person who lodgers the report.

Supplier Code of Conduct

- The Board expects all Media Prima Berhad's suppliers to observe high ethical business standards of honesty and integrity and to apply these values to all aspects of their business and professional practices.
- A Supplier Code of Conduct is established in which the Group's minimum expectations on the supplier vis-à-vis legal compliance and ethical business practices are stipulated.
- Suppliers who want to conduct and/or continue conducting business with MPB and its group of companies is required to register with Media Prima Berhad via the Supplier e-Registry ("SUPeR").
- The Code applies to all suppliers, vendors, contractors and any other persons doing business with the Group.

Group Information Technology Initiatives

The Board acknowledges the importance of leveraging on Information Technology ("IT") to promote effectiveness and efficiency of business operations.

A Management Framework that includes the Information Communications Technology (ICT) Steering Committee and appointment of an Information Security Officer had been established to manage enterprise security architecture and information security audit framework within the organisation.

The Group Information Technology Department has initiated a Security Posture Assessment (SPA) on ICT systems, applications, and infrastructure in order to assess the technological vulnerabilities and security defence mechanisms of the Group. This will allow the Group to prioritise remediation activities based on available resources and business risks and eventually improve the overall security state of the Group's infrastructure.

Business Continuity Management

Media Prima Berhad's Business Continuity Management (BCM) Framework aims to ensure availability of the Group's core products and services by developing recovery procedures to respond and recover from significant unexpected events which in return, minimising the impact of business disruption and financial losses. Pre-emptive planning in facing unforeseen events, which threaten to disrupt the organisation's value creating activities, is taken seriously by the Group to ensure an appropriate level of business resilience Group-wide. The Board and Management are responsible to ensure Group-wide implementation of sound BCM practices as part of prudent risk management.

The Group's BCM framework includes establishing and reviewing formal Business Continuity Plans (BCP), setting up core services infrastructure redundancies and alternate sites, creating BCP awareness to key personnel and ensuring testing is carried out periodically. During the year under review, the following initiatives and activities have been successfully rolled out:

INITIATIVE/ACTIVITIES	PURPOSE
BCP Documents Update	Formal Business Continuity Plans (BCP) were reviewed and updated to ensure the recovery strategies parallel with the current business environment.
Crisis Communications	A clear communication protocol for incident response had been established and tested to facilitate the decision-making process which will lead to disaster declaration and BCP activation. Communication to internal and external parties also have been tested to ensure the right message is delivered to right people at the right time.
Awareness Programmes	Awareness sessions were conducted to the BCP Committee members and employees to update and keep them aware of the recovery strategies.
Simulation/Testing	BCP simulation was successfully conducted for key business operations throughout the Group in 2018. The scope of the simulation covers Media Prima Berhad's core services, support services and crisis communication.

Business Continuity Management team for the Group was established to ensure that business is able to continue its operations in the event a place of business is affected by either disaster, disruption or crisis whilst safeguarding the interest of its key stakeholders, Group's reputation, brands and value-creating activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Related Party Transaction

The Board acknowledges the importance to have proper policies and procedures governing Related Party Transaction ("RPT") as part of its corporate obligations. The Group has a duty to disclose in its financial statements, the nature of the related party relationships, the identities of the related parties, as well as the types of transactions and the elements of the transactions necessary for a comprehensive and transparent understanding of the financial statements.

The policy has been established to provide guidelines on proper mechanism in identifying, monitoring, and reporting of RPT based on statutory requirement and to promote better understanding of RPT and prescribe the relevant departments' responsibilities in identifying and maintaining proper records of RPT.

C. OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system include:-

- Monthly reporting of actual results and review against budget, with major variances being followed up and management actions taken, where necessary. The financial results are reviewed by the Board with Management on a quarterly basis, to enable both parties to gauge the Group's achievement of its annual targets and review any key financial and operational issues. The Board reviews regular reports from the Management on the key operating statistics, as well as legal and regulatory matters.
- Regular and comprehensive information provided to Management, covering financial performance and key performance indicators such as advertising market share, television viewership, programme ratings and utilisation of resources.
- Adequate insurance and physical safeguards on major assets are in place to ensure the Group's assets are sufficiently covered against any mishap that could result in material loss for the Group. An annual policy renewal exercise is undertaken by the Management to review the coverage of Group's assets against the prevailing market price for the similar assets.
- Access to company's Intranet System (i.e PeopleConnect) for updated and revised Policies and Procedures of the company, Code of Ethics, Limits of Authority and other informations related to the company.
- Monitoring of performance including discussion of any significant issues at Senior Management meetings.
- Content Regulatory Workshops conducted by Regulatory Affairs Department throughout the year as part of the initiatives to impart information and to provide explanation on the rules and regulations governing the broadcast industry based on the Communication and Multimedia Act 1998, Communication and Multimedia Content Forum Content Code and the respective license conditions of each TV Networks, Radio Networks and Print Media. A talk on Intellectual Property (IP) was also conducted to educate on the importance of protecting the Group's intellectual property.
- Regular visits to operating units by Senior Management.

The officers responsible for monitoring of internal control, risk management and regulatory compliance for the Group are as follows:-

NAME AND DESIGNATION	MATTERS
Sere Mohammad bin Mohd Kasim Group General Manager, Group Corporate Governance	Internal Control and Internal Audit
Mohd Hisham bin Md. Shazli Group General Manager, Group Risk Management	Risk Management
Tuan Haji Zulkifli bin Haji Mohd Salleh Group General Manager, Group Regulatory Affairs	Regulatory Affairs
Sharifah Nur Adibah binti Syed Tahir General Manager, Corporate Finance & Investor Relations	Investor Relations

D. ADEQUACY OF RISK MANAGEMENT & INTERNAL CONTROL

The Board confirms that it has reviewed the effectiveness of the risk management and internal control framework and considers Media Prima Berhad's system of internal control as adequate in safeguarding the shareholders' interests and assets of the Group. The Board also confirms that there is an effective ongoing process for the identification, evaluation and management of significant risks in the Group and is committed to ongoing review of the entire control, compliance and risk management controls.

The Board believes that the development of the system of internal controls is an on-going process and has taken steps throughout the year to improve its internal control system and will continue to do so.

The Group Managing Director and Group Chief Financial Officer had assured the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

Where weaknesses and shortcomings were noted, management has taken appropriate actions to address them. All business platforms and the Group Corporate Governance Department regularly review the processes to ensure the effectiveness of the existing controls. The Group Risk Management Department monitors the control environment and business processes in order to ensure that the risk treatments continue to be aligned with the Group's strategic objectives.

The Board is satisfied with the Group's system of risk management and internal control. Based on the assessment of the Group's internal control system for the year under review and up to date of approval of this statement, no significant control failures or weaknesses that would result in material loss, contingency or uncertainty requiring disclosure in the Group's annual report were noted.

This statement, prepared for inclusion in the Annual Report of the Company for the year ended 31 December 2018 has been reviewed by the Audit Committee and Risk Management Committee prior to their recommendation to the Board for approval.

This statement is made on the recommendation of the Audit Committee and Risk Management Committee to the Board of Directors during the meeting dated 27 February 2019.

E. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia's Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal controls system of the Group.

AUDIT COMMITTEE REPORT

THE BOARD OF DIRECTORS OF MEDIA PRIMA BERHAD IS PLEASED TO PRESENT THE AUDIT COMMITTEE REPORT DESCRIBING THE AUDIT COMMITTEE'S DUTIES AND FUNCTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018.

A. COMPOSITION

The Audit Committee was established on 19 August 2003. The Audit Committee comprises of the following Independent Non-Executive Directors and no alternate director is appointed as a member of the Audit Committee.

MOHD RASHID BIN MOHD YUSOF

Independent Non-Executive Director

Appointed as Chairman on 12 June 2018

- Chairman of Audit Committee.
- Member of Nomination and Remuneration Committee.

LYDIA ANNE ABRAHAM

Independent Non-Executive Director

Appointed as Member on 14 May 2015

- Member of Audit Committee.
- Chairman of Risk Management Committee.

TAN SRI DATO' SERI UTAMA HAJI ISMAIL BIN HAJI OMAR

Independent Non-Executive Director

Appointed as Member on 22 July 2016

- Member of Audit Committee.
- Member of Risk Management Committee.
- Member of Nomination and Remuneration Committee.

DATUK LOO TOOK GEE

Independent Non-Executive Director

Appointed as Member on 18 November 2016

Member of Audit Committee.

The Audit Committee Chairman, Mohd Rashid bin Mohd Yusof, is a Fellow of the Association of Chartered Certified Accountants (ACCA) United Kingdom and a member of the Malaysian Institute of Accountants (MIA). The current Committee members' profiles, qualification and experience can be found in page 102 to 106 of this Annual Report.

B. MEETINGS

The Audit Committee had held a total of four meetings during financial year 2018 and details of the Committee members' attendance are as follows:-

AUDIT COMMITTEE MEETING	58th ACM 20 FEB 2018	59th ACM 21 MAY 2018	60th ACM 27 AUG 2018	61st ACM 12 NOV 2018	ATTENDANCE (%)
Datuk Mohd Nasir bin Ahmad*	✓	✓			2 of 2 (100%)
Mohd Rashid bin Mohd Yusof** (Chairman)			✓	✓	2 of 2 (100%)
Lydia Anne Abraham	✓	✓	✓	✓	4 of 4 (100%)
Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar	✓	✓	✓	✓	4 of 4 (100%)
Datuk Loo Took Gee	✓	✓	✓	✓	4 of 4 (100%)

ACM: Audit Committee Meeting
* Datuk Mohd Nasir bin Ahmad resigned as Audit Committee Chairman effective 12 June 2018.
** Mohd Rashid bin Mohd Yusof was appointed as Audit Committee Chairman effective 12 June 2018.

The Audit Committee met on quarterly basis with full quorum on each meeting. The Group Managing Director, the Group Chief Financial Officer and the Group General Manager, Group Corporate Governance were also invited for each meeting to provide clarification on the audit issues raised. The Audit Committee also invited members of the Senior Management or relevant employees within the Group to assist in resolving and clarifying matters raised in the audit reports.

The Company Secretaries are the Secretary of the Audit Committee. The Company Secretaries are responsible for the co-ordination of administrative details including calling for meetings, voting and keeping of minutes. Minutes of each meeting is signed by the Chairman and extract of matters requiring actions were distributed to all attendees and members of the Committee.

The Audit Committee Chairman briefs the Board on matters discussed at every Audit Committee meeting. The Chairman is also responsible to update the Board on the Committee's activities and make appropriate recommendations when necessary. This is to ensure that the Board is aware of matters that may significantly impact the financial condition or affairs of the Group.

The Committee has the explicit right to convene meetings with both the Internal and External Auditors without the presence of the Management. The Audit Committee had held two meetings with the External Auditors on 20 February 2018 and 27 August 2018 without the presence of the Management and the Executive Director.

The Chairman of the Audit Committee had also held separate meetings with the Group General Manager, Group Corporate Governance prior to every scheduled Audit Committee meeting.

AUDIT COMMITTEE REPORT

C. TERMS OF REFERENCE

The Audit Committee is guided by it's Terms of Reference in discharging its functions which is in accordance with the Bursa Malaysia's Main Market Listing Requirements and the recommendations stipulated in the Malaysian Code on Corporate Governance 2017 and relevant best practices.

The Terms of Reference defines the scope, authority, duties and responsibilities of the Audit Committee, and is incorporated into the Board Charter which is accessible on the Company's official website at **www.mediaprima.com.my**. The Board Charter is reviewed to enhance its processes and procedures and ensure alignment with any new requirements and regulations. During the year, there was no revision made to the Terms of Reference of the Audit Committee.

D. SUMMARY OF ACTIVITIES IN 2018

The Audit Committee's key focus areas which were included in the Audit Committee meetings throughout the year are summarised below:-

RISKS AND CONTROLS

1. The Audit Committee evaluated the overall effectiveness of the system of internal controls through the review of the results of work performed by the Internal and External Auditors and discussions with Senior Management on a quarterly basis.

2. The Audit Committee had reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report for the financial year 2017 on 20 February 2018 for the inclusion in Media Prima Berhad's Annual Report for 2017.

FINANCIAL RESULTS

1. The Audit Committee had reviewed the Group's quarterly results before recommending to the Board for approval and release of the Group's results to Bursa Malaysia.

   The quarterly unaudited financial statements for the first, second and third quarters of 2018 were reviewed at the Audit Committee meetings on 21 May 2018, 27 August 2018 and 12 November 2018, respectively. The quarterly unaudited financial results announcements were made public through Bursa Malaysia on 24 May 2018, 30 August 2018 and 21 November 2018 respectively.

2. The Audit Committee had reviewed the annual financial statements for the financial year ended 2017 at its meeting on 20 February 2018. The relevant announcement was made public on Bursa Malaysia on 22 February 2018.

   The Audit Committee had reviewed the annual financial statements of Media Prima Berhad and its subsidiaries with the Group Managing Director, Group Chief Financial Officer and the External Auditors before recommending to the Board for their approval. In the review of the annual financial statements, the Committee had discussed with the Management and the External Auditors regarding the accounting policies and standards that were applied and their judgement of the items that may affect the financial statements.

3. The Audit Committee had on 20 February 2018 reviewed the Group's Trade Debtors Analysis as at 31 December 2017.

4. The Audit Committee were given the assurance by the Group Chief Financial Officer and the Group Managing Director that:-

    - The financial statements submitted have been prepared in accordance with the statutory requirements and the accounting standards presently in force;
    - All the required information to enable the Board to evaluate the financial position of the Company has been properly disclosed;
    - There is no evidence of any errors, misrepresentation or omission of information and facts, which could distort the true and fair picture of the Company's financial position;
    - A proper review of the results has been made; and
    - Fair comments on the prospects for the next quarter have been made.

    The assurance was transpired during the quarterly financial results presentation by the Group Chief Financial Officer to the Audit Committee dated 20 May 2018, 27 August 2018 and 12 November 2018 for the first, second and third quarters of 2018 respectively.

EXTERNAL AUDIT

1. The Audit Committee had reviewed the results and issues arising from their audit of the year-end financial statements and their resolution of such issues highlighted in the External Auditor's report deliberated on 20 February 2018 with regards to the relevant disclosures in the annual audited financial statements for 2017.

2. The Audit Committee had assessed Messrs PricewaterhouseCoopers ("PwC") independence before recommending for its re-appointment and remuneration. The External Auditors had on 25 February 2019 provided written assurance to the Audit Committee that, in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2018.

3. Messrs PwC was reappointed as the External Auditors for the financial year ended 2018 by the shareholders at the Media Prima Berhad 17th Annual General Meeting held on 25 April 2018.

4. The Audit Committee had reviewed with the External Auditors their audit plan, strategy and scope of the statutory audits of the Group accounts for the financial year ended 31 December 2018 on 27 August 2018. The audit plan outlines their scope of work and proposed fees for the statutory audit, assurance-related review and review of the Statement on Risk Management and Internal Control.

5. The Audit Committee had recommended the proposed audit fees for the Board's approval which was duly approved by the Board on 27 August 2018.

6. The Audit Committee had been briefed by Messrs PwC on the new reporting standards established by the Malaysian Accounting Standards Board that would be applicable for the financial year ending 2019 for the Group. The major accounting standards that will be effective for the financial year ending 31 December 2019 are as shown below:-

STANDARDS CODE	ACCOUNTING STANDARD	EFFECTIVE DATE
MFRS 16	Leases	1 January 2019

MFRS: Malaysian Financial Reporting Standards

AUDIT COMMITTEE REPORT

7. In relation to the Financial Statements for the Year Ended 31 December 2018, the Audit Committee at its meeting held on 25 February 2019 had been briefed by the External Auditors on the Key Audit Matters included in the External Auditor's Report. Based on the discussion between the Audit Committee and the External Auditors, the Audit Committee is satisfied with the actions taken by the Management in addressing areas, which involved significant degree of judgement and estimates that the External Auditors regard as most significance in the audit of the financial statements of the Group and the Company. Based on audit procedures performed by the External Auditors on these Key Audit Matters, no significant exceptions were noted.

INTERNAL AUDIT

1. The Audit Committee had reviewed the proposed Annual Audit Plan for the financial year ending 31 December 2019 during the 61st Audit Committee Meeting held on 12 November 2018.

2. The Audit Plan for 2019 proposes 8 reviews focusing on governance, business sustainability, and operations of the Group.

3. The Audit Committee had reviewed and deliberated on audit reports, follow-up reports, audit recommendations and Management's responses at Audit Committee's quarterly meetings.

4. The internal audit reports, audit recommendations and Management's action plan regarding these recommendations were deliberated and closely monitored by the Audit Committee. Where appropriate, the Audit Committee instructed the Management to rectify and improve the internal control systems based on Group Corporate Governance Department's recommendations and suggestions for improvements.

5. The Audit Committee had reviewed the adequacy of resources and the competencies of staff within the Group Corporate Governance Department to ensure it has the required expertise and professionalism to discharge its duties.

6. The Chairman of the Audit Committee had appraised the Group General Manager, Group Corporate Governance's 2018 annual performance.

TRAINING

During the year, Audit Committee members had attended various conferences, seminars and training programmes to enhance their knowledge in order to discharge their duties effectively as well as to improve their technical competencies in their respective fields of expertise.

The trainings attended by the Committee members are reported in the Corporate Governance Overview Statement on page 120 to 122 of this Annual Report.

E. GROUP CORPORATE GOVERNANCE DEPARTMENT

The Group has an established in-house Internal Audit function carried out by the Group Corporate Governance Department. All internal audit activities during the financial year were conducted by the Group Corporate Governance Department. There was no area of the internal audit function that had been outsourced during the year.

The Group Corporate Governance Department is headed by the Group General Manager, Sere Mohammad bin Mohd Kasim who reports to the Audit Committee. He is a Chartered Member of The Institute of Internal Auditors Malaysia and a Certified Internal Auditor (CIA) of The Institute of Internal Auditors Inc, USA. He holds a Bachelor of Business Administration (Hons.) Finance and is also a Certified Integrity Officer accorded by the Malaysian Anti-Corruption Commission.

The activity of the Group Corporate Governance Department are guided by the Internal Audit Charter that defines the roles, responsibilities, accountability and scope of work of the Group Corporate Governance Department. All internal audit activities in 2018 were performed in-house by a group of 12 internal auditors from various background and competencies.

The total costs incurred by the Group Corporate Governance Department in discharging its functions and responsibilities in 2018 amounted to RM1,514,804 (2017: RM1,396,215) comprising mainly of staff costs, travelling, training and professional membership subscriptions.

The Group Corporate Governance Department is contactable via **gcg@mediaprima.com.my**.

Independence and Objectivity

The Group Corporate Governance Department's activities remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing or report content, in order to maintain the necessary independent and objective attitude. The Group Corporate Governance Department has no direct operational responsibility or authority over any of the activities reviewed.

The Group Corporate Governance Department, through a systematic and structured approach is responsible for the following:-

1. Providing independent assurance to the Board and Management that adequate and effective internal control system is in place to safeguard the Group's assets;
2. Recommending improvements and enhancements to the existing system of internal controls and work procedures/ processes; and
3. Being a reference point to ensure effective implementation of policies and procedures and as a catalyst to promote best corporate governance practices.

The Group Corporate Governance Department is a corporate member of The Institute of Internal Auditors Malaysia ("IIAM"). As a member, Group Corporate Governance Department is entitled to access to books, publications, research papers, survey reports and other reference materials to enhance knowledge, attend courses for the continuous professional development and a wide range of educational products.

As a corporate subscriber of the Minority Shareholder Watchdog Group ("MSWG"), the Group Corporate Governance Department receives MSWG's weekly E-newsletter "The Observer", access to the MSWG Monitoring Services, ASEAN Corporate Governance Scorecard, publications and access to on-line Malaysian-ASEAN Corporate Governance materials.

Scope and Coverage

The scope of coverage encompasses all units and operations of the Group, including the subsidiaries. The selection of units to be reviewed is premised on a risk based approach which provides flexibility needed to address emerging current risks as well as potential future risks. This enhances the ability of the Group Corporate Governance Department to focus its resources and skills in ensuring alignment with business strategy and goals, thus maintaining relevance and driving continuous improvements within the Group.

AUDIT COMMITTEE REPORT

The scope of internal audit engagements had been developed by taking into consideration the Group Risk Profile and Business Plan for 2018. The key audit areas performed in 2018 were as follows:-

NO	REVIEWS	AUDIT COMMITTEE MEETING/DATE
1	Accounts Payable – All Platforms	59th/21 May 2018
2	Media Prima Digital	59th/21 May 2018
3	Odyssey 2.0 - All Platforms	60th/27 August 2018
4	Sales – NSTP & MPTN	60th/27August 2018
5	Content Creations and Innovation – PWS	60th/27 August 2018
6	Human Capital Management – All Platforms	61st/12 November 2018
7	Technical Operations – NSTP & MPTN	61st/12 November 2018
8	Big Tree Outdoor	61st/12 November 2018
9	Cyber Security and Disaster Recovery - All Platforms	62nd/25 February 2019
10	Branding Strategies – MPTN	62nd/25 February 2019
11	IT Application & Software - All Platforms	62nd/25 February 2019
12	Follow-Up Report	59th to 62nd/21 May, 27 August, 12 November 2018 and 25 February 2019

The corresponding reports of the audit performed were presented to the Audit Committee and forwarded to the Management for attention and corrective actions.

The Management is responsible for ensuring that corrective actions on reported weaknesses are implemented within the required timeframe. Group Corporate Governance Department continuously monitors the implementation of audit recommendations through periodic follow-up reviews.

Group Corporate Governance Department also works closely with the External Auditors to resolve any control issues and assists in ensuring that appropriate management actions are taken.

During the year, the following activities were also carried out by the Group Corporate Governance Department:-

- Independent verification of results and/or votes at competition-based programmes organised by the Group such as RBC Mencari CEO Desa, Muzik-Muzik 33, Anugerah Juara Lagu 2018, Bintang Bersama Bintang 2018, Fantastik 4 HotFM, Mentor Otai, Flydol, 1001 Baba's Season 6, NSTP Campaign 10 Jari, Da'i Pendakwah Nusantara Season 6, Anugerah Bintang Popular Berita Harian 31, Anugerah Skrin 2018 and Mentor 7;
- Process improvements to ground events organised by the Group such as nationwide Karnival Jom Heboh series in 2018;
- Participated in tender opening process for procurement and disposal of fixed assets so as to ensure that due process had been observed and complied with according to the approved Policies and Procedures;
- Communication sessions with Management on internal audit activities and planning of audits to ensure that areas of Management concern are covered; and
- Prepared the Corporate Governance Overview Statement, the Statement on Risk Management and Internal Control and the Audit Committee Report for Media Prima Berhad's Annual Report 2018.

Practices and Framework

In order to ensure standardisation and consistency in providing assurance on the adequacy and effectiveness of the overall system of internal controls, all auditing activities of the Group Corporate Governance Department are conducted in line with the Group's objectives and policies and in accordance with applicable laws and regulations and relevant policies and guidelines as prescribed by the International Professional Practices Framework (IPPF) promulgated by the Institute of Internal Auditors.

Quality Assurance Review

In complying with the requirement of the International Standards for the Professional Practice of Internal Auditing ("Standards"), Media Prima Berhad had in 2017 engaged The Institute of Internal Auditors Malaysia ("IIAM") to conduct an external quality assurance review on the Group Corporate Governance's internal audit processes. The IIAM had provided broad recommendations to enhance the ability of the Group Corporate Governance Department to render effective internal audit services to its stakeholders.

Professional Qualifications and Continuous Competency Development

The Group Corporate Governance Department is committed to equip MPB's internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities. In order to improve staff retention and to enhance professional competency within the department, the Audit Committee and management had agreed to reimburse the registration and examination fees of the Certified Internal Auditor (CIA) programme coordinated by The Institute of Internal Auditors, upon successful completion of the examination.

AUDIT COMMITTEE REPORT

The Group Corporate Governance Department personnel had also attended various trainings and/or conferences during the year in order to enhance their skills and knowledge and to continuously provide value added services to the Group. Each training programme attended will be followed by an internal knowledge sharing session. Trainings attended in 2018 include:-

CONFERENCES/SEMINARS/COURSES TITLE	DATE	TRAINER/ORGANISER
Knowledge Sharing:Industry 4.0 & Digitalisation Study for Media	23 January 2018	In House
IT Audit & Control	6 – 8 March 2018	Synergy Knowledge (M) Sdn Bhd
Cyber Security Auditing Fundamentals	7 – 8 March 2018	IIA Malaysia
Connect:Collaboration at Workplace	7 – 8 March 2018	In House
Cyber Security Talk – The "Eyes" Next To You	21 March 2018	In House
Risk Management, Policy & Business Continuity Awareness	27 March & 27 June & 27 September 2018	In House
ISO/IEC 27001:2013, ISMS Lead Auditor Training Course (IRCA)	2 – 6 April 2018	Malaysian Communications & Multimedia Commission
Performance Management System (PMS) – New Framework	11 April 2018 & 16 April 2018	In House
Certified Information Security Management System ISO/IEC 27001:2013 – Internal Auditor	24 – 26 September 2018	Cyber Security Malaysia
Paradigm Shift from Policing to Consulting Workshop for Chief Internal Auditor (CIA)	16 October 2018	IIA Malaysia
Asian Confederation of IIA Conference 2018 – Staying Relevant in a Digital Landscape	29 – 30 October 2018	IIA Malaysia
Corporate Liability Provision	22 October 2018	IIA Malaysia
2018 Group Corporate Governance Brainstorming	31 October – 1 November 2018	In House

This Audit Committee Report is made on the recommendation of the Audit Committee which was approved by the Board of Directors on 27 February 2019.

RISK MANAGEMENT COMMITTEE REPORT

MEDIA PRIMA BERHAD ("MPB") RECOGNISES THAT HAVING A ROBUST AND EFFECTIVE RISK MANAGEMENT SYSTEM IS CRITICAL TO ACHIEVE CONTINUED PROFITABILITY AND SUSTAINABLE GROWTH IN SHAREHOLDER VALUE IN TODAY'S GLOBALISED AND INTER-LINKED FINANCIAL AND ECONOMIC ENVIRONMENT. RISK MANAGEMENT COMMITTEE ("RMC") IS COGNISANT OF ITS RESPONSIBILITY IN MINIMISING UNCERTAINTIES THAT COULD IMPAIR MPB FROM ACHIEVING ITS STRATEGIC OBJECTIVES IN CRUISING THROUGH THIS CHALLENGING PERIOD.

MPB RISK MANAGEMENT FRAMEWORK, WHICH WAS DEVELOPED BASED ON ISO 31000, HAS BEEN THE FUNDAMENTAL ORIENTATION IN STRATEGISING MITIGATION PLANS TO ENSURE RISKS ARE SOUNDLY MANAGED. RMC CONTINUES TO BE INVOLVED IN DETERMINING RISK APPETITE, IDENTIFYING, ASSESSING AND MONITORING STRATEGIC RISKS, EMERGING RISKS AND POTENTIAL DISRUPTIONS TO THE MPB'S VALUE CREATING SERVICES INCLUDING ADVISING ON MITIGATION STRATEGY AND MEASURES.

A. RESPONSIBILITY AND DUTIES

- The duties of the RMC shall include:
  - Assessment and monitoring of all risks associated with the operations of the Group;
  - Development and implementation of internal compliance and control systems, and procedures to manage risk;
  - Assessment and monitoring of the effectiveness of controls instituted;
  - Review and make recommendations on behalf of the Board in relation to risk management;
  - To consider and make recommendations on behalf of the Board in connection with the compliance by the Group with its risk management strategy;
  - To report to the Board on any material changes to the risk profile of the Group;
  - To monitor and refer to the Board any instances involving material breaches or potential breaches of the Group's risk management strategy; and
  - To report to the Board, when necessary, in connection with the Group's annual reporting responsibilities to Bursa Malaysia in relation to matters pertaining to the Group's risk management strategy.

RISK MANAGEMENT COMMITTEE REPORT

- RMC shall have the authority to seek any information it requires from any officer or employee of the company or its subsidiary companies and such officers or employees shall be required to respond to such enquiries.
- RMC may, as and when deemed necessary, invite other Board members and management personnel to attend the meetings where risk management issues are discussed.
- RMC has the authority to direct special investigations on behalf of the Board, into significant risk management activities, as and when necessary.
- RMC is authorised to take such independent professional advice as it considers necessary.
- RMC shall make recommendations to the Board but shall have no executive powers with regards to its findings and recommendations.

B. COMMITTEE MEMBERS

MEMBER

Lydia Anne Abraham
(Redesignated as Chairman on 12 June 2018)

Tan Sri Dato' Seri Utama Hj Ismail bin Hj Omar
(Appointed on 22 July 2016)

Hisham bin Zainal Mokhtar
(Appointed on 27 February 2019)

Raja Datuk Zaharaton Binti Raja Zainal Abidin
(Appointed on 22 February 2018)

* Datuk Mohd Nasir bin Ahmad resigned from RMC on 27 February 2019.

- RMC must be composed of no fewer than four (4) members.
- Majority of the members must be independent directors.

- The Chairperson shall be an independent, non-executive director.
- No alternate director is appointed as a member of the RMC.
- In the event of any vacancy in the RMC resulting in the non-compliance of the above requirements, the company must fill the vacancy within three (3) months.
- The Company Secretary shall act as Secretary to the RMC.

C. MEETINGS

- To form a quorum in respect of a meeting of the Committee shall be a minimum of three (3) members.
- Meeting of the Committee shall be held at least four (4) times per year.
- The Chairperson will call a meeting of the RMC if so directed by the Board. The Chairperson will call a meeting of the RMC if so requested by any Committee Member or the Group Managing Director ("GMD").
- The Secretary is responsible for the coordination of administrative details including calling the meetings, voting and keeping of minutes.

D. ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2018, the Risk Management Committee (RMC) had met four (4) times and attendances of members are illustrated below:-

MEMBER	ATTENDANCE
Lydia Anne Abraham (Redesignated as Chairman on 12 June 2018)	4/4
Tan Sri Dato' Seri Utama Hj Ismail bin Hj Omar	4/4
Raja Datuk Zaharaton Binti Raja Zainal Abidin (Appointed on 22 February 2018)	3/3
Datuk Mohd Nasir bin Ahmad (Resigned 22 February 2018) (Appointed 12 June 2018)	3/3
Tan Sri Dato' Sri Ismee bin Ismail (Resigned on 19 May 2018)	1/1

E. RISK MANAGEMENT COMMITTEE REPORT

- Risk Management Framework - The framework adopted by the Group incorporated the endwise risk management processes on a coordinated and integrated basis. To keep the framework relevant in order to support the ever evolving business, the Group will review the framework on needed basis.
- The framework is architected to realising the Group's objectives, set forth in four (4) categories:
  - Strategic - High level goals aligned with and supporting the Group mission.
  - Operations - Effective and efficient use of the Group resources.
  - Reporting - Reliability of reporting.
  - Compliance - Compliance with applicable laws and regulations.

RISK MANAGEMENT COMMITTEE REPORT

- Review of Strategic Risks
  - At strategic level, the risks and mitigations deliberated by the Committee is centred around the following risk areas:

TOP 10 GLOBAL RISK 2019 & MPB ERM

GLOBAL RISK 2019

- DISRUPTIVE TECHNOLOGY
- INFORMATION SECURITY
- CYBER THREATS
- COMPETITION
- DIGITAL TALENT
- PARADIGM SHIFT
- REGULATORY
- DATA & ANALYTICS
- CULTURE
- CUSTOMER LOYALTY

CORE BUSINESS COMPETITIVE EDGE	MARKET EXPECTATION
MPTN	**NSTP**
TRADITIONAL BUSINESS Defend traditiomal revenue	**TRADITIONAL BUSINESS** Defend traditiomal revenue
AUDIENCE & FOLLOWERS Ability to reach target audience (number of viewers, as well as transmission)	**REACH & RETENTION** Content not reaching targeted readers; ability to retain loyal readers
CONTENT & FEEDS Not providing competitive programme/ right content	**DIGITAL LITERACY** Ability to transform print centric culture to adopting digital values
INNOVATION Finding right business model, creating sustainable current model	**INNOVATION** Finding right business model; creating sustainable current model

MEDIA PRIMA STRATEGIC RISK AT 2018

INNOVATION & TRANSFORMATION

INTEGRATION CHALLENGES

DIGITAL INFRASTRUCTURE LANDSCAPE

PWS

AFFILIATED DEPENDENCY
Sales on programmes produced for MPTN

MARKETABLE PRODUCT
Producing good products; expertise in marketing products

INNOVATION & DEVELOPMENT
R&D adequacy, market intelligence and competitor analysis

BUSINESS MODEL
Establishing the right business model; creating sustainable current model

EFFECTIVE PROCESS
Process efficiency; operations agility

RIPPLE

PEOPLE & SERVICE PROVIDER
Challenges on loss of key talent

AUDIENCE EXPERIENCE & ENGAGEMENT
Meet user requirements

TECHNOLOGIES & CAPABILITIES
Infrastructure readiness & people capability

REVENUE
Meet client expectations

BUSINESS TRANSFORMATION & COMPETITION
Ability to transform & compete with emerging market

BIG TREE

RESERVE
Competitive environment securing good concessions and obtaining marketable sites

STAKEHOLDER
External challenges

INNOVATION
Competitiveness & capability

MEDIA PRIMA DIGITAL

COMPETITIVE EDGE
Ability to sustain competitive edge; competing with market

COMPONENT OWNERSHIP
Content/IP closely guarded (underwhelming internal support); counterparty obligation; agility

DIGITAL FEED
Right content & reach

OPERATING DESIGN & BUSINESS MODEL
Operations & business venture challenges

PROCESS INNOVATION
Efficient practices

RISK MANAGEMENT COMMITTEE REPORT

TREND, RISK & MITIGATION

IMMINENT GLOBAL RISK (2019) - BUSINESS INTERRUPTION

Disruptive Technology	Information Security	Cyber Threats
The technology paradigm caters for 'on-demand' delivery. Content is now consumed through smart devices that focus on engagement, interaction and seamless offering. Emphasis in the coming years is placed at the intersection of content, technology and understanding user behaviour. Advancements in digital technology alter customers' expectation that impacted greatly the core business models.	Today's business is connected beyond internet and shared data. The 'internet of things' consist of connected technology that enable interoperability, retrofitting and extending functionality. Information security risk can be in the form of general threats (hardware & software failures; malware & viruses; spam, scam & phishing), criminal (hackers, passwords theft, denial-of-services, ransomware, security breaches) and natural disaster.	Cybersecurity is a moving target as innovative digital transformation initiatives, cloud computing adoption, mobile device usage, machine learning and other exponential increases the computing capacity to outpace the security protections the business has in place.

IMMINENT GLOBAL RISK (2019) – DIGITAL DISRUPTION

Competition	Digital Talent	Paradigm Shift	Regulatory
Transforming into digital readiness eco-system and agility in staying ahead of, or keeping pace with the changing market reality is a challenge. Newly established 'born digital' players entered the game from ground upward that allows it to operate more efficiently, digitizing new products and services, enhancing customer experiences, and readily established new business model.	In order to proliferate in the digital arena, organizations need to think and act digitally and have the resources and capabilities to execute digital plans. The challenge is in the 'unfreezing' of past knowledge, to transform into digital culture.	Mindset Change – The ability to adjust existing operations architecture and business infrastructures to compete with nimble, and more agile competitors.	Emerging technology drives new business and service models. The new model often challenges the norm. On the opposite end, often traditional business has to abide to the regulation of protecting citizens, ensuring fair, accurate and bona fide reporting.

IMMINENT GLOBAL RISK (2019) - PSYCHOSOCIAL MODULATION

Data & Analytics

The key to be insightful is the ability to utilize data analytics. The advancement of big data, cloud computing and machine learning fuel data revolution. Analytic and big data provide competitive advantage in managing operations and setting strategic planning.

Culture

Agility is key in the fast moving pace of digital. Digital disruption demand for new operating landscape. The change culture must be able to challenge how things are currently done, cultivating a workplace where employees are comfortable trying new things. It demands for new work culture that is aspiring to stirs inspiration for more to join in.

Customer Loyalty

Digitization has had profound impact on consumers' expectations. Customers loyalty needs to be approached through:

- Programmatic data – organization can learn a lot about its audiences by understanding the type of site the users visit.
- Focus on customer experience and be where they are – understand what they care about, what motivates them and where they are. Only then customer experience can be built.
- Win with speed, scale and consistency – change in processes needed to take into consideration the end-to-end of the customer journey.

RISK ANALYSED & DELIBERATED (2018)

Core Business Competitive Edge

Analysis of the core business delivering best values that satisfy audience expectations, with the objective to defend traditional revenue.

Market Expectation

Engaging the right content, product and the ability to reach to the right audience.

Innovation & Transformation

Finding the right business model that requires customized content to meet the demand of segmentalize audience and readers.

Integration Challenges

Media industry as a whole is going through a revolution. More contents are delivered through multiple channel and devices. There is constant pressure to produce more, higher quality and engaging content, in much shorter time span, with much fewer resources than before.

Digital Infrastructure Landscape

While the fundamental skill of reporting, writing and editing remain, developing an appreciation for interactive nature of digital, networked media and learning to think in new ways for delivering multilinear contents needed. New capacities, competencies, comportments (behaviour) and course of operations need to be developed and nurtured.

RISK MANAGEMENT COMMITTEE REPORT

MITIGATION STRATEGY – BUSINESS CONTINUITY MANAGEMENT

Business Continuity Plan

IT security is designed to protect integrity and availability of the computer and broadcast systems. MPB has in place a comprehensive Business Continuity Planning ("BCP") programme to minimise the impact on its business operation in the event of disaster besides ensuring the continued availability of its products and services. The plan outlines strategies and procedures to ensure MPB's business operation is resumed seamlessly and in timely manner.

Critical Business Operations

The BCP, which covers all business units in the Group, is reviewed and successfully tested periodically, to ensure it stays relevant.

- *Core Business Operations*
  The identification of core business operations is important in determining the priority of the recovery process. In MPB, core business operations refer to the frontline operations which in the event of disaster or disruption will give great impacts to the Group. Recovery site and infrastructure are established to ensure earliest possible restoration of core business operations.
- *Support Services Operations*
  Understanding the key operations and analysing systems needed to continuously support the core business operations are essential and is part of risk mitigation. Support services functions are identified to facilitate recovery processes and ensure the continuation of the key operations in the worst case scenario.

IT Systems

In safeguarding the Group's core systems and applications whilst ensuring its high availability, a sound IT security ecosystem is architected to impede malicious and unknown attacks.

- MPB IT security ecosystem is built with layers of protections to reduce the risk of penetration from unknown or unauthorised entity to the key systems and applications.
- Systems and applications are clustered according to the criticality.
- IT Disaster Recovery Procedure is in place to facilitate recovery process and protect MPB's business IT infrastructure in the event of a disaster.
- Apart from the protection of infrastructure and equipment, periodic IT security updates are communicated to employees to create awareness and precautions.

MITIGATION STRATEGY – Innovation & Transformation	**Transforming Core** While digital technology can make a host of things possible, the fundamental "wants and needs" of the consumers remain. Digital satisfies our four broad areas of customers' desire:- • Creating, communicating and connecting. • Challenging the norm. • Expecting bargains and giveaways. • Expecting lives to be easier. MPB is expending its products and services beyond traditional business. The three pronged strategy is: transform the core, identify the big adjacencies market, and focus on innovation of products, services and processes.	**Multichannel & Digital** The Group is guided by a solid blueprint, implementing its transformation by:- • Strengthen broadcast leadership and build sustainable multichannel programmes by creating contents that travel across multiple platforms; digital and non-linear; • Build position as leading promulgator; and • Capitalising on its reach to create and grow commerce assets.	**Expand Regionally** Creating global sales through local contents; partnering with competitors, collaborate with regional and internal communities; expend regionally.

MITIGATION STRATEGY – Moves with Reality; Maintain Fundamental Credence	**Embrace Change** The Group has always strived to offer the best products and services to its consumers by:- • Keeping abreast with the latest technology; • Analysing consumer behaviour that potentially affects the Company's strategies; • Customising contents to meet consumer demand; and • Expanding and strategizing on capturing consumer revenue.	**Credible Infotainment** The main function of media is to provide news, information and entertainment. While new communicating technologies bring enormous challenge on one hand, it also creates unprecedented opportunities on the other. As a responsible broadcast citizen MPB is committed in communicating for development. Through quality entertainment and news programmes The Group will continue to embrace its role to foster socio-economic growth, facilitates social integration, promotes economic development and enriches cultural diversity.

- Review of Business Continuity Management
  - On regular basis, the RMC will review and discuss on the business discontinuities threats and mitigation strategy to ensure the critical business processes are able to operate in the event of disaster. The mitigation strategy is translated into Business Continuity Plan ("BCP") and is tested annually to assess the readiness and effectiveness. The outcome of the simulation will be reviewed by the RMC.
  - In 2018, the Group incorporated its Emergency Response Communication plan in its annual BCP testing to assess the effectiveness and response time of the defined communication strategy during disaster. As part of the Group ongoing test/simulation programme, the BCP is continuously being enhanced and tested.
- Review of Risks and Risk Controls
  - On quarterly basis, top risks of the Group were reported and reviewed at the management's Group Risks Management & Audit Committee. Key and material risks were then escalated to Board's Risk Management Committee for deliberation of the controls and policy in place to mitigate or treat these risks.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries.

The principal activities of the Group consist of commercial television and radio broadcasting, publishing and sale of newspapers, home shopping network, provision of internet and digital-based media, provision of outdoor advertising space and related production services, media content production and distribution, property management services, and other media industry related services.

There have been no significant changes in the nature of these activities during the financial year.

The principal activities and details of the subsidiaries and associates are set out in Note 16 and Note 17 to the financial statements respectively.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year	58,991	(319,507)
Attributable to:		
Owners of the Company	58,623	(319,507)
Non-controlling interests	368	–
Net profit/(loss) for the financial year	58,991	(319,507)

DIVIDENDS

No dividend has been paid or declared since the end of the Company's previous financial year.

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2018.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Mohd Nasir bin Ahmad	
Datuk Kamal bin Khalid	
Lydia Anne Abraham	
Raja Datuk Zaharaton binti Raja Zainal Abidin	
Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar	
Datuk Loo Took Gee	
Mohd Rashid bin Mohd Yusof	(Appointed on 16 June 2018)
Hisham bin Zainal Mokhtar	(Appointed on 27 February 2019)
Tan Sri Ismee bin Haji Ismail	(Resigned on 19 May 2018)
Datuk Shahril Ridza bin Ridzuan	(Resigned on 20 August 2018)

Pursuant to Section 253 of the Companies Act 2016, the names of Directors of subsidiaries are set out in the respective subsidiaries financial statements and the said information is deemed incorporated herein by such reference and made part thereof.

The Company maintains a corporate liability insurance for the Directors and officers of the Group and Company throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group and Company. The insurance premium paid by the Company for the financial year ended 31 December 2018 amounted to RM46,000.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration and benefits-in-kind disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company and any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any interest in shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2018	Additions	Disposals	At 31.12.2018
Shares in the Company				
Datuk Kamal bin Khalid				
- direct interest	80,000	–	–	80,000

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 10 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount the current assets which they might be expected so to realise.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except as disclosed in Note 34 to the financial statements.

(d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the financial statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 4 March 2019. Signed on behalf of the Board of Directors:

DATUK MOHD NASIR BIN AHMAD
GROUP CHAIRMAN

DATUK KAMAL BIN KHALID
GROUP MANAGING DIRECTOR

Petaling Jaya
4 March 2019

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000 (Restated)
Revenue	4	1,185,737	1,198,828	106,885	115,672
Other operating income		198,919	18,894	75	10
Amortisation of intangible assets		(173,010)	(186,723)	–	–
Content production and other media costs		(29,122)	(23,547)	–	–
Newsprint and newspaper production costs		(60,033)	(85,271)	–	–
Outdoor display and production costs		(107,885)	(139,144)	–	–
Cost of retail goods sold		(143,434)	(90,642)	–	–
Transmission, technology and distribution costs		(84,058)	(76,647)	–	–
Employee benefits costs	6	(400,998)	(503,028)	(58,704)	(67,205)
Occupancy costs		(55,853)	(54,871)	(23,982)	(21,819)
Depreciation		(70,275)	(100,066)	(60)	(34)
Impairment of non-current assets	7	-	(364,115)	(280,756)	(342,463)
Net loss on impairment of financial instruments		(9,440)	(14,996)	(19,344)	(26)
Other operating costs		(176,351)	(173,812)	(34,222)	(35,777)
Profit/(loss) from operations	8	74,197	(595,140)	(310,108)	(351,642)
Finance income	9	6,188	9,161	10,250	9,216
Finance cost	9	(19,745)	(14,660)	(19,134)	(14,321)
Share of results of an associate		–	(4,889)	–	–
Profit/(loss) before taxation		60,640	(605,528)	(318,992)	(356,747)
Taxation	11	(1,649)	(64,137)	(515)	–
Net profit/(loss) and total comprehensive income/(loss) for the financial year		58,991	(669,665)	(319,507)	(356,747)
Profit/(loss) attributable to:					
- Owners of the Company		58,623	(650,611)		
- Non-controlling interests		368	(19,054)		
		58,991	(669,665)		
Total comprehensive income/(loss) attributable to:					
- Owners of the Company		58,623	(650,611)		
- Non-controlling interests		368	(19,054)		
		58,991	(669,665)		
Earnings/(loss) per share:					
- Basic (sen)	12	5.29	(58.66)		
- Diluted (sen)	12	5.29	(58.66)		

The notes on pages 183 to 299 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	304,966	498,580	386	278
Investment properties	15	30,352	31,681	–	–
Subsidiaries	16	–	–	1,147,452	1,323,208
Associates	17	–	–	–	–
Intangible assets	18	430,056	446,058	–	–
Deferred tax assets	19	14,682	12,762	–	–
Financial assets at fair value through other comprehensive income	20	2,472	–	–	–
Available-for-sale financial assets	20	–	2,472	–	–
		782,528	991,553	1,147,838	1,323,486
CURRENT ASSETS					
Inventories	21	36,900	46,220	–	–
Trade and other receivables	22	254,954	297,629	9,413	3,261
Amounts due from subsidiaries	23	–	–	64,288	393,020
Current tax recoverable		31,752	29,726	17	43
Deposits, cash and bank balances	24	210,114	205,963	39,798	45,674
		533,720	579,538	113,516	441,998
Non-current assets held for sale	25	1,354	11,171	–	–
TOTAL ASSETS		1,317,602	1,582,262	1,261,354	1,765,484
NON-CURRENT LIABILITIES					
Borrowings	26	–	292,953	–	292,953
Amounts due to subsidiaries	23	–	–	253,994	–
Deferred tax liabilities	19	40,985	43,665	–	–
Trade and other payables	27	237	1,526	–	–
		41,222	338,144	253,994	292,953

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CURRENT LIABILITIES					
Trade and other payables	27	456,141	448,836	19,160	68,463
Amounts due to subsidiaries	23	–	–	55,580	134,900
Borrowings	26	4,169	21,204	–	301
Current tax payable		1,683	1,898	–	–
		461,993	471,938	74,740	203,664
TOTAL LIABILITIES		503,215	810,082	328,734	496,617
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	28	1,524,735	1,524,735	1,524,735	1,524,735
Other reserves	30	1,755	1,755	–	–
Accumulated losses		(717,868)	(759,840)	(592,115)	(255,868)
		808,622	766,650	932,620	1,268,867
NON-CONTROLLING INTERESTS		5,765	5,530	–	–
TOTAL EQUITY		814,387	772,180	932,620	1,268,867
TOTAL LIABILITIES AND EQUITY		1,317,602	1,582,262	1,261,354	1,765,484

	Sen	Sen
NET ASSETS PER SHARE*	72.90	69.12

* Net assets per share is calculated by dividing the net assets (excluding 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 notes on pages 183 to 299 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

GROUP 2018	Note	Attributable to owners of the Company				Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000		
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	38	–	–	(16,651)	(16,651)	(533)	(17,184)
As 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 financial year		–	–	58,623	58,623	368	58,991
Transaction with owners:							
Equity contribution from non-controlling interest	16(a)(i)	–	–	–	–	400	400
At 31 December 2018		1,524,735	1,755	(717,868)	808,622	5,765	814,387

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

GROUP 2017	Note	Attributable to owners of the Company Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017		1,109,199	415,536	1,755	(64,861)	1,461,629	24,584	1,486,213
Net loss and total comprehensive loss for the financial year		–	–	–	(650,611)	(650,611)	(19,054)	(669,665)
Transition to no-par value regime on 31 January 2017*	29	415,536	(415,536)	–	–	–	–	–
Transaction with owners:								
Final dividend paid for the financial year ended 31 December 2016	13	–	–	–	(44,368)	(44,368)	–	(44,368)
At 31 December 2017		1,524,735	–	1,755	(759,840)	766,650	5,530	772,180

* The Companies Act 2016, which came into effect from 31 January 2017, has repealed the Companies Act 1965. Companies Act 2016 has 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 transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The notes on pages 183 to 299 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Non-distributable Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
COMPANY				
2018				
At 31 December 2017, as previously reported		1,524,735	(255,868)	1,268,867
Effects of adoption of MFRS 9	38	–	(16,740)	(16,740)
At 1 January 2018, as restated		1,524,735	(272,608)	1,252,127
Net loss and total comprehensive loss for the financial year		–	(319,507)	(319,507)
At 31 December 2018		1,524,735	(592,115)	932,620

	Note	Non-distributable Share capital RM'000	Non-distributable Share premium RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
COMPANY					
2017					
At 1 January 2017		1,109,199	415,536	145,247	1,669,982
Net loss and total comprehensive loss for the financial year		–	–	(356,747)	(356,747)
Transition to no-par value regime on 31 January 2017*	29	415,536	(415,536)	–	–
Transactions with owners:					
Final dividend paid for the financial year ended 31 December 2016	13	–	–	(44,368)	(44,368)
At 31 December 2017		1,524,735	–	(255,868)	1,268,867

* The Companies Act 2016, which came into effect from 31 January 2017, has repealed the Companies Act 1965. Companies Act 2016 has 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 transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The notes on pages 183 to 299 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit/(loss) for the financial year		58,991	(669,665)	(319,507)	(356,747)
Adjustments for:					
Intangible assets					
- Amortisation		173,010	186,723	–	–
- Impairment		–	103,865	–	–
- Write offs		1,249	100	–	–
Prepaid transmission station rentals					
- Amortisation		152	283	–	–
Property, plant and equipment					
- Depreciation		68,946	98,732	60	34
- Gain on disposals		(138,330)	(2,083)	–	–
- Impairment		–	117,891	–	–
- Write offs		3,063	179	–	–
- Contra arrangement		(1,538)	–	–	–
Investment properties					
- Depreciation		1,329	1,334	–	–
- Impairment		–	853	–	–
- Gain on disposals		–	(313)	–	–
Non-current assets held for sale					
- Gain on disposal		(4,268)	(1,638)	–	–
Interest expenses		19,745	14,660	19,134	14,321
Inventories written-down		174	47	–	–
Subsidiaries:					
- Impairment of investment		–	–	280,756	342,463
Associates:					
- Impairment of investment		–	141,506	–	–
- Gain on disposal		(45,643)	–	–	–
- Share of results		–	4,889	–	–
Expense arising from extinguishment of loan		7,047	–	7,047	–
Contra arrangement revenue		(695)	(4,412)	–	–
Unrealised foreign exchange gain (net)		–^	(153)	–	–
Dividend income		–	–	(5,000)	(35,000)
Interest income		(6,188)	(9,161)	(10,250)	(9,216)
Taxation		1,649	64,137	515	–
Termination benefits		18,970	110,706	476	10,529
Net loss on impairment of financial instruments					
- Trade and other receivables		9,440	14,996	9	–
- Amounts due from subsidiaries		–	–	19,334	26
		167,103	173,476	(7,426)	(33,590)

^ Less than RM1,000

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Changes in working capital:					
Inventories		9,146	8,977	–	–
Receivables		13,167	18,054	(6,161)	243
Payables		(6,273)	25,015	(49,780)	36,427
Intangible assets – acquisition of programme and film rights		(156,508)	(175,458)	–	–
Amounts due from subsidiaries		–	–	268,698	(64,162)
Cash flows generated from/(used in) operations		26,635	50,064	205,331	(61,082)
Net income tax (paid)/refund		(5,063)	(5,802)	26	44
Net cash flow generated from/(used in) operating activities		21,572	44,262	205,357	(61,038)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries (net cash acquired)		–	(98,352)	–	–
Settlement of deferred purchase consideration of an acquisition in a business		(7,020)	(1,530)	–	–
Property, plant and equipment					
- Additions		(25,141)	(95,659)	(168)	(110)
- Proceeds from disposals		286,698*	4,803	–	–
Non-current assets held for sale					
- Proceeds from disposal		14,000	7,064	–	–
Investment properties					
- Proceeds from disposals		–	313	–	–
Intangible assets (excluding programmes and film rights)					
- Additions		(1,749)	(823)	–	–
Proceeds from disposal of investment in an associate		45,643	–	–	–
Disbursement of intercompany loans		–	–	–	(53,000)
Repayment of intercompany loan by a subsidiary		–	–	43,000	–
Interest received		6,188	9,161	10,250	9,216
Dividends received		–	–	5,000	55,259
Net cash flow generated from/(used in) investing activities		318,619	(175,023)	58,082	11,365

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings:					
- Commercial Paper Medium Term Notes		–	(400,000)	–	(400,000)
- Banker's acceptance		(47,727)	–	–	–
- Term loan		(300,000)*	–	(300,000)*	–
Drawdown of borrowings:					
- Term loan		–	300,000	–	300,000
- Commercial Paper Medium Term Notes		–	100,000	–	100,000
- Banker's acceptance		30,993	20,903	–	–
- Loan from a subsidiary		–	–	50,000	–
Advances from subsidiaries		–	–	–	27,000
Equity contribution from non-controlling interest		400	–	–	–
Net decrease/(increase) in restricted bank balances		8,548	(4,823)	4,823	(4,823)
Interest paid		(19,706)	(14,331)	(19,315)	(14,127)
Dividends paid to shareholders of the Company		–	(44,368)	–	(44,368)
Dividends paid to non-controlling interests		–	(378)	–	–
Net cash flow used in financing activities		(327,492)	(42,997)	(264,492)	(36,318)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		**12,699**	**(173,758)**	**(1,053)**	**(85,991)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**197,215**	**370,973**	**40,851**	**126,842**
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**24**	**209,914**	**197,215**	**39,798**	**40,851**

* RM243.6 million out of the RM300.0 million term loan was settled by way of direct payment by the purchaser from proceeds of the property, plant and equipment sale as disclosed in Note 31 and Note 40. The proceeds from the subsidiary disposing the PPE is used to offset the amounts owing from the subsidiary by RM39.6 million and the remaining RM204.0 million is converted to a loan from the subsidiary as disclosed in Note 31.

Analysis of debt reconciliation is disclosed in Note 26(c) to the financial statements.

The notes on pages 183 to 299 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 CORPORATE INFORMATION

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries.

The principal activities of the Group consist of commercial television and radio broadcasting, publishing and sale of newspapers, home shopping network, provision of internet and digital-based media, provision of outdoor advertising space and related production services, media content production and distribution, property management services, and other media industry related services.

There have been no significant changes in the nature of these activities during the financial year. The principal activities of the subsidiaries and associates are set out in Note 16 and Note 17 to the financial statements respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The address of the registered office and principal place of business of the Company is as follows:

Balai Berita Anjung Riong
No. 31 Jalan Riong, Bangsar
59100 Kuala Lumpur.

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 4 March 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) Amendments to published standards that are effective and applicable to the Group and Company.

The Group and Company have applied the following amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers'
- Amendments to MFRS 140 'Investment Property – Transfers of Investment Property'
- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 128 'Investments in Associates and Joint Ventures'

The Group and Company has adopted MFRS 9 and MFRS 15 for the first time in the 2018 financial statements, which resulted in changes in accounting policies and adjustments to the amount recognised in the financial statements.

MFRS 15: Modified retrospective transition method

The Group and Company has applied MFRS 15 with the date of initial application of 1 January 2018 by using the modified retrospective transition method. Under the modified retrospective transition method, the Group and Company applies the new policy retrospectively only to contracts that are not completed contracts at the date of initial application. Accordingly, the 2017 comparative information was not restated. The adoption of MFRS 15 did not have any impact on the opening balance of retained earnings as at 1 January 2018, other than reclassification in statements of comprehensive income and additional disclosures to be made in the financial statements. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118.

MFRS 9: Comparative information not restated

The Group and Company has applied MFRS 9 retrospectively with the date of initial application of 1 January 2018. In accordance with the transitional provisions provided in MFRS 9, comparative information for 2017 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139. The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018.

The detailed impact of change in accounting policies are set out in Note 38. Other than that, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations that are applicable to the Group and Company but not yet effective

(i) Financial year beginning on or after 1 January 2019

- MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations.

  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 ('ROU') 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 ROU asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' ('MFRS 116') 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 standard will affect primarily the accounting for the Group's and Company's leases previously recognised as operating leases under MFRS 117 disclosed in Note 33 and other rentals of buildings and equipment.

  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 ROU assets will be measured at the present values as if the Standard had been applied since the commencement date while all lease liabilities will be measured at the present value of the remaining lease payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations that are applicable to the Group and Company but not yet effective (continued)

(i) Financial year beginning on or after 1 January 2019 (continued)

- MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations (continued)

  The impact of the Group and Company applying MFRS 16 as at 1 January 2019 is expected to increase the Group's and Company's accumulated losses as the front-loading impact of the interest charges imputed under MFRS 16 for a given lease arrangement would mean that interest and depreciation charges combined for a particular lease over the earlier part of a lease period would be more than a straight line charging of the lease payment under MFRS 117 over the same lease period. Another impact of MFRS 16 is a net decrease in the Group's and Company's net current asset as under MFRS 16, the lease payments for the coming 12 months of the operating leases are recognised as current liabilities whilst the corresponding right-of-use assets for the affected operating leases remain classified as non-current assets.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 on Long-term Interests in Associates and Joint Ventures clarifies that MFRS 9, including its impairment requirements shall be applied when accounting for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

  The amendments shall be applied retrospectively with transitional reliefs available. Earlier application is permitted and should be disclosed.

- Amendments to MFRS 9 'Prepayment Features with Negative Compensation' allows the measurement of prepayable financial assets with negative compensation to be at amortised cost or at fair value through other comprehensive income ('FVOCI') if certain conditions are met.

  The amendments shall be applied retrospectively with transitional reliefs available. Earlier application is permitted and should be disclosed.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

ii) Standards, amendments to published standards and interpretations that are applicable to the Group and Company but not yet effective (continued)

(i) Financial year beginning on or after 1 January 2019 (continued)

- Amendments to MFRS 3 'Business Combinations' ('MFRS 3') in Annual Improvements to MFRS Standards 2015-2017 Cycle clarify that obtaining control of a business that is a joint operation (as defined in MFRS 11 'Joint Arrangements' ('MFRS 11')) is a business combination achieved in stages.

  The acquirer must remeasure its previously held interest in the joint operation at its acquisition-date fair value. Accordingly, the acquirer effectively:

  - derecognises its previously held interest in the joint operation, and
  - recognises a controlling interest in all of the assets and liabilities of the former joint operation.

  These amendments shall be applied to business combinations with acquisition dates on or after 1 January 2019. Earlier application is permitted and should be disclosed.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  Amendments to MFRS 112 'Income Taxes' ('MFRS 112') in Annual Improvements to MFRS Standards 2015-2017 Cycle clarify that all income tax consequences of dividends should be recognised either in profit or loss, other comprehensive income or equity, depending on where the past transactions or events that generated the distributable profits were recognised.

  These amendments shall be applied to income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Earlier application is permitted and should be disclosed.

- Amendments to MFRS 119 'Employee Benefits' ('MFRS 119') on Plan Amendments, Curtailment or Settlement requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement. In addition, the amendments require the entity to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. These amendments shall be applied prospectively. Earlier application is permitted and should be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

ii) Standards, amendments to published standards and interpretations that are applicable to the Group and Company but not yet effective (continued)

(ii) Financial year beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards are to update the references and quotations in these Standards so as to clarify the version of the Conceptual Framework these Standards refer to.

  The Revised Conceptual Framework for Financial Reporting comprises of a comprehensive set of concepts for financial reporting. It is built on the previous version issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful information are limited, but with improved wording to give more prominence to the importance of providing information needed to assess management's stewardship of the entity's economic resources.

  Other improvements include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

  The amendments to the following Standards are as follows:
  - Amendment to MFRS 3
  - Amendments to MFRS 101 'Presentation of Financial Statements' ('MFRS 101')
  - Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors ('MFRS 108')
  - Amendments to MFRS 134 'Interim Financial Reporting' ('MFRS 134')
  - Amendment to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' ('MFRS 137')
  - Amendment to MFRS 138 'Intangible Assets' ('MFRS 138')
  - Amendment to IC Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments' ('IC 19')
  - Amendment to IC 22
  - Amendments to IC Interpretation 132 'Intangible Assets – Web Site Costs' ('IC 132')

  The amendments are effective for annual periods beginning or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by Amendments to References to the Conceptual Framework in MFRS Standards.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

ii) Standards, amendments to published standards and interpretations that are applicable to the Group and Company but not yet effective (continued)

(ii) Financial year beginning on or after 1 January 2020 (continued)

- Amendments to MFRS 3 on Definition of a Business clarify the definition to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important as an acquirer does not recognise goodwill in an asset acquisition.

  The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  The amendments shall be applied to business combinations with acquisition dates on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted and should be disclosed.

- Amendments to MFRS 101 and MFRS 108 on Definition of Material refines the definition by including 'obscuring information' to address the issue of including immaterial information should not reduce the understandability of a Company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

  The amendments also align the definition of material across MFRS Standards and other publications.

  These amendments shall be applied prospectively. Earlier application is permitted and should be disclosed.

(iii) Effective date yet to be determined by Malaysian Accounting Standards Board

- Amendments to MFRS 10 'Consolidated Financial Statements' ('MFRS 10') and MFRS 128 on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The effect of the above amendments is currently being assessed by the Directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The existence and effect of potential voting rights are considered only when such rights are substantive when assessing control.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the statement of comprehensive income.

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investment in subsidiaries.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The Group applies the acquisition method to account for business combinations. The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured at its acquisition date fair value and the resulting gain or loss is recognised in the statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(ii) Basis of consolidation (continued)

The excess of the consideration transferred, the amount of any Non-Controlling Interest ('NCI') in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in the statement of comprehensive income. Refer to Note 2(e)(ii) for accounting policy on goodwill.

NCI is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, NCI consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the NCI, even if the attribution of losses to the NCI results in a debit balance in the shareholders' equity.

(iii) Changes in ownership interest

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income ("OCI") in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss. Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Transactions with non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners to the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(v) Associates

Associates are those corporations, partnerships or other entities in which the Group has significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statements of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates and unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses in associates are recognised in the profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(v) Associates (continued)

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no "step up to fair value" of net assets previously acquired and the share of profits and equity movements for the previously acquired stake is recorded directly through equity.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(f) on impairment of non-financial assets.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the profit or loss.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation on the other property, plant and equipment is calculated so as to write off the cost or valuation of the assets to their residual values on a straight line basis over the expected useful lives of the assets, summarised as follows:

Buildings	20 – 50 years
Plant and machinery	4 – 25 years
Broadcasting and transmission equipment	10 years
Production equipment	5 – 10 years
Office equipment, furniture and fittings	3 – 10 years
Office renovations	3 – 10 years
Motor vehicles	5 years
Leasehold improvements	3 – 10 years
Structures	5 – 10 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Leasehold land is amortised over the remaining period of the respective leases ranging from 50 and 99 years.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each financial position date.

At each financial position date, the Group and Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(f) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss.

(d) Investment properties

Investment properties comprise principally land and buildings held for long term rental yields or for capital appreciation or both, and are not occupied by the Group and Company.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Investment property is depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Freehold land is not depreciated as it has an infinite life.

Depreciation on the other investment properties is calculated so as to write off the cost of the assets to their residual values on a straight line basis over the expected useful lives of 20 to 99 years.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss in the financial year of the retirement or disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets

(i) Programmes and film rights

Programmes and film rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

The programmes and film rights are recognised after they are contracted for, after receipt of materials and after approvals are obtained from the censorship authority. Cost comprises contracted cost and direct expenditure. Amortisation is calculated so as to write off the relevant portion of the cost of programmes and film rights which fairly represents its relevant attached rights, to match against the pattern of consumption of these programmes and film rights.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(f) on impairment of non-financial assets.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose identified according to the operating segment. See accounting policy Note 2(f) on impairment of non-financial assets.

(iii) Acquired outdoor concession rights and outdoor advertising rights

Acquired outdoor concession rights and outdoor advertising rights that have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of concession rights and outdoor advertising rights over their respective concession lives of 2 to 17 years. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(f) on impairment of non-financial assets.

Acquired outdoor concession rights and outdoor advertising rights that have an indefinite useful life are assessed for any indication of impairment on an annual basis or where an indication of impairment exist. A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(f) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

(iv) Acquired publishing rights, brands and digital publishing

Acquired publishing rights, brands and digital publishing that have an indefinite useful life are assessed for any indication of impairment on an annual basis or where an indication of impairment exist. A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(f) on impairment of non-financial assets.

(v) Computer software and software development costs

Costs that are directly associated with identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Computer software recognised are amortised from the point at which asset is ready for use over their estimated useful lives, which does not exceed 3 years.

Research and development costs are charged to the profit or loss in the financial year in which they are incurred. Development costs previously recognised as an expense are not recognised as an asset in the subsequent financial year. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
(ii) management intends to complete the intangible asset and use or sell it;
(iii) there is an ability to use or sell the intangible asset;
(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.
(vii) Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding 3 years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(g) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

(h) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

The Group and Company holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See accounting policy Note 2(w) on impairment of financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs.

Cost comprises direct labour, materials, sub-contract costs and related expenditure. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs of completion and applicable variable selling expenses.

(j) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, bank balances, demand deposits, short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Leases

(i) Accounting by lessee

(i) Finance leases

Leases of property, plant and equipment where the Group and Company assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance lease is charged to the statement of comprehensive income over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Initial direct costs incurred by the Group and Company in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

Property, plant and equipment acquired under finance leases are depreciated over the estimated useful lives of the assets, in accordance with the annual rates stated in Note 2(c) above. Where there is no reasonable certainty that the ownership will be transferred to the Group and Company, the asset is depreciated over the shorter of the lease term and its estimated useful life.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases (continued)

(i) Accounting by lessee (continued)

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Prepaid lease rentals for transmission stations are charged to the profit or loss on a straight line basis over the respective period of the leases, ranging between 31 and 36 years.

(ii) Accounting by lessor

(i) Operating leases

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

(l) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the net profit for the financial year except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statements of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction occurring, it affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Current and deferred tax (continued)

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets (including tax benefit from reinvestment allowances) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

(m) Employee benefits

(i) Short-term employee benefits

The Group and Company recognises a liability and an expense for bonuses based on a formula that takes into consideration the net profit/(loss) for the financial year after certain adjustments. The Group and Company recognises a provision where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Wages, salaries, sick leave, paid annual leave, bonuses and non-monetary employee benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and Company and are expected to be settled wholly within 12 months.

(ii) Post-employment benefits - defined contribution retirement plan

A defined contribution plan is a pension plan under which the Group and Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

The Group's and Company's contributions to defined contribution plans, including the national defined contribution plan, the Employees' Provident Fund ("EPF"), are charged to the profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and Company has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits which are due more than 12 months after the financial position date are discounted to present value.

(n) Trade and other payables

These amounts represents obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Provisions

Provisions are recognised when the Group and Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Where the Group and Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Contingent liabilities and contingent assets

The Group and Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence and non-occurrence of one or more uncertain future events beyond the control of the Group and Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and Company. The Group and Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

(q) Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. However, in the case of interim dividends, it is recognised as liability upon approval by the Board of Directors of the Company.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and Company has an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Borrowings (continued)

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(s) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of estimated returns, discounts, commissions, rebates and taxes. Discounts and rebates are measured using the most likely amount method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substances of the respective contact with the customer, revenue is recognised when the performance obligation is satisfied, which may be at point in time or over time.

The Group and Company does not expect any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group and Company does not adjust any of the transaction prices for the time value of money.

No element of financing is deemed present as the sales are made with a credit term of 0 to 120 days, which is consistent with market practice.

(i) Advertising revenue

Advertising revenue mostly consists of advertising in television, radio, newspapers, digital platforms and outdoor advertising.

<u>Accounting policies applied from 1 January 2018</u>

Advertising revenue is recognised at a point in time when the advertisements are broadcasted on television or radio, published in newspapers or displayed on digital platforms.

Display rental revenue, content management and lighting from outdoor advertising are recognised over time in accordance with the period of the contract. Contracts with a combination of display rental, content management and lighting are recognised as separate distinct performance obligations and transaction price are allocated on a relative stand-alone selling price basis. Display rental stand-alone selling price is measured at the fixed transaction price agreed in the contracts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

(i) Advertising revenue (continued)

Accounting policies applied from 1 January 2018 (continued)

In addition, contra arrangements, whereby particular advertising service in exchange for other goods or services, generate a contract asset or liability to the extent that the service rendered by the Group does not pertain to the same line of business as the service received from the counterpart.

Accounting policies applied until 31 December 2017

Advertising revenue is recognised when advertisements are broadcasted on television or radio, published in newspapers or displayed on digital platforms. Display rental revenue from outdoor advertising is recognised over the period the display is provided.

(ii) Sale of goods

Revenue from the sale of goods includes the sale of newspapers, books, magazines and retail goods from home shopping network.

Accounting policies applied from 1 January 2018

Revenue from the sale of goods is recognised at a point in time when the control of the product is transferred to the customer.

It is the Group's policy to sell their products to the end customer with a right of return within 10 days. A contract liability (refund liability) and a right to the returned goods (included in inventories) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been low for years, management assessed that it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. As such, no contract liability or right to returned goods are recognised. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Accounting policies applied until 31 December 2017

Revenue from the sale of goods, including the sale of newspapers, retail goods and merchandise from home shopping network is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the delivery of the goods to the customer.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

(iii) Content and programme sales

Content revenue mostly consists of programme rights sales to customers, revenue generated from the production and license income.

Accounting policies applied from 1 January 2018

Revenue from the sale of programme rights and license income typically have a wide variety of performance obligations, from production licence contracts to multi-year format licence agreements and distribution activities. The application of IFRS 15 requires an assessment of whether licences are determined to be a right to access the content (revenue recognised over time) versus a right to use the content (revenue recognised at a point in time). The Group determined that for most of the licences granted, the involvement of the Group is limited to the transfer of the licence, where the performance obligation is satisfied at a point in time.

Revenue from theatrical film releases is recognised at a point in time in the period the feature films are screened in cinemas.

Subscription revenue from the provision of content on over-the-top and other digital platforms are recognised over time in accordance with the period the access is provided.

Accounting policies applied until 31 December 2017

Revenue from the sale of programme rights is recognised upon delivery and customer acceptance of the programmes concerned in accordance with the terms of the contract.

Revenue from theatrical film releases is recognised in the period the feature films are screened in cinemas.

Subscription revenue from the provision of content on over-the-top and other digital platforms are recognised over the period the access is provided.

(iv) Rendering of services

Revenue from the rendering of services includes management services, talent services, online social media and digital content services, seminar services and advertising production services.

Accounting policies applied from 1 January 2018

Revenue from management services, talent services, online social media and digital content services are recognised over time as and when the services are rendered.

Revenue from seminar services and advertising production services are recognised at a point in time upon the delivery of services or ready to be displayed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

(iv) Rendering of services (continued)

Accounting policies applied until 31 December 2017

Revenue from rendering of services, including management services, talent services, online social media and digital content services and advertising production services are recognised when the services have been rendered.

(v) Interest income

Accounting policies applied from 1 January 2018

MFRS 9 requires interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Accounting policies applied until 31 December 2017

Under MFRS 139, interest income is recognised using the effective interest rate method.

(vi) Other revenue

Dividend income is recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. Dividend income are received from financial assets measured at fair value through profit or loss ("FVTPL") and at FVOCI (2017: FVTPL and available-for-sale financial assets).

Rental income from rental of investment properties, cellular antenna space on outdoor structures and broadcasting equipment is recognised on a straight-line basis over the period of the lease or usage.

(t) Contract balances

(i) Contract assets

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 (see Note 36). Typically, the amount will be billed within 30 days and payment is expected within 30 days.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Contract balances (continued)

(ii) Contract liabilities

Contract liabilities were previously named as deferred income.

Contract liabilities of the Group and Company represent advance receipts from customers on sales and services that have yet to be rendered or completed, outdoor display rental charges in advance, monetary value of awarded points under customer loyalty programmes and advance receipts from customers received on behalf of its subsidiaries, of which the allocation of the advertising services has yet to be determined as at financial position date.

All other contract liabilities are expected to be recognised as revenue over the next 12 months.

(u) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the net profit for the financial year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in profit or loss within other operating expenses.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Foreign currencies (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each financial position date presented are translated at the closing rate at the date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Management and the Board of Directors that makes strategic decisions.

(w) Financial assets

<u>Accounting policies applied from 1 January 2018</u>

(i) Classification

From 1 January 2018, the Group and Company classify their financial assets in the following categories: at amortised cost ('AC') and at fair value through other comprehensive income ('FVOCI'). The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied from 1 January 2018 (continued)

(i) Classification (continued)

The Group and Company classify their financial assets as AC only if both of the following criteria are met:

(i) the asset is held within a business model whose objective is to collect the contractual cash flows; and
(ii) the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at FVOCI comprise:

(i) equity securities which are not held for trading, and which the Group and Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group and Company consider this classification to be more relevant; and
(ii) debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's and Company's business model is achieved both by collecting cash flows and selling financial assets.

For assets measured at fair value, gains and losses will be recorded in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group and Company have made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group and Company reclassify debt investments when and only when its business model for managing those assets changes.

See Note 38 for the impact of the change in accounting policy following the adoption of MFRS 9 on the classification of financial assets.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied from 1 January 2018 (continued)

(iii) Measurement

(a) Initial recognition

At initial recognition, the Group and Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

(b) Subsequent measurement

- Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group and Company classifies its debt instruments:

– AC: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at AC. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statements of comprehensive income.

– FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statements of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied from 1 January 2018 (continued)

(iii) Measurement (continued)

(b) Subsequent measurement (continued)

- Equity instruments

The Group and Company subsequently measures all equity investments at fair value. Where the Group's and Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's and Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 January 2018, the Group and Company assess on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at AC and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company has three types of financial instruments that are subject to the ECL model:
- Trade receivables
- Contract assets
- Non-trade receivables
  - intercompany loans/advances
  - deposits
  - staff loans/advances

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied from 1 January 2018 (continued)

(iv) Impairment (continued)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

See Note 36(b) for further details.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, except for those which are in default or credit-impaired are assessed individually.

For non-trade receivables, the Group and Company use the three stages approach which reflect their credit risk and how the loss allowances are determined for each of those stages. Summary of the assumptions underpinning the Group' s and Company' s ECL model for non-trade receivables are as follows:

Description	Stage 1 – Performing	Stage 2 – Underperforming	Stage 3 – Non-performing
Basis for recognising ECL	12 month ECL	Lifetime ECL	Lifetime ECL (credit impaired)
Intercompany loans/advances	Subsidiary have a low risk of default and a strong capacity to meet contractual cash flows where there is positive operating cash flows or in net tangible assets.	Subsidiary for which there is a significant increase in credit risk where it is in negative operating cash flows or in net tangible liabilities.	There is evidence indicating the asset is credit-impaired where the subsidiary is dormants and in net tangible liabilities.
Deposits	Active contracts	Inactive contracts and amounts outstanding less or equal to 6 months	Inactive contracts and amounts outstanding more than 6 months
Staff loans/advances	Current employees	Ex-employees with no default in payment	Ex-employees with default in payment

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied from 1 January 2018 (continued)

(iv) Impairment (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Regardless of the analysis above, a significant increase in credit risk is presumed if the financial asset is past due in making a contractual payment.

The Group and Company considers a financial asset to be in default when the counterparty fails to make contractual payment when they fall due or is in significant financial difficulty. Financial instruments that are credit-impaired are assessed on individual basis.

(v) Write-off

Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payment. Nevertheless, trade receivables and contract assets that are written-off could still be subject to enforcement activities.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Non-trade receivables

The Group and Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied until 31 December 2017

(i) Classification

Until 31 December 2017, the Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. The assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value, and transaction costs are expensed in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

(iii) Subsequent measurement – gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in the profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 2(w)(v)(b)) and foreign exchange gains and losses on monetary assets.

Interest and dividend income on available-for-sale financial assets are recognised separately in the profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in net profit for the financial year. Dividends income on available-for-sale equity instruments are recognised in net profit for the financial year when the Group's right to receive a payment is established.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(v) Subsequent measurement - impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

(v) Subsequent measurement - impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the net profit for the financial year. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

(v) Subsequent measurement - impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(b) Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for "assets carried at amortised cost" above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in net profit for the financial year, the impairment loss is reversed through the profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for "assets carried at amortised cost" above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative losses that had been recognised directly in equity is removed from equity and recognised in net profit for the financial year. The amount of cumulative losses that is reclassified to net profit for the financial year is the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognised in net profit for the financial year. Impairment losses recognised in net profit for the financial year on equity instruments classified as available-for-sale are not reversed through profit or loss.

(vi) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Financial liabilities

MFRS 9 retains most of the MFRS 139 requirements for financial liabilities. From 1 January 2018, the Group and Company classify its financial liabilities at amortised cost ('AC').

<u>Accounting policies applied from 1 January 2018</u>

Financial liabilities are recognised initially at fair value plus or minus, any directly attributable transaction costs incurred at the acquisition or issuance of financial instrument.

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

<u>Accounting policies applied until 31 December 2017</u>

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial liabilities with another enterprise under conditions that are potentially unfavourable.

The Group's and Company's financial liabilities are classified as "other financial liabilities" and are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss. It is capitalised as part of the cost of a qualifying asset only if the amortisation is directly attributable to the acquisition, construction or production of the asset. Capitalisation of such borrowing costs commences when the activities to prepare the asset are incurred. Borrowings costs are capitalised until the assets are substantially completed for their intended use or sale.

Financial liabilities are classified as current liabilities for those having maturity dates of less than 12 months after the reporting date. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Assessment of impairment of non-financial assets

The Group and Company assess impairment of the non-financial assets (excluding goodwill), in particular impairment assessments on the Company's investment in subsidiaries, whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable (i.e. the carrying amount is more than the recoverable amount).

The Group also tests annually whether goodwill or intangible assets with indefinite life has suffered any impairment, in accordance with the accounting policy (Note 2(f)).

Recoverable amount of an asset is measured at the higher of the fair value less cost to sell ("FVLCS") for that asset and its value-in-use ("VIU"). The VIU is the net present value of the projected future cash flows derived from the cash generating units discounted at an appropriate discount rate. Projected future cash flows are estimates made based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. For recoverable amount that is based on FVLCS which include fair value of assets or properties, the Group engaged independent valuers to assess the fair value of the assets.

Projected future cash flows are based on Group's and Company's judgement in terms of assessing future uncertain parameters such as estimated revenue growth, operating costs, contribution margins, discount rates and other available information. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under the current circumstances.

The key assumptions used, results and conclusion of the impairment assessments are set out in Notes 14, 16 and 18 of the financial statements.

(ii) Deferred tax assets

Deferred tax assets arose from unused tax losses, unabsorbed capital allowances and deductible temporary differences. Deferred tax assets were recognised to the extent that it is probable that future taxable profit will be available against which deferred tax asset can be utilised.

In evaluating whether it is probable that future taxable profits will be available in future periods, all available evidence was considered, including approved budgets and business plans, completed and planned restructuring exercises, continuous effective cost management initiatives and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes.

(iii) Measurement of ECL allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company use judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs used are disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 REVENUE

	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000
Revenue from contracts with customers:				
Advertising revenue	856,951	948,308	–	–
Newspaper sales	72,601	88,121	–	–
Content creation	6,028	5,045	–	–
Content sales	7,306	13,164	–	–
Sale of retail goods	213,138	129,512	–	–
Seminar services, events, books and magazines	20,095	3,155	–	–
Others ancillary revenue	5,472	7,757	–	–
License income	917	741	–	–
Management fees	–	–	101,885	80,672
	1,182,508	1,195,803	101,885	80,672
Revenue from other sources:				
Rental income from investment properties and outdoor cellular antenna space	3,229	3,025	–	–
Dividends from subsidiaries	–	–	5,000	35,000
	1,185,737	1,198,828	106,885	115,672
Timing of revenue recognition:				
At a point in time	1,040,221	1,052,657	101,885	80,672
Over time	142,287	143,146	–	–
Revenue from contracts with customers	1,182,508	1,195,803	101,885	80,672
Revenue from other sources	3,229	3,025	5,000	35,000
	1,185,737	1,198,828	106,885	115,672

4 REVENUE (CONTINUED)

An analysis by traditional and new revenue streams for the Group is as follows:

2018

	Traditional RM'000	Digital RM'000	Home shopping RM'000	Group RM'000
Revenue from contracts with customers:				
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
	881,463	87,907	213,138	1,182,508
Revenue from other sources:				
Property and others	3,229	–	–	3,229
	884,692	87,907	213,138	1,185,737

2017

	Traditional RM'000	Digital RM'000	Home shopping RM'000	Group RM'000
Revenue from contracts with customers:				
Advertising	914,607	33,701	–	948,308
Circulation	88,121	–	–	88,121
Commerce	17,060	7,757	129,512	154,329
Content	5,045	–	–	5,045
	1,024,833	41,458	129,512	1,195,803
Revenue from other sources:				
Property and others	3,025	–	–	3,025
	1,027,858	41,458	129,512	1,198,828

Digital revenue stream as analysed above includes digital revenue from the other operating segment.

Revenue recognised from exchanges of goods and services ("contra arrangements") amounted to RM2.2 million (2017: RM4.4 million).

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

Unsatisfied long-term performance obligations

The Group has applied expedients whereby the transaction price allocated to unsatisfied or partially unsatisfied performance obligations:

a) as at 31 December 2017, and
b) for contracts that have an expected duration of one year or less are not disclosed.

For contracts that exceed one year, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the financial year is approximately RM6.9 million, of which the Group expects to recognise RM5.6 million as revenue in 2019 and the remaining amount of RM1.3 million is expected to be recognised as revenue from 2019 onwards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Senior Management and the Board of Directors (chief operating decision-maker) that are used to make strategic decisions.

The chief operating decision-maker considers the business primarily from a product perspective as the activities of the Group are predominantly domestic based.

The reportable operating segments derive their revenue primarily from the following activities:

Television Networks	Commercial television broadcasting and video-on-demand services
Radio Networks	Commercial radio broadcasting
Outdoor Media	Outdoor advertising space and related outdoor advertisement production services
Print Media	Publishing and sale of newspapers
Digital Media	Digital media content and services
Content Creation	Media content production, procurement and distribution, music production and studio recording, and talent management of artistes
Home Shopping	Home shopping network

The chief operating decision-maker assesses the performance of the operating segments, before its respective tax charged or tax credits, based on a measure of Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA"). Since the chief operating decision-maker reviews EBITDA, the share of associates' results are not included in the measure of EBITDA.

The chief operating decision-maker assesses the assets and liabilities of the operations on a Group basis whereby the Television Networks, Radio Networks, Outdoor Media, Print Media, Digital Media, Content Creation and Home Shopping makes up individual segments. Within each segment, a significant portion of the assets and operations are based on shared resources basis i.e. centralised Group treasury, management services, finance, engineering, information technology, human resource and other support services.

5 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

2018	Television Networks RM'000	Radio Networks RM'000	Outdoor Media RM'000	Print Media RM'000	Content Creation RM'000	Digital Media RM'000	Home Shopping RM'000	#Corporate RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	426,255	53,268	167,111	266,390	14,251	45,324	213,138	–	–	1,185,737
Inter–segment revenue	11,139	1,296	2,470	3,899	84,927	42,028	–	106,885	(252,644)	–
	437,394	54,564	169,581	270,289	99,178	87,352	213,138	106,885	(252,644)	1,185,737
Royalties	(53)	(321)	–	–	–	–	–	–	–	(374)
	437,341	54,243	169,581	270,289	99,178	87,352	213,138	106,885	(252,644)	1,185,363
(LBITDA)/EBITDA	(50,684)	13,549	37,540	158,089	(17,248)	14,398	(2,246)	(18,562)	38,805	173,641
Depreciation and amortisation	(34,857)	(2,009)	(15,248)	(16,890)	(86)	(2,560)	(1,721)	(58)	(857)	(74,286)
Impairment loss and termination benefits	(20,412)	–	–	–	1,917	–	–	(281,231)	280,756	(18,970)
Finance cost	(6,317)	(461)	(269)	(2,314)	–	(71)	–	(19,134)	8,821	(19,745)
Taxation	(503)	(1,716)	670	3,877	(2,639)	(1,519)	(89)	(20)	290	(1,649)
Reportable segment (loss)/profit after tax before allocation to non-controlling interest	(112,773)	9,363	22,693	142,762	(18,056)	10,248	(4,056)	(319,005)	327,815	58,991

These items are predominantly (more than 90%) relating to the Company for which, the financial information is disclosed separately on the face of the financial statements as well as the Notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the chief operating decision-maker for the reportable segments is as follows: (continued)

2017	Television Networks RM'000	Radio Networks RM'000	Outdoor Media RM'000	Print Media RM'000	Content Creation RM'000	Digital Media 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	320,216	18,137	12,158	129,512	–	–	1,198,828
Inter-segment revenue	5,870	143	1,347	5,531	86,727	43,363	–	115,672	(258,653)	–
	491,670	66,556	167,939	325,747	104,864	55,521	129,512	115,672	(258,653)	1,198,828
Royalties	(899)	(320)	–	–	–	–	–	–	–	(1,219)
	490,771	66,236	167,939	325,747	104,864	55,521	129,512	115,672	(258,653)	1,197,609
EBITDA/(LBITDA)	8,204	26,993	3,853	(26,517)	12,177	10,173	(14,093)	12,984	(38,189)	(4,415)
Depreciation and amortisation	(48,983)	(1,914)	(11,379)	(36,227)	(69)	(5,144)	(1,391)	(35)	(2,880)	(108,022)
Impairment loss and termination benefits	(37,157)	–	(269)	(314,315)	(10,752)	–	–	(352,992)	241,943	(473,542)
Finance cost	(4,624)	(308)	(54)	(1,539)	–	(86)	–	(14,321)	6,272	(14,660)
Share of results of an associate	–	–	–	(4,889)	–	–	–	–	–	(4,889)
Taxation	(30,303)	(1,124)	(48)	(49,562)	(1,901)	(7,246)	–	(498)	26,545	(64,137)
Reportable segment (loss)/profit after tax before allocation to non–controlling interest	(112,863)	23,647	(7,897)	(433,049)	(545)	(2,303)	(15,484)	(354,862)	233,691	(669,665)

These items are predominantly (more than 90%) relating to the Company for which, the financial information is disclosed separately on the face of the financial statements as well as the Notes to the financial statements.

6 EMPLOYEE BENEFITS COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and bonuses	306,634	311,892	47,100	40,295
Defined contribution retirement plan	42,329	45,133	6,188	6,063
Termination benefits	18,970	110,706	476	10,529
Other employee benefits	33,065	35,297	4,940	10,318
	400,998	503,028	58,704	67,205

7 IMPAIRMENT OF NON-CURRENT ASSETS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment (Note 14)	–	117,891	–	–
Investment properties (Note 15)	–	853	–	–
Investments in subsidiaries (Note 16)	–	–	280,756	342,463
Investment in an associate (Note 17)	–	141,506	–	–
Intangible assets (Note 18)	–	103,865	–	–
	–	364,115	280,756	342,463

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging:

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000 (Restated)
Royalties	374	1,219	–	–
Auditors' remuneration:				
- Statutory audit				
- PricewaterhouseCoopers PLT	1,507	1,400	98	98
- Other auditors of subsidiaries	–	90	–	–
- Other services^	808	4	800	4
- Tax services	448	320	151	317
Amortisation:				
- Prepaid transmission station rentals	152	283	–	–
Depreciation:				
- Property, plant and equipment	68,946	98,732	60	34
- Investment properties	1,329	1,334	–	–
Inventories written down	174	47	–	–
Impairment loss allowance:				
- Trade and other receivables (net)	9,440	14,996	9	–
- Amounts due from subsidiaries	–	–	19,334	26
Write-offs:				
- Property, plant and equipment	3,063	179	–	–
- Intangible asset	1,249	100	–	–
Rental expenses:				
- Transmitters	15,077	16,140	–	–
- Outdoor display sites	67,865	71,396	–	–
- Premises	29,722	26,029	15,894	13,357
- Office equipment	3,095	2,555	2,418	2,281
Road reserve fees payable to the Malaysian Highway Authority	10,127	34,900	–	–
Distribution costs	44,327	36,701	–	–
Repair and maintenance	43,379	46,175	10,679	11,090
Research and development	8,962	8,854	7	2
Professional and consultancy	23,553	24,435	2,503	9,107
Advertising and promotion	20,375	23,616	848	1,258
Foreign exchange losses (net):				
- Realised	72	25	–	33

8 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

Profit/(loss) from operations is stated after charging: (continued)

	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000 (Restated)
and after crediting:				
Gain on disposal:				
- Property, plant and equipment	138,330	2,083	–	–
- Non-current assets held for sale	4,268	1,638	–	–
- Investment properties	–	313	–	–
Gain on disposal of shares in an associate	45,643	–	–	–
Net income from sale of newsprint and unsold newspapers	2,517	5,169	–	–
Rental income:				
- Equipment and facilities	158	5,925	–	–
- Premises	588	588	–	–
Foreign exchange gains (net):				
- Realised	–	–	25	–
- Unrealised	–*	153	–	–

* Less than RM1,000

^ All other services were procured competitively in accordance with the Group's Procurement Policies and Procedures. Other services can be offered by the external auditors of the Group if there are clear efficiencies and value added benefits to the Group.

9 FINANCE INCOME/(COST)

	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000 (Restated)
Finance income				
Interest from deposits	6,188	9,161	2,036	3,593
Interest from intercompany loan	–	–	8,214	5,623
	6,188	9,161	10,250	9,216
Finance cost				
Interest on borrowings	(19,405)	(14,520)	(19,134)	(14,321)
Interest on payables	(340)	(140)	–	–
	(19,745)	(14,660)	(19,134)	(14,321)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-executive Directors:				
- Fees	762	775	409	452
- Allowances	948	896	665	620
- Other remuneration	34	35	34	35
Executive Directors:				
- Basic salaries and bonus	960	1,176	989	1,176
- Allowances	110	209	81	209
- Defined contribution retirement plan	204	267	204	267
	3,018	3,358	2,382	2,759
Estimated monetary value of benefits-in-kind	13	19	13	19

11 TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax:				
- Current financial year	2,195	8,897	–	–
- Under accruals in prior financial year	629	701	515	–
	2,824	9,598	515	–
Deferred tax:				
- Origination and reversal of temporary differences (Note 19)	(1,175)	54,539	–	–
Tax expense	1,649	64,137	515	–

11 TAXATION (CONTINUED)

The explanation of the relationship between taxation and profit/(loss) before taxation is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(loss) before taxation	60,640	(605,528)	(318,992)	(356,747)
Tax calculated at the Malaysian corporate income tax rate of 24% (2017: 24%)	14,554	(145,327)	(76,558)	(85,619)
Tax effects of:				
- Expenses not deductible for tax purpose	5,128	55,112	77,207	86,370
- Income not subject to tax	(45,777)	(2,149)	(1,495)	(10,612)
- Deferred tax assets not recognised in respect of current year's temporary differences, allowances and unused tax losses	24,055	68,250	846	11,434
- Reversal of previously recognised deferred tax assets	–	94,652	–	–
- Share of results of an associate	–	1,173	–	–
- Expenses eligible for double deduction	(291)	(240)	–	–
- Tax-exempt income under pioneer status	(1,233)	(664)	–	–
- Under/(over) accruals of taxation in prior financial years	5,213	(6,670)	515	–
- Utilisation of group tax relief	–	–	–	(1,573)
Taxation	1,649	64,137	515	–

Included in income tax expense of the Group are tax savings amounting to RM11.3 million (2017: RM9.6 million) from utilisation of group tax reliefs.

There is no tax charge/credit relating to components of other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 EARNINGS PER SHARE

	Group	
	2018	2017
Net profit/(loss) attributable to owners of the Company (RM'000)	58,623	(650,611)
Weighted average number of ordinary shares in issue ('000)	1,109,199	1,109,199
Basic earnings/(loss) per share (sen)	5.29	(58.66)
Diluted earnings/(loss) per share (sen)	5.29	(58.66)

The basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

13 DIVIDENDS

	Group and Company			
	2018		2017	
	Dividend per share Sen	Amount of tax-exempt dividend RM'000	Dividend per share Sen	Amount of tax-exempt dividend RM'000
Dividends paid: Final single tier dividend for the previous financial year	–	–	4.0	*44,368
	–	–	4.0	44,368

* Paid during the financial year ended 31 December 2017

No final dividend in respect of the financial year ended 31 December 2018 will be proposed for shareholders' approval.

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Broad-casting and transmission equipment RM'000	Production equipment RM'000	Office equipment, furniture and fittings RM'000	Office renovations RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Struc-tures RM'000	Assets under cons-truction RM'000	Total RM'000
Group													
2018													
Cost													
At 1.1.2018	16,075	95,278	310,780	695,186	792,338	592	455,787	32,984	16,529	46,378	175,593	34,916	2,672,436
Additions	–	–	–	770	2,338	–	3,883	289	1,538	2,309	–	15,552	26,679
Disposals	–	(82,170)	(90,620)	(10,075)	(96)	–	(1,916)	–	(225)	–	(674)	–	(185,776)
Write-offs	–	–	–	–	–	(1)	(2)	–	–	–	(1,255)	(1,809)	(3,067)
Transfer from non-current assets held for sale (Note 25)	100	–	–	–	–	–	–	–	–	–	–	–	100
Reclassification	–	–	–	3,490	2,024	–	14,583	–	–	–	24,895	(44,992)	–
At 31.12.2018	16,175	13,108	220,160	689,371	796,604	591	472,335	33,273	17,842	48,687	198,559	3,667	2,510,372

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Broad-casting and transmission equipment RM'000	Production equipment RM'000	Office equipment, furniture and fittings RM'000	Office renovations RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Struc-tures RM'000	Assets under cons-truction RM'000	Total RM'000
Group													
Accumulated depreciation													
At 1.1.2018	5,460	–	147,087	501,042	613,919	544	367,495	30,446	12,472	40,818	120,092	–	1,839,375
Charge for the financial year	413	–	5,765	801	23,647	–	20,846	829	1,248	4,903	10,494	–	68,946
Disposals	–	–	(33,257)	(3,156)	(79)	–	(18)	–	(225)	–	(673)	–	(37,408)
Write-offs	–	–	–	–	–	(1)	(2)	–	–	–	–*	–	(3)
Transfer from non-current assets held for sale (Note 25)	15	–	–	–	–	–	–	–	–	–	–	–	15
At 31.12.2018	5,888	–	119,595	498,687	637,487	543	388,321	31,275	13,495	45,721	129,913	–	1,870,925

*Less than RM1,000

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Broad-casting and transmission equipment RM'000	Production equipment RM'000	Office equipment, furniture and fittings RM'000	Office renovations RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Struc-tures RM'000	Assets under cons-truction RM'000	Total RM'000
Group													
Accumulated impairment losses													
At 1.1.2018/ At 31.12.2018	–	3,265	70,226	182,613	58,213	–	18,308	–	1,474	–	382	–	334,481
Net book value													
At 31.12.2018	10,287	9,843	30,339	8,071	100,904	48	65,706	1,998	2,873	2,966	68,264	3,667	304,966

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Broad-casting and transmission equipment RM'000	Production equipment RM'000	Office equipment, furniture and fittings RM'000	Office renovations RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Struc-tures RM'000	Assets under cons-truction RM'000	Total RM'000
Group													
2017													
Cost													
At 1.1.2017	17,575	95,278	310,780	690,230	769,472	1,358	441,214	31,072	19,294	44,290	149,210	18,232	2,588,005
Acquisition of subsidiaries (Note 16)	–	–	–	–	–	–	426	–	–	227	–	–	653
Additions	–	–	–	1,691	13,542	–	11,208	1,912	332	1,598	5,438	59,938	95,659
Disposals	–	–	–	(540)	(952)	–	(2,471)	–	(3,097)	(222)	(333)	(1,728)	(9,343)
Write-offs	–	–	–	–	–	(766)	(93)	–	–	–	–	(179)	(1,038)
Transfer to non-current assets held for sale (Note 25)	(1,500)	–	–	–	–	–	–	–	–	–	–	–	(1,500)
Reclassification	–	–	–	3,805	10,276	–	5,503	–	–	485	21,278	(41,347)	–
At 31.12.2017	16,075	95,278	310,780	695,186	792,338	592	455,787	32,984	16,529	46,378	175,593	34,916	2,672,436

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Broad-casting and transmission equipment RM'000	Production equipment RM'000	Office equipment, furniture and fittings RM'000	Office renovations RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Struc-tures RM'000	Assets under cons-truction RM'000	Total RM'000
Group													
Accumulated depreciation													
At 1.1.2017	5,338	–	141,431	486,123	577,996	1,294	343,115	29,877	13,559	36,216	113,367	–	1,748,316
Charge for the financial year	409	–	5,656	15,225	36,752	–	26,424	569	1,816	4,824	7,057	–	98,732
Disposals	–	–	–	(306)	(829)	–	(1,951)	–	(2,903)	(222)	(332)	–	(6,543)
Write-offs	–	–	–	–	–	(750)	(93)	–	–	–	–	–	(843)
Transfer to non–current assets held for sale (Note 25)	(287)	–	–	–	–	–	–	–	–	–	–	–	(287)
At 31.12.2017	5,460	–	147,087	501,042	613,919	544	367,495	30,446	12,472	40,818	120,092	–	1,839,375

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Broad-casting and transmission equipment RM'000	Production equipment RM'000	Office equipment, furniture and fittings RM'000	Office renovations RM'000	Motor vehicles RM'000	Leasehold improve-ments RM'000	Struc-tures RM'000	Assets under cons-truction RM'000	Total RM'000
Group													
Accumulated impairment losses													
At 1.1.2017	–	3,265	70,226	93,656	38,422	–	9,409	–	1,326	–	382	–	216,686
Charge for the financial year	–	–	–	88,957	19,791	–	8,915	–	228	–	–	–	117,891
Disposals	–	–	–	–	–	–	–	–	(80)	–	–	–	(80)
Write-offs	–	–	–	–	–	–	(16)	–	–	–	–	–	(16)
At 31.12.2017	–	3,265	70,226	182,613	58,213	–	18,308	–	1,474	–	382	–	334,481
Net book value													
At 31.12.2017	10,615	92,013	93,467	11,531	120,206	48	69,984	2,538	2,583	5,560	55,119	34,916	498,580

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company	
	2018 RM'000	**2017 RM'000**
Office equipment, furniture & fittings		
Cost		
At 1 January	3,979	3,869
Additions	168	110
At 31 December	4,147	3,979
Accumulated depreciation		
At 1 January	3,701	3,667
Charge for the financial year	60	34
At 31 December	3,761	3,701
Net book value		
At 31 December	386	278

(a) Impairment of property, plant and equipment.

During the financial year ended 31 December 2018, no impairment loss on property, plant and equipment was recognised.

(i) Print Media

In the previous financial year, the Group has performed an impairment assessment on the two regional printing plants due to the overall challenging operating environment faced by its Print Media reportable segment. Due to these factors, the carrying amount of the related property, plant and equipment of RM98.1 million had been fully impaired.

(ii) Television Networks

In the previous financial year, the Group undertook a broadcasting modernisation programme to support its Television Networks operating segment. Due to these factors, an impairment assessment on broadcasting equipment was performed. Consequently, the Group recognised an impairment charge of RM19.8 million on property, plant and equipment affected by greater than anticipated technological obsolescence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Property, plant and equipment pledged as security

The carrying amount of property, plant and equipment of the Group pledged to financial institutions as security for borrowings of the Company are as follows:

	Group 2018 RM'000	2017 RM'000
Freehold land	–	65,088
Buildings	–	38,266
	–	103,354

15 INVESTMENT PROPERTIES

	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Cinema RM'000	Total RM'000
Group					
Cost					
At 1 January/31 December 2018	6,487	6,300	30,079	2,382	45,248
Accumulated depreciation					
At 1 January 2018	458	–	9,014	800	10,272
Charge for the financial year	1	–	1,278	50	1,329
At 31 December 2018	459	–	10,292	850	11,601
Accumulated impairment losses					
At 1 January/31 December 2018	3,092	–	–	203	3,295
Net book value					
At 31 December 2018	2,936	6,300	19,787	1,329	30,352

15 INVESTMENT PROPERTIES (CONTINUED)

	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Cinema RM'000	Total RM'000
Group					
Cost					
At 1 January 2017	6,487	6,300	30,177	2,382	45,346
Disposals	–	–	(1,448)	–	(1,448)
Transfer from non-current assets held for sale (Note 25)	–	–	1,350	–	1,350
At 31 December 2017	6,487	6,300	30,079	2,382	45,248
Accumulated depreciation					
At 1 January 2017	452	–	7,718	750	8,920
Charge for the financial year	6	–	1,278	50	1,334
Disposals	–	–	(175)	–	(175)
Transfer from non-current assets held for sale (Note 25)	–	–	193	–	193
At 31 December 2017	458	–	9,014	800	10,272
Accumulated impairment losses					
At 1 January 2017	2,239	–	1,273	203	3,715
Charge for the financial year	853	–	–	–	853
Disposals	–	–	(1,273)	–	(1,273)
At 31 December 2017	3,092	–	–	203	3,295
Net book value					
At 31 December 2017	2,937	6,300	21,065	1,379	31,681

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15 INVESTMENT PROPERTIES (CONTINUED)

The following amounts have been recognised in profit or loss in respect of investment properties:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Rental income	250	168
Direct operating expenses incurred from investment properties that generate rental income	(193)	(278)
Direct operating expenses incurred from investment properties that did not generate rental income	(35)	(161)

(a) Impairment of investment properties during the previous financial year

The Group recognised an impairment charge in respect of investment properties in the previous financial year amounted to RM0.9 million. The impairment was attributed to greater than anticipated wear and tear. The impairment charge had been recorded in "impairment of non-current assets" in profit or loss.

(b) Fair value of investment properties

The fair value of the properties based on valuations by an independent professional valuer in the prior financial year using the cost and comparison method as follows:

	2018		2017	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Group				
Investment properties	30,352	83,261	31,681	86,549

The fair value of the properties of the Group has been determined based on inputs other than quoted prices included within active markets that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) which is within level 2 of the fair value hierarchy.

16 SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost	1,774,563	1,178,279
Less: Accumulated impairment losses	(627,111)	(343,212)
	1,147,452	835,067
Redeemable preference shares ("RPS")	–	491,284
Less: Accumulated impairment losses	–	(3,143)
	–	488,141
	1,147,452	1,323,208

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Interest in equity 2018 %	Interest in equity 2017 %
Sistem Televisyen Malaysia Berhad ("STMB")	Malaysia	Commercial television broadcasting and video-on-demand services	100	100
Synchrosound Studio Sdn Bhd ("Hot FM")	Malaysia	Commercial radio broadcasting	100	100
Big Tree Outdoor Sdn Bhd ("BTO")	Malaysia	Outdoor advertising, investment holding and management services	100	100
Primeworks Studios Sdn Bhd ("PWS")	Malaysia	Production of television content and motion picture films, acquiring ready made films from local producers and production houses	100	100
Big Events Sdn Bhd	Malaysia	Events management	100	100
The Talent Unit Sdn Bhd	Malaysia	Talent management of artistes	100	100
Alternate Records Sdn Bhd	Malaysia	Album production and recording studio	100	100
Esprit Assets Sdn Bhd	Malaysia	Property investments and provision of property management services	100	100
Animated & Production Techniques Sdn Bhd	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Principal activities	Interest in equity 2018 %	2017 %
Primeworks Distribution Sdn Bhd ("PWD")	Malaysia	Content and programme sales and distribution	100	100
Able Communications Sdn Bhd	Malaysia	Dormant	100	100
Star Crest Media Sdn Bhd	Malaysia	Dormant	100	100
Lazim Juta Sdn Bhd	Malaysia	Investment holding	100	100
The New Straits Times Press (Malaysia) Berhad ("NSTP")	Malaysia	Publishing and sale of newspapers and investment holding	98.17	98.17
Media Prima Digital Sdn Bhd ("MPD")	Malaysia	Digital media services	100	100
<u>Held by STMB</u>				
Ch-9 Media Sdn Bhd ("TV9")	Malaysia	Commercial television broadcasting	100	100
Natseven TV Sdn Bhd ("ntv7")	Malaysia	Commercial television broadcasting	100	100
MP CJ ENM Sdn Bhd ("MPCJ") (formerly known as MP CJ O Shopping Sdn Bhd)	Malaysia	Home shopping network	51	51
Merit Idea Sdn Bhd	Malaysia	Investment holding	100	100
<u>Held by Merit Idea Sdn Bhd</u>				
Metropolitan TV Sdn Bhd ("8TV")	Malaysia	Commercial television broadcasting	100	100
<u>Held by Hot FM</u>				
Perintis Layar Sdn Bhd	Malaysia	Investment holding	100	100
One FM Radio Sdn Bhd ("OneFM")	Malaysia	Commercial radio broadcasting	99.6	99.6
Kool FM Radio Sdn Bhd ("KoolFM")	Malaysia	Commercial radio broadcasting	100	100

16 SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Principal activities	Interest in equity 2018 %	2017 %
Held by Perintis Layar Sdn Bhd				
Max-Airplay Sdn Bhd ("FlyFM")	Malaysia	Commercial radio broadcasting	100	100
Held by NSTP				
Berita Harian Sdn Bhd	Malaysia	Dormant	100	100
Business Times (Malaysia) Sdn Bhd	Malaysia	Dormant	100	100
Marican Sdn Bhd	Malaysia	Dormant	92.5	92.5
New Straits Times Sdn Bhd	Malaysia	Dormant	100	100
NSTP e-Media Sdn Bhd	Malaysia	Dormant	100	100
Shin Min Publishing (Malaysia) Sdn Bhd	Malaysia	Dormant	89.6	89.6
The New Straits Times Properties Sdn Bhd	Malaysia	Property management services	100	100
Held by Jupiter Outdoor Network Sdn Bhd				
Calcom Sdn Bhd	Malaysia	Dormant	100	100
Lokasi Sejagat Sdn Bhd	Malaysia	Dormant	100	100
Skyten Marketing Sdn Bhd	Malaysia	Dormant	100	100
Held by BTO				
UPD Sdn Bhd ("UPD")	Malaysia	Outdoor advertising	100	100
The Right Channel Sdn Bhd ("TRC")	Malaysia	Outdoor advertising	100	100
Kurnia Outdoor Sdn Bhd ("Kurnia")	Malaysia	Outdoor advertising	100	100
Jupiter Outdoor Network Sdn Bhd	Malaysia	Dormant	100	100

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16 SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Principal activities	Interest in equity 2018 %	2017 %
Big Tree Productions Sdn Bhd	Malaysia	Production of outdoor advertising display	100	100
Uniteers Outdoor Advertising Sdn Bhd	Malaysia	Advertising contracting and agents, sale of advertising space	100	100
Gotcha Sdn Bhd	Malaysia	Outdoor advertising	100	100
Eureka Outdoor Sdn Bhd	Malaysia	Dormant	100	100
Anchor Heights Sdn Bhd	Malaysia	Dormant	100	100
Big Tree Seni Jaya Sdn Bhd ("BTSJ")	Malaysia	Outdoor advertising	60	60
Held by Alternate Records Sdn Bhd				
Booty Studio Productions Sdn Bhd	Malaysia	Dormant	60	60
Held by The Right Channel Sdn Bhd ("TRC")				
MMC-AD Sdn Bhd	Malaysia	Dormant	100	100
Media Master Industries (M) Sdn Bhd	Malaysia	Dormant	100	100
Held by Kurnia Outdoor Sdn Bhd				
Kurnia Outdoor Productions Sdn Bhd	Malaysia	Production of advertising display	100	100
Held by Lazim Juta Sdn Bhd				
Strategic Media Asset Mgmt Co Ltd	Labuan	Dormant	100	100

16 SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Principal activities	Interest in equity 2018 %	2017 %
Held by MPD				
Rev Asia Holdings Sdn Bhd *	Malaysia	Investment holding	100	100
Held by Rev Asia Holdings Sdn Bhd				
Rev Social Malaysia Sdn Bhd *	Malaysia	Digital publishing and social media content sharing platform	100	100
Rev Digital Sdn Bhd *	Malaysia	Digital publishing	100	100
Rev Lifestyle Sdn Bhd *	Malaysia	Digital publishing	100	100
Held by Rev Social Malaysia Sdn Bhd				
Rev Social International Sdn Bhd *	Malaysia	Digital publishing	100	100

* Audited by an auditor other than PricewaterhouseCoopers PLT for the previous financial year. PricewaterhouseCoopers PLT had been appointed as auditor for the current financial year.

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16 SUBSIDIARIES (CONTINUED)

(a) Additional investment in subsidiaries during the financial year

(i) Additional capital contribution in BTSJ

On 12 January 2018, BTSJ received a capital contribution of RM1.0 million which represents a 60% and 40% capital contribution by BTO and Seni Jaya Sdn Bhd respectively.

(ii) Conversion of intercompany loan to equity contribution in MPD

On 28 October 2018, the Company converted RM105.0 million of its amounts due from MPD to form part of its net investment in MPD.

The conversion of intercompany loan to equity contribution did not have any effect to the Group.

(iii) Conversion of Redeemable Preference Shares ("RPS") in subsidiaries to ordinary shares

On 22 May 2018, the Company converted a total of 491,283,900 of RPS in its subsidiaries with a par value of RM0.01 and a premium of RM0.99 per RPS on issuance to ordinary shares.

The conversion of RPS did not have any effect to the Group.

(b) Acquisition of subsidiaries in the previous financial year

(i) Rev Asia Holdings Sdn Bhd and its subsidiaries ("Rev Asia Holdings group")

On 1 August 2017, MPD, a wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Rev Asia Holdings Sdn Bhd, a company incorporated in Malaysia, and its subsidiaries, for a total consideration of RM105.0 million. The amount of fair value of net identifiable assets and liabilities amounted to RM53.6 million which resulted in a goodwill of RM51.4 million.

The goodwill of RM51.4 million comprises of the value of expected potential synergistic benefits to upsell the Group's digital products and services by having a wider digital audience base. None of the goodwill is expected to be deductible for income tax purposes.

(c) Conversion of RPS in the previous financial year

(i) PWD

On 29 December 2017, the Company converted 86,400,000 RPS of PWD, which represented the entire issued and paid-up RPS of PWD amounted to RM86.4 million into new ordinary shares. The conversion was made without payment of any consideration (cash or otherwise) with a conversion ratio of one new ordinary share for one RPS held.

The conversion of RPS did not have any effect to the Group.

16 SUBSIDIARIES (CONTINUED)

(d) Subsidiaries of the Company that have material non-controlling interests ("NCI") to the Group

Set out below are the summarised financial information of subsidiaries of the Company with non-controlling interests, which, in the opinion of the Directors, are material to the Group.

Proportion of equity interest held by non-controlling interests:

	2018 %	2017 %
NCI percentage of ownership interest in equity:		
MPCJ	49.0	49.0
NSTP group	1.83	1.83
BTSJ	40.0	40.0

	2018 RM'000	2017 RM'000
Carrying amount of non-controlling interests:		
MPCJ	3,134	5,121
NSTP group	6,276	3,724
BTSJ	(3,922)	(3,584)
Other subsidiaries with immaterial non-controlling interests	277	269
	5,765	5,530

Movements of carrying amount of non-controlling interests are as follows:

	2018 RM'000	2017 RM'000
At 1 January	5,530	24,584
Effects of adoption of MFRS 9	(533)	–
Capital contribution attributable to non-controlling interests:		
BTSJ	400	–
(Loss)/profit attributable to non-controlling interests:		
MPCJ	(1,987)	(7,587)
NSTP group	2,685	(7,925)
BTSJ	(338)	(3,586)
Other subsidiaries with immaterial non-controlling interests	8	44
	368	(19,054)
	235	(19,054)
At 31 December	5,765	5,530

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 SUBSIDIARIES (CONTINUED)

(d) Subsidiaries of the Company that have material non-controlling interests ("NCI") to the Group (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany elimination.

Summarised statements of comprehensive income for the financial year ended 31 December 2018 and 31 December 2017:

	MPCJ RM'000	NSTP group RM'000	BTSJ RM'000
2018			
Revenue	213,138	270,289	15,454
Net (loss)/profit and total comprehensive (loss)/income for the financial year	(4,056)	142,762	(666)
2017			
Revenue	129,512	322,591	5,442
Net loss and total comprehensive loss for the financial year	(15,484)	(433,049)	(8,964)

Summarised statements of financial position as at 31 December 2018 and 31 December 2017:

	MPCJ RM'000	NSTP group RM'000	BTSJ RM'000
2018			
Non-current assets	4,577	268,192	16,932
Current assets	47,715	154,626	11,612
Non-current liabilities	–	(733)	–
Current liabilities	(45,896)	(96,475)	(38,350)
Net assets/(liabilities)	6,396	325,610	(9,806)
2017			
Non-current assets	3,614	271,702	15,099
Current assets	30,910	163,907	2,860
Non-current liabilities	–	(717)	–
Current liabilities	(24,073)	(239,431)	(26,923)
Net assets/(liabilities)	10,451	195,461	(8,964)

16 SUBSIDIARIES (CONTINUED)

(d) Subsidiaries of the Company that have material non-controlling interests ("NCI") to the Group (continued)

Summarised cash flows information for the financial year ended 31 December 2018 and 31 December 2017:

	MPCJ RM'000	NSTP group RM'000	BTSJ RM'000
2018			
Net cash flow generated from/(used in) operating activities	12,735	(126,804)	6,536
Net cash flow (used in)/generated from investing activities	(1,522)	343,975	(3,858)
Net cash flow (used in)/generated from financing activities	–	(220,980)	1,000
Net increase/(decrease) in cash and cash equivalents	11,213	(3,809)	3,678
2017			
Net cash flow (used in)/generated from operating activities	(22,472)	(23,621)	15,650
Net cash flow generated from/(used in) investing activities	351	(6,564)	(15,650)
Net cash flow generated from financing activities	–	37,721	–
Net (decrease)/increase in cash and cash equivalents	(22,121)	7,536	–

(e) Impairment assessment on investment in NSTP

As a result of the continued challenging operating environment of the Print Media operating segment and continuing losses were during the financial year, the Company recognised an impairment loss of RM83.9 million (2017: RM342.5 million) on its investment in NSTP. The impairment charge had been recorded in "impairment of non-current assets" in the Company's profit or loss.

The recoverable amount of investment in NSTP is determined using a discounted cash flow model using cash flow projections based on approved management budget for 2019 and covering:

- A subsequent four (4) year (2017: 4) period that reflects the Digital business with terminal value; and
- A subsequent five (5) year (2017: 6) period that reflects the Print business' remaining useful life of its RPPs plus terminal value.

The cash flow projections are based on management's plans, reflecting management's expectation of revenue growth, operating costs and contribution margins for the cashgenerating units based on current assessment of market share and expectations of market growth. The growth in overhead costs are determined based on past performance and expected inflationary factors and is consistent with previous years. Contribution margins and EBITDA margins are projected based on the trends observed within the Group.

NOTES TO THE FINANCIAL STATEMENTS
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16 SUBSIDIARIES (CONTINUED)

(e) Impairment assessment on investment in NSTP (continued)

The key assumptions used for the VIU calculations are as follows:

	Digital business %	Print business %
2018		
Average revenue growth/(decline)	15.0	(20.0)
Pre-tax discount rate	14.7	11.0
Terminal growth	1.0	N/A
2017		
Average revenue growth	27.7	(5.5)
Pre-tax discount rate	27.3	11.4
Terminal growth	3.0	N/A

The estimated fair values of land and buildings based on independent external valuations are deemed as present fair values of the assets and have been included as part of the recoverable amounts of the Print business in the terminal periods amounting to RM150.1 million (2017: RM514.0 million).

Based on the sensitivity analysis performed, a 50 basis points increase in discount rate, with all other variables being held constant, would result in a further impairment loss of approximately RM1.7 million (2017: RM0.8 million).

16 SUBSIDIARIES (CONTINUED)

(f) Impairment assessment on investment in STMB

Challenging operating environment of the Television Networks operating segment and losses incurred during the financial year were identified as indicators for an impairment test to be performed for the investment in STMB.

The recoverable amount of investment in STMB is determined based on VIU method applying a discounted cash flow model using cash flow projections covering a five year period.

Cash flows are derived based on the approved budgeted cash flows for 2019 and projections for a period of subsequent four (4) years, based on management's plans, reflecting management's expectation of revenue growth, operating costs and contribution margins for STMB based on current assessment of market share and expectations of market growth. The growth in overhead costs are determined based on past performance and expected inflationary factors and is consistent with previous years. Contribution margins and EBITDA margins are projected based on the trends observed within the Group.

The key assumptions used for the VIU calculations are as follows:

	STMB **%**
2018	
Average revenue decline	6.8
Pre-tax discount rate	18.6

As a result of the impairment assessment, the Company recognised an impairment charge of RM196.9 million on its investment in STMB. The impairment charge had been recorded in "impairment of non- current assets" in the Company's profit or loss.

Based on the sensitivity analysis performed, a 50 basis points increase in discount rate, with all other variables being held constant, would result in a further impairment loss of approximately RM16.0 million.

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17 ASSOCIATES

	Group	
	2018 RM'000	2017 RM'000
Share of net assets	–	141,506
Less: Accumulated impairment losses	–	(141,506)
	–	–

The amount recognised in the statement of comprehensive income is as follows:

	Group	
	2018 RM'000	2017 RM'000
Share of results of an associate	–	(4,889)

The Group's equity interests in the associates and their respective principal activities:

Name of company	Principal activities	Group effective interest in equity 2018 %	2017 %
Held by NSTP			
Asia Magazines Limited (Incorporated in Hong Kong)	Dormant	26.41^	26.41^
Malaysian Newsprint Industries Sdn Bhd ("MNI")*	Manufacture and sale of newsprint and related paper products	–	21.36^

^ Effective interest via 98.17% interest in NSTP.
* MNI had completed creditors' voluntary winding-up proceeding during the financial year.

The associates are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

On 2 May 2018, NSTP together with other shareholders of MNI entered into a Share Sale Agreement ("SSA") to sell their entire interest to Asia Honour (Hong Kong) Limited with the consent of the liquidator. Pursuant to the terms of the SSA, NSTP has agreed to dispose of its:

i. entire interest in ordinary shares of MNI; and
ii. entire interest in redeemable preference shares ("RPS") of MNI for an amount equivalent to NSTP's portion of the balance consideration after deducting inter alia all secured debts, admitted debts, liquidation costs and other agreed costs.

The disposal was completed on 17 May 2018 and a gain on disposal of RM45.6 million was recognised as other operating income in the current financial year.

18 INTANGIBLE ASSETS

	Arising from business combinations					Acquired separately				
	Goodwill (Indefinite life) RM'000	Brands and digital publishing (Indefinite life) RM'000	Publishing rights (Indefinite life) RM'000	Outdoor concession rights (Indefinite life) RM'000	Outdoor concession rights (Definite life) RM'000	Prog-ramme rights (Definite life) RM'000	Film product-ion (Definite life) RM'000	Computer software and software develop-ment (Definite life) RM'000	Software under develop-ment (Definite life) RM'000	Total RM'000
Group										
Carrying amount at 1 January 2018	199,235	71,921	60,493	39,446	2,878	57,540	9,999	3,310	1,236	446,058
Additions	–	–	–	–	–	141,166	15,342	1,749	–	158,257
Reclassification	–	–	–	–	–	–	–	932	(932)	–
	199,235	71,921	60,493	39,446	2,878	198,706	25,341	5,991	304	604,315
Amortisation during the financial year	–	–	–	–	(1,058)	(152,728)	(16,271)	(2,953)	–	(173,010)
Write-off	–	–	–	–	–	–	(25)	(920)	(304)	(1,249)
Carrying amount at 31 December 2018	199,235	71,921	60,493	39,446	1,820	45,978	9,045	2,118	–	430,056

18 INTANGIBLE ASSETS (CONTINUED)

	Arising from business combinations					Acquired separately				
	Goodwill (Indefinite life) RM'000	Brands and digital publishing (Indefinite life) RM'000	Publishing rights (Indefinite life) RM'000	Outdoor concession rights (Indefinite life) RM'000	Outdoor concession rights (Definite life) RM'000	Prog-ramme rights (Definite life) RM'000	Film product-ion (Definite life) RM'000	Computer software and software develop-ment (Definite life) RM'000	Software under develop-ment (Definite life) RM'000	Total RM'000
Group										
Carrying amount at 1 January 2017	147,831	–	161,012	39,446	5,964	58,078	14,049	10,309	451	437,140
Acquisition of subsidiaries	51,404	71,921	–	–	–	–	–	–	–	123,325
Additions	–	–	–	–	–	165,286	10,172	–	823	176,281
Reclassification	–	–	–	–	–	–	–	38	(38)	–
	199,235	71,921	161,012	39,446	5,964	223,364	24,221	10,347	1,236	736,746
Amortisation during the financial year	–	–	–	–	(3,086)	(165,824)	(12,943)	(4,870)	–	(186,723)
Impairment during the financial year	–	–	(100,519)	–	–	–	(1,279)	(2,067)	–	(103,865)
Write-off	–	–	–	–	–	–	–	(100)	–	(100)
Carrying amount at 31 December 2017	199,235	71,921	60,493	39,446	2,878	57,540	9,999	3,310	1,236	446,058

18 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment assessments for intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment on an annual basis. Included in intangible assets are goodwill, acquired publishing rights, brands and digital publishing and outdoor advertising concession rights, which have indefinite useful lives, totalling RM371.1 million (2017: RM371.1 million) as at 31 December 2018. These assets are deemed to have indefinite useful lives as they are renewable with minimum cost to the Group and there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group.

The carrying amounts of intangible assets allocated to the Group's cash generating unit ('CGU') are as follows:

Group

	Goodwill RM'000	Publishing rights, brands and digital publishing RM'000	Outdoor advertising concession rights RM'000	Total RM'000
At 31 December 2017/At 31 December 2018				
Radio Networks	34,747	–	–	34,747
Print Media	–	60,493	–	60,493
Outdoor Media	113,084	–	39,446	152,530
Digital Media	51,404	71,921	–	123,325
	199,235	132,414	39,446	371,095

The recoverable amounts of the CGUs are determined based on VIU and FVLCS calculations.

(i) Impairment assessments for goodwill, brands and digital publishing and outdoor advertising concession rights

The recoverable amount of the CGU is determined based on VIU method applying a discounted cash flow model using cash flow projections based on approved management budget for 2019 and covering a subsequent four (4) year period for Radio Networks, Outdoor Media and Digital Media with terminal values.

The cash flow projections are based on management's plans, reflecting management's expectation of revenue growth, operating costs and contribution margins for the cashgenerating units based on current assessment of market share and expectations of market growth. The growth in overhead costs are determined based on past performance and expected inflationary factors and is consistent with previous years. Contribution margins and EBITDA margins are projected based on the trends observed within the Group.

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18 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment assessments for intangible assets with indefinite useful lives (continued)

(i) Impairment assessments for goodwill, brands and digital publishing and outdoor advertising concession rights (continued)

The key assumptions used for the VIU calculations are as follows:

	Radio Networks %	Outdoor Media %	Digital Media %
2018			
Average revenue (decline)/growth	(6.4)	3.5	10.0
Pre-tax discount rate	16.6	15.4	18.4
Terminal growth rate	2.0	3.0	3.0
2017			
Average revenue growth	1.2	4.0	24.8
Pre-tax discount rate	17.3	15.6	18.1
Terminal growth rate	2.0	3.0	3.0

Based on above assessments, the goodwill and intangible assets with indefinite useful lives for Radio Networks (RM34.7 million), Outdoor Media (RM152.5 million) and Digital Media (RM123.3 million) CGU are not impaired as the recoverable amounts exceed the carrying amounts included in the financial statements.

There are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the above goodwill and intangible assets to materially exceed their recoverable amounts.

18 INTANGIBLE ASSETS (CONTINUED)

(a) Impairment assessments for intangible assets with indefinite useful lives (continued)

(ii) Impairment assessments for publishing rights

The FVLCS calculations apply a discounted future cash flow model using cash flow projections for NSTP Group.

The FVLCS has been determined using the Relief from Royalty ("RFR") valuation method at the rate of 16% for digital business and 10.5% for print business respectively, being the average royalty rates benchmarked against license properties in the similar industry.

The cash flow projections was based on approved management budget for 2019 and covering:

- A subsequent four (4) year (2017: 4) period that reflects the Digital business with terminal value; and
- A subsequent five (5) year (2017: 6) period that reflects the Print business' remaining useful life of its RPPs with terminal value.

The cash flow projections are based on management's plans, reflecting management's expectation of revenue growth of the cash-generating units based on current assessment of market share and expectations of market growth.

The key assumptions used for the FVLCS calculations are as follows:

	Digital business %	Print business %
2018		
Average revenue growth/(decline)	15.0	(20.0)
Pre-tax discount rate	20.7	24.6
Terminal growth rate	1.0	–
2017		
Average revenue growth/(decline)	27.7	(5.5)
Pre-tax discount rate	27.3	9.6
Terminal growth rate	3.0	–

As a result of the impairment assessment, CGU are not impaired as the recoverable amounts exceed the carrying amounts included in the financial statements.

Based on the sensitivity analysis performed, a 50 basis points increase in discount rate with all other variables being held constant, would result in a further impairment loss of approximately RM0.4 million.

NOTES TO THE FINANCIAL STATEMENTS
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18 INTANGIBLE ASSETS (CONTINUED)

(b) Impairment assessments for intangible assets with definite useful lives

In the previous financial year, the Group recognised an impairment charge of RM3.3 million in respect of film production and software development as the carrying amounts exceed the recoverable amounts. The impairment charge had been recorded in "impairment of non-current assets" in profit or loss.

19 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group	
	2018 RM'000	2017 RM'000
Deferred tax assets		
- To be realised after more than 12 months	9,682	4,923
- To be realised within 12 months	5,000	7,839
	14,682	12,762
Deferred tax liabilities		
- To be settled after more than 12 months	(35,661)	(43,532)
- To be settled within 12 months	(5,324)	(133)
	(40,985)	(43,665)
	(26,303)	(30,903)

19 DEFERRED TAXATION (CONTINUED)

The movement during the financial year relating to deferred tax is as follows:

	Group	
	2018 RM'000	**2017 RM'000**
At 1 January	(30,903)	40,955
Acquisition of subsidiaries	–	(17,319)
Effects of adoption of MFRS 9	3,425	–
(Charged)/credited to profit or loss (Note 11):		
- Property, plant and equipment	(4,833)	34,063
- Intangible assets	1,540	26,590
- Allowances and provisions	2,695	474
- Unused tax losses	1,171	(40,427)
- Unabsorbed capital allowances	2,380	(16,922)
- Advance billings and deferred income	(1,778)	1,330
- Reinvestment allowance	–	(59,282)
- Inventories	–	(365)
	1,175	(54,539)
At 31 December	(26,303)	(30,903)
Deferred tax assets (before offsetting)		
- Property, plant and equipment	5,641	1,904
- Allowances and provisions	18,773	12,653
- Unused tax losses	5,204	4,033
- Advance billings and deferred income	4,295	6,073
- Unabsorbed capital allowances	4,272	1,892
	38,185	26,555
Offsetting	(23,503)	(13,793)
Deferred tax assets (after offsetting)	14,682	12,762
Deferred tax liabilities (before offsetting)		
- Intangible assets	(35,427)	(36,967)
- Property, plant and equipment	(29,061)	(20,491)
	(64,488)	(57,458)
Offsetting	23,503	13,793
Deferred tax liabilities (after offsetting)	(40,985)	(43,665)

NOTES TO THE FINANCIAL STATEMENTS
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19 DEFERRED TAXATION (CONTINUED)

The amount of capital allowances, deductible temporary differences and unused tax losses (which have 7 years of expiry period) for which no deferred tax asset is recognised in the statement of financial position is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unused tax losses	453,940	326,734	48,482	–
Unabsorbed capital allowances	144,340	130,973	100	–
Deductible temporary differences	229,476	269,818	9,174	54,231
Unabsorbed reinvestment allowances	247,008	247,008	–	–
	1,074,764	974,533	57,756	54,231
Deferred tax assets not recognised at 24%	257,943	233,888	13,861	13,015

No deferred tax assets are recognised from the above due to uncertainty of their recoverability. The unused tax losses will expire in year 2025, while the unabsorbed capital allowances do not expire under the current tax legislation. The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI ") (2017: AVAILABLE-FOR-SALE FINANCIAL ASSETS)

FVOCI or previously classified as available-for-sale financial assets are financial instruments and the accounting policy is disclosed in Note 38.

	2018 RM'000	2017 RM'000
Group		
FVOCI	2,472	–
Available-for-sale financial assets	–	2,472

The Group have irrevocably elected the non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group considers this classification to be more relevant as these instruments are not held for trading purposes. Previously, these investments were classified as available-for-sale.

During the year, no dividend income was recognised and no investment was disposed.

	Fair value at 31 December 2018 RM'000
Tropicana Golf & Country Resort	1,908
Saujana Resort (M) Berhad	564

21 INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Raw materials	33,839	46,013
Goods held for resale	3,282	254
Less: Provision for impairment of inventories	(221)	(47)
	36,900	46,220

Cost of inventories recognised as expenses during the financial year amounted to RM60.2 million (2017: RM86.5 million).

22 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000
Trade receivables	282,235	306,111	–	–
Contract assets	6,841	9,478	–	–
Less: Loss allowance	(88,271)	(67,419)	–	–
	200,805	248,170	–	–
Less: Advanced billings	(5,571)	(5,910)	–	–
	195,234	242,260	–	–
Deposits	24,776	22,092	626	187
Prepayments	8,013	10,901	2,179	2,781
Other receivables	40,618	191,675	6,617	293
Less: Loss allowance for other receivables	(13,687)	(169,299)	(9)	-
	59,720	55,369	9,413	3,261
	254,954	297,629	9,413	3,261

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22 TRADE AND OTHER RECEIVABLES (CONTINUED)

The credit terms of the trade receivables range from 60 days to 120 days (2017: 60 days to 120 days).

Movement of contract assets during the year were as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	9,478	11,085
Increases as a result of services performed and goods delivered but yet to be billed	11,709	11,788
Transfer to receivables	(14,346)	(13,395)
At 31 December	6,841	9,478

The Group's trade receivables and contract assets exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk based on carrying amounts as at the end of the financial year was:

	Group	
	2018 RM'000	2017 RM'000
US Dollar	3,296	145
Others	619	58

23 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Current		
Amounts due from subsidiaries (Note a)	93,408	228,066
Less: Loss allowance (Note d)	(36,120)	(46)
	57,288	228,020
Intercompany loans receivable (Note b)	7,000	165,000
	64,288	393,020

23 AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONTINUED)

	Company	
	2018 RM'000	2017 RM'000
Current		
Amounts due to subsidiaries (Note c)	(55,454)	(134,900)
Intercompany loan payables (Note e)	(126)	–
	(55,580)	(134,900)
Non-current		
Intercompany loan payables (Note e)	(253,994)	–

(a) The amounts due from subsidiaries classified as current are denominated in Ringgit Malaysia, unsecured, interest free and repayable on demand.

(b) Intercompany loans to subsidiaries classified as current are denominated in Ringgit Malaysia, unsecured, repayable on demand and subject to interest at prevailing market rate applicable on the day of the disbursement.

(c) The amounts due to subsidiaries are denominated in Ringgit Malaysia, unsecured, have no fixed terms of repayment and bear no interest.

(d) Movements on the loss allowance on amounts due from subsidiaries are as follows:

	2018 RM'000	2017 RM'000
At 1 January	46	137
Effects of adoption of MFRS 9	16,740	–
Restated 1 January	16,786	137
Charge for the financial year	19,334	26
Written-off	–	(117)
At 31 December	36,120	46

(e) Intercompany loan payables

On 28 December 2018, the Company obtained a RM254.0 million unsecured loan for working capital purposes from the subsidiaries. The loan will mature between 28 December 2020 to 31 December 2023 and is repayable in entirety on its maturity date. The effective interest rate of the term loan is 5.75% per annum.

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24 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	19,977	78,212	734	5,588
Deposits with licensed banks	190,137	127,751	39,064	40,086
Deposits, cash and bank balances	210,114	205,963	39,798	45,674
Less: Restricted deposits	(200)	(8,748)	–	(4,823)
Cash and cash equivalents	209,914	197,215	39,798	40,851

The deposits, cash and bank balances are denominated in Ringgit Malaysia.

The interest rates for the deposits ranged from 2.90% to 3.76% (2017: 2.90% to 3.95%) per annum for the Group and Company.

Bank balances are deposits held at call with banks and earn no interest.

Bank balances at the end of the financial year include deposit with a licensed bank, amounting to RM0.2 million (2017: RM3.9 million), which have been placed with the licensed bank for bank guarantee facilities extended to a subsidiary company. These deposits are not available for use by the Group and Company.

Bank balances at the end of the prior financial year include deposit with a licensed bank, amounting to RM4.8 million, which was placed with the licensed bank in respect of a secured term loan of RM300.0 million obtained by the Company as disclosed in Note 26. The deposit is required to be placed with the lender until the loan is fully repaid. The term loan was subsequently fully repaid during the current financial year.

25 NON-CURRENT ASSETS HELD FOR SALE

The details of non-current assets held for sale are as follows:

	Group	
	2018 RM'000	2017 RM'000
Investment properties	225	225
Property, plant and equipment	1,129	10,946
	1,354	11,171

25 NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

The movements of non-current assets held for sale as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 January	11,171	16,541
Transfer (to)/from property, plant and equipment (Note 14)	(85)	1,213
Transfer to investment properties (Note 15)	–	(1,157)
Disposals	(9,732)	(5,426)
At 31 December	1,354	11,171

Non-current assets with carrying value of RM9.7 million (2017: RM5.4 million) was disposed at a total consideration of RM14.0 million (2017: RM7.1 million), giving rise to a gain on disposal of RM4.3 million (2017: RM1.6 million).

26 BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current:				
Secured				
- Term loan (Note a)	–	292,953	–	292,953
Current:				
Secured				
- Term loan (Note a)	–	301	–	301
Unsecured				
- Banker's acceptance (Note b)	4,169	20,903	–	–
	4,169	21,204	–	301
	4,169	314,157	–	293,254

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26 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 matures 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. The Company has fully repaid RM300.0 million during the current financial year through payment by a subsidiary.

(b) Banker's acceptance

The Group had banker's acceptance facility with a term of 3 months. The facility's effective interest rate is 4.07% per annum and is repayable in entirety on its maturity date.

(c) Reconciliation of financial liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statement of cash flows as cash flows from financing activities.

			Non-cash movement		
	At 1 January 2018 RM'000	Cash flows RM'000	Accretion of interest RM'000	Others* RM'000	At 31 December 2018 RM'000
Group					
Borrowings	314,157	(336,440)	19,405	7,047	4,169
Company					
Borrowings	293,254	(319,315)	19,014	7,047	–
Intercompany loan payable	–	50,000	120	204,000	254,120
	293,254	(269,315)	19,134	211,047	254,120

* Relates to expenses arising from extinguishment of loan and the non-cash transaction disclosed in Note 31.

26 BORROWINGS (CONTINUED)

(c) Reconciliation of financial liabilities arising from financing activities (continued)

	At 1 January 2017 RM'000	Cash flows RM'000	Non-cash movement: Accretion of interest RM'000	Non-cash movement: Others RM'000	At 31 December 2017 RM'000
Group					
Borrowings	300,108	6,572	14,524	(7,047)	314,157
Company					
Borrowings	300,108	(14,127)	14,320	(7,047)	293,254

27 TRADE AND OTHER PAYABLES

	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000 (Restated)
Non-current:				
Trade payables (Note a)	–	1,311	–	–
Other payables (Note b)	237	215	–	–
	237	1,526	–	–
Current:				
Trade payables (Note a)	45,326	58,820	–	–
Programme rights payables	22,611	13,927	–	–
Accrued expenses	213,132	176,898	9,602	9,455
Other payables (Note b)	67,967	56,117	4,333	6,795
Provision for termination benefits (Note c)	68,248	58,453	2,253	1,777
Contract liabilities (Note d)	38,857	84,621	2,972	50,436
	456,141	448,836	19,160	68,463
	456,378	450,362	19,160	68,463

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the Group's trade and other payables are denominated as follows:

	Group	
	2018 RM'000	2017 RM'000
US Dollar	3,694	6,369
Others	13	210

Credit terms of trade payables normally range from no credit to 90 days (2017: 90 days).

(a) Malaysian Highway Authority ("MHA") fees

Included in trade payables of the Group are road reserve occupancy fees payable to the MHA for rental of outdoor structural space within MHA's jurisdiction. At the end of the financial year, the total fair values of the fees payable amounted to RM36.7 million (2017: RM31.8 million).

(b) Contingent and deferred consideration from business combinations

Included in other payables of the Group is deferred and contingent consideration for the acquisition of Rev Asia Holdings Sdn Bhd and digital publishing businesses. These deferred and contingent considerations are dependent on achievement of certain amounts of website traffic guarantee and profit before tax related to the respective websites as agreed in the sale and purchase agreements.

During the financial year, the Group has made settlement of RM7.0 million of the deferred and contingent consideration. At the end of the financial year, the total fair values of the contingent consideration amounted to RM0.2 million (2017: RM7.1 million) recorded as non-current payables.

(c) Provision for termination benefits

The provision for termination benefits 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.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	58,453	–	1,777	–
Reversal during the year	(1,917)	–	–	–
Charge for the financial year	20,887	110,706	476	10,529
Utilisation	(9,175)	(52,253)	–	(8,752)
At 31 December	68,248	58,453	2,253	1,777

27 TRADE AND OTHER PAYABLES (CONTINUED)

(d) Contract liabilities

Contract liabilities are in relation to advance receipt from customer were previously presented as deferred income. The services is expected to be rendered to the customer within twelve months.

Movement of contract liabilities during the year were as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	84,621	11,777	50,436	–
Acquisition of subsidiary	–	1,578	–	–
Reversal of contract liability	(1,665)	(1,029)	–	–
Contract liability net with revenue recognised during the financial year	40,104	85,885	–	50,436
Revenue recognised that was included in the contract liability balance at the beginning of the year and acquisition of subsidiary	(84,203)	(13,590)	(47,464)	–
At 31 December	38,857	84,621	2,972	50,436

28 SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Ordinary shares				
Issued and fully paid				
At 1 January	1,109,199	1,524,735	1,109,199	1,109,199
Transition to no-par value regime on 31 January 2017*	–	–	–	415,536
At 31 December	1,109,199	1,524,735	1,109,199	1,524,735

* Transition to no-par value regime on 31 January 2017

The Companies Act 2016, which came into effect from 31 January 2017, has repealed the Companies Act, 1965. Companies Act 2016 has 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 transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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29 SHARE PREMIUM

	Group and Company	
	2018 RM'000	2017 RM'000
At 1 January	–	415,536
Transition to no-par value regime on 31 January 2017 (Note 28)	–	(415,536)
At 31 December	–	–

Share premium comprises the premium arising from the exercise of Employees' Share Option Scheme in prior years.

30 OTHER RESERVES

The other reserves comprises the cumulative net change in the fair value of financial assets designated at fair value through other comprehensive income (2017: Available-for-sale reserve) until the assets are derecognised or impaired.

31 SIGNIFICANT NON-CASH TRANSACTIONS

The significant non-cash transactions during the financial year were as follows:

	Group	
	2018 RM'000	2017 RM'000
Property, plant and equipment obtained through contra arrangements with customers	1,538	–
Services received through contra arrangements with customers	695	4,412
Settlement of loan through direct payment by purchaser from proceeds of property, plant and equipment sale	243,600	–

	Company	
	2018 RM'000	2017 RM'000
Settlement of loan on behalf by a subsidiary	204,000	–

32 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. Key management personnel of the Company are the Executive Directors, Non-Executive Directors and the senior management of the Company. Summary of the key management compensation is set out below:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Key management:				
- Fees	762	775	409	452
- Basic salaries, bonus and other remunerations	9,388	9,046	2,789	4,176
- Allowances	2,023	1,681	931	924
- Defined contribution retirement plan	1,807	1,446	577	529
	13,980	12,948	4,706	6,081
Estimated monetary value of benefits-in-kind	88	132	35	94

Included in the key management compensation is Directors' remuneration as disclosed in Note 10 to the financial statements.

(b) Transactions between related parties

Name of company	Relationship
The New Straits Times Press (Malaysia) Berhad ("NSTP")	A subsidiary of the Company
Sistem Televisyen Malaysia Berhad ("STMB")	A subsidiary of the Company
Metropolitan TV Sdn Bhd ("8TV")	A subsidiary of the Company
Natseven TV Sdn Bhd ("ntv7")	A subsidiary of the Company
Big Tree Outdoor Sdn Bhd	A subsidiary of the Company
Synchrosound Studio Sdn Bhd ("Hot FM")	A subsidiary of the Company
One FM Radio Sdn Bhd	A subsidiary of the Company
Max-Airplay Sdn Bhd	A subsidiary of the Company
Media Prima Digital Sdn Bhd ("MPD")	A subsidiary of the Company
Primeworks Studios Sdn Bhd ("PWS")	A subsidiary of the Company
Ch-9 Media Sdn Bhd	A subsidiary of the Company
CIMB Bank Berhad ("CIMB")	Related by virtue of a common director of both CIMB and the Company

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32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Transactions between related parties (continued)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions:

Sales and purchases of goods and services

	Group 2018 RM'000	Group 2017 RM'000
(i) Purchase of newsprint by NSTP from:		
- MNI	–	(31,401)
(ii) Sale of unsold newspapers and newsprint by NSTP to:		
- MNI	–	2,179

	Company 2018 RM'000	Company 2017 RM'000
(i) Management fees charged to:		
- NSTP	24,919	20,502
- STMB	37,355	31,896
- PWS	13,260	9,663
(ii) Rental of premises under an operating lease arrangement:		
- NSTP	(5,013)	(5,013)
(iii) Dividend income from:		
- STMB	–	30,000
- Hot FM	5,000	5,000
(iv) Intercompany loans:		
- Disbursement to STMB	–	15,000
- Disbursement to NSTP	–	38,000
- Repayment of intercompany loans by NSTP	43,000	–
- Interest income from intercompany loans	8,214	5,623
- Loan obtained from subsidiaries	254,120	–

	Group and Company 2018 RM'000	Group and Company 2017 RM'000
(i) Borrowings:		
- Term loan obtained from CIMB	–	300,000
- Interest on borrowings due to CIMB	19,014	301
- Arrangement fee charged by CIMB	–	5,100

32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Significant related party balances

	Company 2018 RM'000	Company 2017 RM'000
(i) Amounts due from/(to) subsidiaries:		
- ntv7	7,917	14,561
- STMB	(22,457)	(112,619)
- MPD	16,883	136,701
- Big Tree Outdoor Sdn Bhd	(5,338)	(7,940)
- PWS	30,009	24,724
- Hot FM	(1,282)	(1,490)
- NSTP	5,483	50,738
- PWD	(2,712)	(2,649)
- Ch-9	(1,532)	(1,250)
- 8TV	(3,638)	(1,936)
(ii) Intercompany loans receivable/(payable):		
- STMB	(50,000)	115,000
- NSTP	(204,120)	43,000
- Hot FM	7,000	7,000
(iii) Advances due to subsidiaries:		
- Big Tree Outdoor Sdn Bhd	(8,000)	(8,000)
- One FM Radio Sdn Bhd	(4,000)	(4,000)
- Hot FM	(3,800)	(3,800)
- 8TV	(3,000)	(3,000)

	Group and Company 2018 RM'000	Group and Company 2017 RM'000
(i) Borrowings:		
CIMB	–	293,254

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33 COMMITMENTS

(a) Capital commitments

	Group	
	2018 RM'000	2017 RM'000
Capital commitments, approved but not contracted for		
- Property, plant and equipment	70,917	92,562
- Intangible assets	141,586	217,729
	212,503	310,291
Capital commitments, approved and contracted for		
- Property, plant and equipment	17,643	8,537
	230,146	318,828

(b) Operating lease commitments – as lessee

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- Not later than one year	83,009	63,740	985	1,297
- Later than one year and not later than five years	199,276	171,471	338	1,324
- Later than five years	36,112	33,436	–	–
	318,397	268,647	1,323	2,621

The Group and Company leases premises for the use of offices, advertising structures, studios and warehousing under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group and Company recognised operating lease payments of RM63.7 million (2017: RM57.8 million) and RM1.2 million (2017: RM1.1 million) as expenses respectively in the financial year.

34 CONTINGENT LIABILITIES

The Group is a defendant in 17 (2017: 24) legal suits with contingent liabilities amounting to approximately RM4.6 million (2017: RM5.7 million) as at 31 December 2018. Of the 17 (2017: 24) legal suits, 15 (2017: 20) of the suits are for alleged defamation and 2 (2017: 4) are for alleged breach of contract.

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.

Based on the above and after taking appropriate legal advice, no provision has been made in the financial statements of the Group as at the date of this report 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.

35 FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:
(a) Amortised cost ("AC")
(b) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition
- Debt instrument

2018 Financial assets	AC RM'000	FVOCI RM'000	Total RM'000
Group			
Trade and other receivables excluding prepayments, statutory refundables and contract assets	235,141	–	235,141
Deposit, cash and bank balances	210,114	–	210,114
Financial assets at fair value through other comprehensive income	–	2,472	2,472
Total	445,255	2,472	447,727
Company			
Trade and other receivables excluding prepayments, statutory refundables and contract assets	4,101	–	4,101
Deposit, cash and bank balances	39,798	–	39,798
Amount due from subsidiaries	64,288	–	64,288
Total	108,187	–	108,187

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35 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2018 Financial liabilities	AC RM'000
Group	
Trade and other payables excluding statutory liabilities and contract liabilities	392,598
Borrowings	4,169
Total	396,767
Company	
Trade and other payables excluding statutory liabilities and contract liabilities	15,977
Amounts due to subsidiaries	309,574
Total	325,551

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:
(a) Loans and receivables
(b) Assets designated as available-for-sale

2017 Financial assets	Loans and as receivables RM'000	Assets designated available-for-sale RM'000	Total RM'000
Group			
Trade and other receivables excluding prepayments and statutory refundables	285,993	–	285,993
Deposit, cash and bank balances	205,963	–	205,963
Available-for-sale financial assets	–	2,472	2,472
Total	491,956	2,472	494,428
Company			
Trade and other receivables excluding prepayments and statutory refundables	480	–	480
Deposit, cash and bank balances	45,674	–	45,674
Amount due from subsidiaries	393,020	–	393,020
Total	439,174	–	439,174

35 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2017 Financial liabilities	Other financial liabilities at AC RM'000
Group	
Trade and other payables excluding statutory liabilities and contract liabilities	351,273
Borrowings	314,157
Total	665,430
Company	
Trade and other payables excluding statutory liabilities and contract liabilities	14,261
Borrowings	293,254
Amounts due to subsidiaries	134,900
Total	442,415

Offsetting of financial assets and financial liabilities:

(i) Financial assets

The following financial assets are subject to offsetting:

Company	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position RM'000	Net amount RM'000
2018			
Amounts due from subsidiaries	442,943	(378,655)	64,288
2017			
Amounts due from subsidiaries	605,408	(212,388)	393,020

NOTES TO THE FINANCIAL STATEMENTS

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35 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Offsetting of financial assets and financial liabilities: (continued)

(ii) Financial liabilities

The following financial liabilities are subject to offsetting:

Company	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position RM'000	Net amount RM'000
2018			
Amounts due to subsidiaries	653,100	(343,526)	309,574
2017			
Amounts due to subsidiaries	344,697	(209,797)	134,900

36 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including:

(a) Market risks

(i) foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates

(ii) fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates

(iii) cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value

(iv) price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instrument traded in the market

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's activities expose it to a variety of financial risks, including: (continued)

(b) Credit risk – risk that one party to a financial instrument will fail to discharge a contractual obligation and cause the other party to incur a financial loss

(c) Liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

(a) Market risks

(i) Foreign currency exchange risk

The Group operates nationally but some of its cost is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. The main costs with such exposure are programme rights and newsprint.

The Group monitors the foreign currency market closely to ensure optimal levels of inventories are purchased when prices are favourable to mitigate purchase requirement when prices are unfavourable.

If the Ringgit Malaysia ("RM") had weakened or strengthened by 10% against the foreign currencies for which the financial instruments are denominated in, with all other variables remain unchanged, post-tax profit for the year would have been higher or lower by the following amounts:

	Foreign currency denominated financial instruments			Impact of changes in exchange rate to profit and loss (net of tax)	
Foreign currency	**Trade receivables (Note 22) RM'000**	**Trade payables (Note 27) RM'000**	**Currency translation rate RM**	**RM weaken by 10% RM'000**	**RM strengthen by 10% RM'000**
As at 31 December 2018					
US Dollar	3,296	(3,694)	4.1385	(30)	30
As at 31 December 2017					
US Dollar	145	(6,369)	4.0475	(473)	473

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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risks (continued)

(i) Foreign currency exchange risk (continued)

Foreign currency risk for the Group which have a functional currency other than USD are not material and hence, sensitivity analysis is not presented. No sensitivity analysis is performed for Company level as it has no balance denominated in foreign currency.

(ii) Cash flow and fair value interest rate risk

The Group's and Company's interest rate risk arises from long-term borrowings and debt instruments. Borrowings issued at variable rates expose the Group and Company to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group policy is to maintain appropriate level of borrowings in fixed rate instruments to ensure that some level of predictability in cash flows are preserved while ensuring that the Group and Company maintain its cost of debt and gearing ratio at healthy levels within the limits of any covenants.

The interest rate profile of the Group's and Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of financial year:

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
Term loan	–	293,254

The Company has fully repaid the term loan during the current financial year.

(iii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group classified on the consolidated statement of financial position as FVOCI (2017: available-for-sale). The Group is not exposed to commodity price risk. No financial instruments or derivatives have been employed to hedge this risk as the risk is deemed to be insignificant.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk arises from deposits with banks and financial institutions, financial assets carried at amortised cost and at fair value through other comprehensive income ("FVOCI").

Trade receivables and contract assets

Credit risk for trade receivables and contract assets is managed by each entity who is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The exposure to credit risk is monitored on an ongoing basis.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position. The Group holds bank guarantees and deposits placed by customers as collateral to reduce its credit risk.

The Group has no significant concentration of credit risk as it trades with a large number of customers who are nationally and internationally dispersed. Due to these factors, the Group believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

The Group applies MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled customers and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 1 year before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group have identified Malaysian Consumer Price Index ("MACPI") and inflation as the most relevant factor, and accordingly, adjust the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables and contract assets (continued)

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of MFRS 9) was determined as follows for both trade receivables and contract assets:

Group	Gross RM'000	Individual impairment RM'000	Average Expected loss rate %	Collective impairment RM'000	Net RM'000
31.12.2018					
Not past due	137,216	139	2%	2,231	134,846
Past due 1 to 3 months	58,262	1,260	8%	3,148	53,854
Past due 4 to 6 months	12,672	420	35%	3,992	8,260
Past due 7 to 12 months	36,507	487	90%	32,483	3,537
Past due more than 12 months	44,419	1,138	99%	42,973	308
	289,076	3,444		84,827	200,805
Trade receivables	282,235	3,444		84,827	193,964
Contract assets	6,841	–		–	6,841
	289,076	3,444		84,827	200,805

Group	Gross RM'000	Individual impairment RM'000	Expected loss rate %	Collective impairment RM'000	Net RM'000
01.01.2018					
Not past due	159,926	–	2%	2,422	157,504
Past due 1 to 3 months	62,710	–	9%	5,440	57,270
Past due 4 to 6 months	11,500	–	34%	3,879	7,621
Past due 7 to 12 months	33,671	–	80%	27,097	6,574
Past due more than 12 months	49,675	1,276	99%	47,914	485
	317,482	1,276		86,752	229,454
Trade receivables	308,004	1,276		86,752	219,976
Contract assets	9,478	–		–	9,478
	317,482	1,276		86,752	229,454

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables and contract assets (continued)

The closing allowances for trade receivables and contract assets as at 31 December 2018 reconcile to the opening loss allowances as follows:

Group	Trade receivables 2018 RM'000	Trade receivables 2017 RM'000	Contract assets 2018 RM'000	Contract assets 2017 RM'000
As at the beginning of the financial year calculated under MFRS 139	67,419	72,376	–	–
Effects of adoption of MFRS 9	20,609	–	–	–
Opening loss allowance as at 1 January 2018, as restated	88,028	72,376	–	–
Increase in loss allowance	7,362	15,858	–	–
Loss allowance reversed	(1,433)	(1,312)	–	–
Receivables written-off	(5,686)	(19,503)	–	–
As at the end of the financial year	88,271	67,419	–	–

The creation and release of provision for impaired receivables have been included as a net loss on impairment in the consolidated statements of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model under MFRS 139. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

As at 31 December 2017, trade receivables of RM157.6 million were not past due and were fully performing for the Group.

NOTES TO THE FINANCIAL STATEMENTS
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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables and contract assets (continued)

As of 31 December 2017, trade receivables that were past due but not impaired are as disclosed below. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Group	Trade receivables 2017 RM'000
Ageing 3 to 6 months	73,699
Ageing 7 to 12 months	13,546
Over 12 months	3,402
	90,647

As of 31 December 2017, trade receivables of RM67.4 million were impaired and provided for. The individually impaired receivables mainly relate to customers that defaulted in payment, which are in unexpectedly difficult financial position. It was assessed that an insignificant portion of the receivables is only expected to be recovered. The ageing of these receivables is as follows:

Group	Trade receivables 2017 RM'000
Ageing 7 to 12 months	682
Over 12 months	66,737
	67,419

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Deposits and other receivables

Credit risk for deposits and other receivables are mainly arising from rental deposits, staff loans and staff advances. The Group and Company manages the credit risk of rental deposits together with the specific leasing arrangements. Staff loans and staff advances have low credit risks as these are mostly provided to existing staffs. These are managed on a monthly basis.

Deposits and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payments or refunds. Nevertheless, deposits and other receivables that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk arising from deposits and other receivables are represented by the carrying amounts in the statement of financial position.

Deposits and other receivables provided are not secured by any collateral or supported by any other credit enhancements.

The Group and Company use the three stages approach for deposits and other receivables which reflect their credit risk and how the loss allowances are determined for each of those stages. The Group and Company determines the probability of default for these deposits and other receivables considering historical data and macroeconomic information (such as market interest rates). Refer to Note 2(w)(iv) for accounting policy on impairment on financial assets.

The following table contains an analysis of the credit risk exposure of deposits and other receivables for which an ECL allowance is recognised. The gross carrying deposits and other receivables disclosed below also represents the Group's and Company's maximum exposure to credit risk on these assets:

Group and Company internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of ECL provision) RM'000
Group					
As at 31 December 2018					
Stage 1	0%	12 month ECL	51,707	–	51,707
Stage 3	100%	Lifetime ECL	13,687	(13,687)	–
Total			65,394	(13,687)	51,707

NOTES TO THE FINANCIAL STATEMENTS

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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Deposits and other receivables (continued)

Group and Company internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of ECL provision) RM'000
As at 1 January 2018					
Stage 1	0%	12 month ECL	42,575	–	42,575
Stage 3	100%	Lifetime ECL	169,299	(169,299)	–
Total			211,874	(169,299)	42,575
Company					
As at 31 December 2018					
Stage 1	0%	12 month ECL	7,234	–	7,234
Stage 3	100%	Lifetime ECL	9	(9)	–
Total			7,243	(9)	7,234
As at 1 January 2018					
Stage 1	0%	12 month ECL	480	–	480
Total			480	–	480

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Deposits and other receivables (continued)

The loss allowance for deposits and other receivables as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 and to the closing loss allowance as at 31 December 2018 as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
As at the beginning of the financial year calculated under MFRS 139	169,299	169,744	–	–
Effects of adoption of MFRS 9	–	–	–	–
Opening loss allowance as at 1 January 2018, as restated	169,299	169,744	–	–
Increase in loss allowance	3,807	471	9	–
Loss allowance reversed	(296)	(21)	–	–
Receivables written-off	(159,123)	(895)	–	–
As at the end of the financial year	13,687	169,299	9	–

The reduction in the loss allowance of RM155.6 million is mainly due to receivables written off during the year by RM159.1 million which is then further offsetted by the increase in loss allowance of RM3.5 million.

As at the end of the reporting period, the Group and Company did not recognise any allowance for impairment losses for deposits as the impact is immaterial.

The creation and release of provision for impaired receivables have been included as a net loss on impairment in the consolidated statements of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

In the prior year, the impairment of deposits and other receivables was assessed based on the incurred loss model under MFRS 139. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Deposits and other receivables (continued)

As of 31 December 2017, deposits and other receivables of RM169.3 million were impaired and provided for. The individually impaired receivables mainly relate to customers that defaulted in payment, which are in unexpectedly difficult financial position. It was assessed that an insignificant portion of the receivables is only expected to be recovered. The ageing of these receivables is as follows:

Group	Other receivables 2017 RM'000
Over 12 months	169,299
	169,299

Amounts due from subsidiaries

The Company provides loans and advances to subsidiaries. The Company monitors the results of the subsidiaries on an individual basis regularly. As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

The Company use the three stages approach for amounts due from subsidiaries which reflect their credit risk and how the loss allowances are determined for each of those stages. The Company determines the probability of default for these amounts due from subsidiaries individually using internal information available. Refer to Note 2(w)(iv) for accounting policy on impairment on financial assets.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Amounts due from subsidiaries (continued)

The following table contains an analysis of the credit risk exposure of loan to subsidiaries for which an ECL allowance is recognised. The gross carrying amount of loan to subsidiaries disclosed below also represents the Company's maximum exposure to credit risk on these assets:

Company Company internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of ECL provision) RM'000
As at 31 December 2018					
Stage 1	0%	12 month ECL	13,737	–	13,737
Stage 2	45%	Lifetime ECL	79,614	(36,063)	43,551
Stage 3	100%	Lifetime ECL	57	(57)	–
Total			93,408	(36,120)	57,288
As at 1 January 2018					
Stage 1	0%	12 month ECL	57,759	–	57,759
Stage 2	0%	Lifetime ECL	170,250	(16,728)	153,522
Stage 3	100%	Lifetime ECL	57	(57)	–
Total			228,066	(16,785)	211,281

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Amounts due from subsidiaries (continued)

The loss allowance for amounts due from subsidiaries as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 and to the closing loss allowance as at 31 December 2018 as follows:

Company	Under-performing RM'000	Non performing RM'000	Total RM'000
At 1 January 2018 year calculated under MFRS 139	–	46	46
Effects of adoption of MFRS 9	16,728	11	16,739
Opening loss allowance as 1 January 2018, as restated	16,728	57	16,785
Increase in loss allowance	19,335	–	19,335
At 31 December 2018	36,063	57	36,120

The increase in the loss allowance of RM19.3 million is due to increase in the probability of default ('PD') of 45% (2017: 10%) used to calculate the 12-month expected credit loss for the under-performing balances.

Cash and cash equivalents

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. The Group seeks to invest cash assets safely and profitably. The Group and Company considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely as these financial institutions have low credit risks. In addition, the Group and Company has no significant concentration of credit risk except that the majority of its deposits are placed with major financial institution in Malaysia.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The table below analyses the Group's and Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statements of financial position date to the contractual maturity date. As the amounts included in the table are contractual undiscounted cash flows, these amount will not reconcile to the amounts disclosed on the statement of financial position for borrowings, debt instruments and trade and other payables.

	Less than 3 months RM'000	Between 3 months and 1 year RM'000	More than 1 year RM'000	Total RM'000	Carrying amount RM'000
Group					
At 31 December 2018					
Trade and other payables	391,046	1,311	269	392,626	392,598
Borrowings	4,169	–	–	4,169	4,169
	395,215	1,311	269	396,795	396,767
At 31 December 2017					
Trade and other payables	342,935	6,762	1,825	351,522	351,273
Borrowings	25,726	14,468	339,237	379,431	314,157
	368,661	21,230	341,062	730,953	665,430
Company					
At 31 December 2018					
Trade and other payables	15,977	–	–	15,977	15,977
Amounts due to subsidiaries	55,580	–	335,912	391,492	309,574
	71,557	–	335,912	407,469	325,551
At 31 December 2017					
Trade and other payables	14,261	–	–	14,261	14,261
Amounts due to subsidiaries	134,900	–	–	134,900	134,900
Borrowings	4,823	14,468	319,290	338,581	293,254
	153,984	14,468	319,290	487,742	442,415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For the purposes of sustaining or changing the capital structure, the Group may adjust the amount of dividends paid to shareholders of the Company.

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total equity. Debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated statement of financial position). Total equity is calculated as "equity" as shown in the consolidated statement of financial position.

The Group's and the Company's strategy was to maintain the gearing ratio within the limits allowed by covenants.

The Group and Company have complied with the capital requirements imposed by their borrowings as at financial year end.

The gearing ratios as at 31 December 2018 and 31 December 2017 were as follows:

	2018 RM'000	2017 RM'000
Total debt	4,169	314,157
Total equity	814,387	772,180
Gearing ratio	0.01	0.41

37 FAIR VALUE

(a) Fair value

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Borrowings*	–	–	314,157	314,157
Company				
Amount due to a subsidiary	254,120	255,803	–	–
Borrowings*	–	–	293,254	293,254

* The fair value of these financial instruments has been estimated using future contractual cash flows discounted at current market interest rates available for similar financial instruments/loans.

(b) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37 FAIR VALUE (CONTINUED)

(b) Fair value hierarchy (continued)

Assets measured at fair value

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2018				
Financial assets				
Investment in unquoted shares	–	2,472	–	2,472
2017				
Financial assets				
Investment in unquoted shares	–	2,472	–	2,472

Assets and liabilities with fair value disclosure

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2018				
Financial liabilities				
Trade and other payables (non-current)	–	237	–	237
2017				
Financial liabilities				
Trade and other payables (non-current)	–	1,526	–	1,526
Borrowings (non-current)	–	292,953	–	292,953
	–	294,479	–	294,479

37 FAIR VALUE (CONTINUED)

Assets and liabilities with fair value disclosure (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
2018				
Financial liabilities				
Amount due to a subsidiary (non-current)	–	253,994	–	253,994
2017				
Financial liabilities				
Borrowings (non-current)	–	292,953	–	292,953

38 CHANGES IN ACCOUNTING POLICIES

(a) Impact on the financial statements

As a result of the changes in the Group's and Company's accounting policies, prior year financial statements had to be restated. MFRS 9 and MFRS 15 was generally adopted without restating comparative information. The MFRS 9 reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018. MFRS 15 did not have any impact on the opening balance of retained earnings as at 1 January 2018.

The following tables show the adjustments recognised on the adoption of MFRS 9 for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	Balance as at 31 December 2017		
	Previously reported RM'000	Effect of adoption of MFRS 9 RM'000	Restated as at 1.1.2018 RM'000
Reconciliation of consolidated statement of financial position:			
Group			
Current assets			
Trade and other receivables	297,629	(20,609)	277,020
Non-current assets			
Deferred tax assets	12,762	3,425	16,187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Impact on the financial statements (continued)

	Balance as at 31 December 2017		
	Previously reported RM'000	Effect of adoption of MFRS 9 RM'000	Restated as at 1.1.2018 RM'000
Equity attributable to owners of the Company			
Accumulated losses	(759,840)	(16,651)	(776,491)
Non-controlling interest	5,530	(533)	4,997
Company			
Current assets			
Amounts due from subsidiaries	393,020	(16,740)	376,280
Equity attributable to owners of the Company			
Accumulated losses	(255,868)	(16,740)	(272,608)

(b) MFRS 9 Financial Instruments

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 and impairment of financial assets.

The adoption of MFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2(w) and 2(x) above. In accordance with the transitional provisions in MFRS 9, comparative figures have not been restated.

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

	Group RM'000	Company RM'000
Accumulated losses as at 31 December 2017, as previously reported	(759,840)	(255,868)
Effects of adoption of MFRS 9:		
Increase in provision for trade and non-trade receivables	(20,609)	–
Increase in deferred tax assets relating to impairment provisions	3,425	–
Decrease in non-controlling interest	533	–
Increase in provision for amounts due from subsidiaries	–	(16,740)
Adjustments to retained earnings from adoption of MFRS 9 on 1 January 2018	(16,651)	(16,740)
Accumulated losses as at 1 January 2018, as restated	(776,491)	(272,608)

38 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) MFRS 9 Financial Instruments (continued)

Classification and measurement

On the date of initial application, 1 January 2018, the financial instruments of the Group and Company were as follows, with any reclassification noted:

	Group Measurement category		Company Measurement category	
	Original MFRS 139	New MFRS 9	Original MFRS 139	New MFRS 9
Financial assets				
AFS financial assets	AFS	FVOCI	–	–
Trade and other receivables	AC	AC	AC	AC
Amounts due from subsidiaries	–	–	AC	AC
Deposits, cash and bank balances	AC	AC	AC	AC
Financial liabilities				
Borrowings	AC	AC	AC	AC
Amount due to subsidiaries	–	–	AC	AC
Trade and other payables	AC	AC	AC	AC

AFS financial assets are equity investments that the Group intends to hold for long term strategic purposes. As permitted by MFRS 9, the Group has designated these investments as measured at FVOCI at the date of initial application.

The changes in the measurement category above did not have any impact on the carrying amount of the financial assets and liabilities.

Impairment of financial assets

The Group and Company has four types of financial assets that are subject to MFRS 9's new expected credit loss model:

- trade receivables;
- contract assets;
- related company balances; and
- non-trade receivables carried at amortised cost.

The Group and Company were required to revise its impairment methodology under MFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's and Company's retained earnings and equity is disclosed in the table in Note 36 above.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

The Group and Company applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. This resulted in an increase in the loss allowance for trade receivables and contract assets on 1 January 2018 by RM20.6 million for the Group. Note 36(b) provides for details about the calculation of the allowance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) MFRS 9 Financial Instruments (continued)

The loss allowance increased by RM0.2 million to RM88.3 million for the Group for trade receivables and contract assets during the current reporting period.

Applying the ECL model for related company balances and non-trade receivables carried at amortised cost resulted in the recognition of a loss allowance of RM16.7 million on 1 January 2018 for the Company (previous loss allowance was RM0.05 million) and an increase in the allowance by RM19.3 million for the Company as at 31 December 2018. Note 36(b) provides the details on the calculation of the loss allowances for the related company balances and non-trade receivables.

Financial guarantee contracts (i.e. contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument) are also subject to impairment requirements under the ECL model.

(c) MFRS 15 Revenue from Contracts with Customers

The Group and Company have adopted MFRS 15 from 1 January 2018 which resulted in changes in accounting policies. The adoption of MFRS 15 did not have any impact on the current and prior period's financial statements, other than reclassification in statements of comprehensive income and additional disclosures to be made in the financial statements.

The Group and Company used the following practical expedients as permitted under the Standard:

- effects of significant financing component are disregarded if at contract inception the period between customer payment and the transfer of goods or services is expected to be one year or less;
- revenue is recognised at the invoice amount if billing corresponds directly with performance to date;
- completed contracts at the beginning of the earliest period presented is not restated;
- completed contracts with the variable consideration will use the transaction price at the date the contract was completed;
- contracts modified before the beginning of the earliest period presented will reflect the aggregate effect of all of the modifications that occurred; and
- for all reporting periods presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue need not be disclosed.

<u>Presentation of assets and liabilities related to contracts with customers</u>

The Group and Company have voluntarily changed the presentation of certain amounts in the notes to the statements of financial position to reflect the terminology of MFRS 15:

- Contract assets recognised in relation to the Group's right to consideration is conditional on something other than the passage of time, were previously presented as part of trade receivables; and
- Contract liabilities in relation to advance receipt from customer were previously presented as deferred income.

39 RECLASSIFICATION

The Group comparatives of the following components in the consolidated statements of comprehensive income have been reclassified to conform to current financial year presentation:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Financial year ended 31 December 2017			
Reconciliation of statement of comprehensive income:			
Group			
Revenue	1,195,672	3,156	1,198,828
Other operating income	31,211	(12,317)	18,894
Finance income	–	9,161	9,161
Company			
Other operating income	9,226	(9,216)	10
Finance income	–	9,216	9,216

40 SIGNIFICANT EVENT DURING THE YEAR

On 28 December 2018, the Group disposed the following non-current assets to PNB Development Sdn. Berhad. ("Purchaser") for a total cash consideration of RM280.0 million:

a) Two pieces of freehold land held under GRN 31811 and GRN 31812, Mukim Bandar Kuala Lumpur, Daerah Kuala Lumpur, Kuala Lumpur, and the buildings erected thereon (collectively, "Bangsar Property");
b) A piece of freehold industrial land held under GRN 58799, Mukim Damansara, Daerah Petaling, Selangor, and the buildings erected thereon ("Shah Alam Property"); and
c) A piece of freehold industrial land held under GRN 58800, Mukim Damansara, Daerah Petaling, Selangor.

The gain on disposal of the above amounted to RM133.1 million and has been included in other operating income.

The Group had subsequently entered into 2 tenancy arrangements in relation to the Bangsar Property and Shah Alam Property for an initial term of 3 years with an automated extension of 3 more years. The tenancies commenced on the day immediately after the completion of the respective sale and purchase agreements of the above mentioned disposal.

41 EVENTS AFTER THE 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 RAHSB.

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.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Mohd Nasir bin Ahmad and Datuk Kamal bin Khalid, two of the Directors of Media Prima Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 174 to 299 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and financial performance of the Group and of the Company for the financial year ended 31 December 2018 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 March 2019.

DATUK MOHD NASIR BIN AHMAD
GROUP CHAIRMAN

DATUK KAMAL BIN KHALID
GROUP MANAGING DIRECTOR

Petaling Jaya

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Farnida binti Ngah, the Officer primarily responsible for the financial management of Media Prima Berhad, do solemnly and sincerely declare that the financial statements set out on pages 174 to 299 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

FARNIDA BINTI NGAH
GROUP CHIEF FINANCIAL OFFICER

Subscribed and solemnly declared by the above named at Petaling Jaya, Malaysia on 4 March 2019, before me.

PESURUHJAYA SUMPAH
No. B 508
WONG CHOY YIN
1.7.2018 - 31.12.2020
MALAYSIA

COMMISSIONER FOR OATHS

3 Damansara Shopping Mall
3, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDIA PRIMA BERHAD

(Incorporated in Malaysia)
(Company No. 532975 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Media Prima Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 174 to 299.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDIA PRIMA BERHAD

(Incorporated in Malaysia)
(Company No. 532975 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Set out below are the key audit matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company, which will be included in our audit report for the current financial year. The finalisation of our audit report and key audit matters is subject to the completion of our review of the 2018 Annual Report of Media Prima Berhad.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment on goodwill and intangible assets with indefinite life	
The Group has goodwill of RM199.2 million and intangible assets with indefinite life of RM171.9 million as at 31 December 2018. No impairment charge has been recorded by management against these balances in the current financial year because the recoverable amounts of the Cash Generating Unit ("CGU") prepared by management are higher than the carrying values. The recoverable amounts of the cash generating units were based on discounted future cash flows projections which require judgement on the part of management in valuing the relevant CGUs and significant estimates involved in deriving the recoverable amounts, in particular, average revenue growth rate and terminal growth rate and hence, an area of focus for us. Refer to Note 2(e), Note 2(f), Note 3(i) in the summary of significant accounting policies and Note 18 to the financial statements.	We assessed management's impairment assessments and our procedures included the following: • We have checked the assumptions used by management in the discounted future cash flows projections, in particular, the average revenue growth rate and the terminal growth rate by comparing with business plans, historical results and market data; • We assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results; • Sensitivity analysis had been performed on discount rate to evaluate the impact on the impairment assessment; and • We assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on our procedures, we noted no significant exceptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment on investment in subsidiaries Management performed impairment assessments of certain investments in subsidiaries, which had impairment indicators. As a result, impairment of RM280.9 million had been made in respect of Media Prima Berhad's investment in its subsidiaries as stated in Note 16 to the financial statements. This is an area of focus as the recoverable amount of the investment is determined based on discounted future cash flows projections, which require judgement on the part of management estimation of the future financial performance and key assumptions used, in particular revenue growth rate, growth rate for cost, contribution margin, cost savings from rationalisation exercise and the valuation of the land and buildings as terminal value. Refer to Note 2(b)(i) and Note 2(f) in the summary of significant accounting policies and Note 16 to the financial statements.	We have assessed management's impairment assessments. Our procedures in relation to management's impairment assessment includes the following: • We assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results; • We checked the assumptions used by management in the discounted future cash flows projections, in particular average revenue growth rate, growth rate for costs and contribution margin as well as cost savings from rationalisation exercise by comparing with business plans, historical results and market data; • Sensitivity analysis had been performed on discount rate to evaluate the impact on the impairment assessment; and • We assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on our procedures, we noted no significant exceptions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDIA PRIMA BERHAD

(Incorporated in Malaysia)
(Company No. 532975 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises Statement of Risk Management and Internal Control and Director's Report of the 2018 Annual Report which we obtained prior to the date of this auditors' report, and the remaining Annual Report 31 December 2018 of Media Prima Berhad, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements (continued)

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
02910/02/2021 J
Chartered Accountant

Kuala Lumpur
4 March 2019

ANALYSIS OF SHAREHOLDINGS

AS AT 28 FEBRUARY 2019

Total Number of Issued Shares	: 1,109,199,286
Class of Share	: Ordinary Shares
No. of Shareholders	: 23,963
Voting Rights	: One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS
As At 28 February 2019

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Shares
1 - 99	4,942	20.62	186,833	0.02
100 - 1,000	8,760	36.56	4,255,823	0.38
1,001 - 10,000	7,697	32.12	28,832,794	2.60
10,001 - 100,000	2,211	9.23	69,299,771	6.25
100,001 to less than 5% of issued shares	348	1.45	464,401,070	41.87
5% and above of issued shares	5	0.02	542,222,995	48.88
Total	**23,963**	**100.00**	**1,109,199,286**	**100.00**

DIRECTORS' DIRECT AND DEEMED INTEREST IN THE COMPANY
As At 28 February 2019

No.	Name of Directors	No. of Shares	% of Issued Shares
1	Datuk Mohd Nasir bin Ahmad	-	-
2	Datuk Kamal bin Khalid	80,000	0.01
3	Lydia Anne Abraham	-	-
4	Raja Datuk Zaharaton binti Raja Zainal Abidin	-	-
5	Tan Sri Dato' Seri Utama Hj Ismail bin Hj Omar	-	-
6	Datuk Loo Took Gee	-	-
7	Mohd Rashid bin Mohd Yusof	-	-
8	Hisham bin Zainal Mokhtar	-	-
		80,000	**0.01**

SUBSTANTIAL SHAREHOLDERS
As At 28 February 2019

No.	Name of Shareholders	No. of Shares	% of Issued Shares
1	**HSBC Nominees (Asing) Sdn Bhd** Morgan Stanley & Co. International PLC (Firm A/C)	141,648,700	12.77
2	**Employees Provident Fund Board** Citigroup Nominees (Tempatan) Sdn Bhd for Employees Provident Fund	132,422,454	11.94
3	**KAF Trustee Berhad** KIFB for Gabungan Kesturi Sdn Bhd * Amanah Raya Berhad	123,024,270	11.09
4	**KAF Trustee Berhad** KIFB for Altima, Inc	88,291,671	7.96
5	**AmanahRaya Trustees Berhad** Amanah Saham Bumiputera	56,835,900	5.12
		542,222,995	**48.88**

* Deemed interest in 123,024,270 shares by virtue of its 100% equity interest in Gabungan Kesturi Sdn Bhd.

TOP 30 SECURITIES ACCOUNT HOLDERS
As At 28 February 2019

No.	Name of Shareholders	No. of Shares	% of Issued Shares
1	HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International PLC (Firm A/C)	141,648,700	12.77
2	Employees Provident Fund Board Citigroup Nominees (Tempatan) Sdn Bhd for Employees Provident Fund	132,422,454	11.94
3	KAF Trustee Berhad KIFB for Gabungan Kesturi Sdn Bhd	123,024,270	11.09
4	KAF Trustee Berhad KIFB for Altima, Inc	88,291,671	7.96
5	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	56,835,900	5.12
6	HSBC Nominees (Asing) Sdn Bhd TNTC For Edgbaston Asian Equity Trust	46,732,900	4.21
7	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	38,592,020	3.48
8	Valuecap Sdn Bhd	29,417,500	2.65
9	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN For Nomura PB Nominees Ltd	25,814,036	2.33
10	Citigroup Nominees (Asing) Sdn Bhd GSCO LLC For Blackwell Partners LLC (Series A)	25,740,900	2.32

ANALYSIS OF SHAREHOLDINGS

No.	Name of Shareholders	No. of Shares	% of Issued Shares
11	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	25,578,200	2.31
12	Amanahraya Trustees Berhad Amanah Saham Malaysia	22,660,300	2.04
13	AmanahRaya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	16,469,400	1.48
14	HSBC Nominees (Asing) Sdn Bhd TNTC For The Edgbaston Asian Equity (Jersey) Trust	12,823,900	1.16
15	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund NJ6R For Sagacia Fund LP	12,574,392	1.13
16	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	12,228,500	1.10
17	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Balance)	11,521,000	1.04
18	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund NJ4P For Dinard Fund LP	11,485,000	1.04
19	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	8,339,820	0.75
20	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	6,588,700	0.59
21	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV For KAF Asia Equities Fund	6,500,000	0.59
22	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	6,293,703	0.57
23	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Growth)	6,220,500	0.56
24	RHB Nominees (Tempatan) Sdn Bhd Telekom Malaysia Berhad	5,222,214	0.47
25	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund NJ3F For Discerene Fund LP	3,734,034	0.34
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Shiann Gwo (E-TSA)	3,289,100	0.30
27	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Maybank Value Trust Fund (4249)	3,173,000	0.29
28	Lee See Jin	2,902,900	0.26
29	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	2,831,013	0.26
30	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (SG BR-TST-ASING)	2,705,188	0.24
	Total	**891,661,215**	**80.39**

LIST OF PROPERTIES

No	Properties	Type	Tenure	Date of last valuation	Area: Built-up area Sq ft	Area: Land area Sq ft	Description	Age of building (years)	Net book value as at 31 Dec 2018 (RM'000)
1	Lot PLO T2 & T3, Kawasan Perindustrian Senai, 81400 Senai, Johor	Leasehold	60 years Expiry: 2040	2017	187,866	174,240	Former Regional Printing Plant	38	18,374
	Lot PL02, Kawasan Perindustrian Bebas, 81400 Senai, Johor	Leasehold	60 years Expiry: 2043			183,709		20	
2	Lot 322 & 323, Prai Industrial Estate, 13600 Seberang Prai, Pulau Pinang	Leasehold	60 years Expiry: 2039	2017	110,076	157,128	Former Regional Printing Plant	39	14,168
	Mukim 1, Kawasan Perusahaan Prai, 13600 Seberang Prai, Pulau Pinang	Leasehold	60 years Expiry: 2035			87,044		17	
3	Lot 33, Lebuh Sultan Mohamad 1, Jalan Lebuh 1, Kawasan Perindustrian Bandar Sultan Sulaiman, Pelabuhan Klang Utara, 42000 Klang, Selangor	Leasehold	99 years Expiry: 2105	2017	138,000	251,000	Warehouse	26	11,986
4	Lot 7 & 9, Jalan Jurubina U1/18, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor	Freehold	-	2017	81,970	80,062	Broadcasting Studio	22	10,359
5	33, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang	Freehold	-	2017	12,951	13,771	Office block	25	6,242
6	Lot 1024, KM13, Mukim Sri Rusa, Batu 8 3/4, Jalan Pantai Teluk Kemang, Port Dickson, Negeri Sembilan	Freehold	-	2017	35,122	64,304	Condominium	26	4,046
7	Kawasan Perindustrian Ajil, 21800 Hulu Terengganu, Terengganu	Leasehold	60 years Expiry: 2061	2017	90,235	630,213	Former Regional Printing Plant	17	3,035
8	Flat 108, 4 Whitehall Court, London SW1A 2EP	Leasehold	99 years Expiry: 2086	2017	865	0	Residential Apartment	41	2,898
9	Lot 78, 79 & 80 Kompleks Alor Setar, Kedah	Leasehold	99 years Expiry: 2083	2017	10,676	4,574	Office block	35	1,134
10	No. 1107-U, Jalan Pejabat, Kuala Terengganu, Terengganu	Freehold	-	2017	4,749	1,636	Office block	37	1,118

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Mohd Nasir Ahmad
Group Chairman

Datuk Kamal Khalid
Group Managing Director

Lydia Anne Abraham
Independent Non-Executive Director

YM Raja Datuk Zaharaton Raja Zainal Abidin
Senior Independent Non-Executive Director

Tan Sri Dato' Seri Utama Hj Ismail Hj Omar
Independent Non-Executive Director

Datuk Loo Took Gee
Independent Non-Executive Director

Mohd Rashid Mohd Yusof
Independent Non-Executive Director

Hisham Zainal Mokhtar
Independent Non-Executive Director

GROUP COMPANY SECRETARIES

Jessica Tan Say Choon
(MAICSA 7057849)

Farnida Ngah
(MIA 22495)

REGISTERED OFFICE

Media Prima Berhad
Balai Berita, Anjung Riong
No. 31, Jalan Riong, Bangsar
59100 Kuala Lumpur
Tel : 1300 300 672
Fax : +603 2282 0806

AUDIT COMMITTEE MEMBERS

Mohd Rashid Mohd Yusof
Chairman
Independent Non-Executive Director

Lydia Anne Abraham
Independent Non-Executive Director

Tan Sri Dato' Seri Utama Hj Ismail Hj Omar
Independent Non-Executive Director

Datuk Loo Took Gee
Independent Non-Executive Director

SOLICITORS

M/s Wong & Partners
Advocates & Solicitors
Level 21, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : +603 2298 7888
Fax : +603 2282 2669

M/s Raja Riza & Associates
Advocates & Solicitors
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Wisma UOA II
No 21, Jalan Pinang
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Fax : +03 2163 3464

M/s Sufian TH Liew & Partners
Advocates & Solicitors
Unit 2.01, Level 2
Plaza Damansara, Block A
Bukit Damansara
50490 Kuala Lumpur
Tel : +603 2089 5000
Fax : +603 2089 5001

M/s Bustaman & Co
Advocates & Solicitors
Lot C9-3, Jalan Selaman
Dataran Palma, Jalan Ampang
68000 Ampang
Tel : +603 4270 1819
Fax : +603 4270 1821

BANKERS

Malayan Banking Berhad
No. 2, Lorong Rahim Kajai 14
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : +603 7729 3051
Fax : +603 7729 2770

AUDITORS

PricewaterhouseCoopers PLT
Level 10, 1 Sentral Jalan Rakyat
Kuala Lumpur Sentral P. O. Box 10192
50706 Kuala Lumpur
Tel : +603 2173 1188
Fax : +603 2173 1288

REGISTRAR

Boardroom Share Registrars Sdn Bhd
(Company No. 378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : +603 7849 0777
Fax : +603 7841 8151

NOTICE OF 18TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH (18TH) ANNUAL GENERAL MEETING OF MEDIA PRIMA BERHAD ("THE COMPANY") WILL BE HELD AT BALLROOM 2, 1ST FLOOR, SIME DARBY CONVENTION CENTRE, 1A, JALAN BUKIT KIARA 1, 60000 KUALA LUMPUR, MALAYSIA ON FRIDAY, 10 MAY 2019 AT 10.00 A.M. FOR THE TRANSACTION OF THE FOLLOWING BUSINESS:-

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon.	**Please refer to Explanatory Note 1**
2.	To re-elect the following Directors who retire in accordance with Article 100 of the Company's Articles of Association:-	
	i. Datuk Mohd Nasir bin Ahmad	**Resolution 1**
	ii. Lydia Anne Abraham	**Resolution 2**
3.	To re-elect the following Directors who retire in accordance with Article 105 of the Company's Articles of Association:-	
	i. Mohd Rashid bin Mohd Yusof	**Resolution 3**
	ii. Hisham bin Zainal Mokhtar	**Resolution 4**
4.	To approve the payment of Directors' fees of RM408,945.00 for the financial year ended 31 December 2018.	**Resolution 5**
5.	To approve the payment of benefits payable to the Non-Executive Group Chairman and Non-Executive Directors up to an amount of RM1,400,000.00, from 11 May 2019 until the next AGM of the Company.	**Resolution 6**
6.	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.	**Resolution 7**

NOTICE OF 18TH ANNUAL GENERAL MEETING

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions, with or without modifications:-

ORDINARY RESOLUTION

7. **Authority to Allot and Issue Shares**

"THAT subject to Sections 75 and 76 of the Companies Act 2016 and approvals of the governmental and/or regulatory authorities, where such approval is necessary, the Directors be and are hereby given full authority to allot and issue shares in the Company, at any time, and upon such terms and conditions and for such purposes at the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued capital of the Company for the time being and that the Directors be and are hereby given full authority to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company". **Resolution 8**

SPECIAL RESOLUTION

8. **Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution ("Proposed Alteration")**

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution as set out in Appendix A with effect from the date of passing this special resolution AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing". **Resolution 9**

9. To transact any other business of which due notice has been given.

BY ORDER OF THE BOARD

TAN SAY CHOON (MAICSA 7057849)
FARNIDA BINTI NGAH (MIA 22495)
Group Company Secretaries

Kuala Lumpur
Date: 10 April 2019

Notes:-

Proxy

1. Only members whose names appear in the Record of Depositors on 3 May 2019 ("General Meeting Record of Depositors") shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the AGM.
2. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
6. Duly completed Proxy Form must be deposited at BoardRoom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

Explanatory Notes :-

1. **Audited Financial Statements for financial year ended 31 December 2018**

   The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, will not be put for voting.

2. **Resolution 5: Directors' Fees**

   The fees for the Directors as set out below has been implemented since Financial Year ("FY") 2010 and the Board had agreed that the Directors' Fees in respect of FY 2018 be maintained as follows:-

Non-Executive Group Chairman	RM75,000 per annum
Non-Executive Director ("NED")	RM60,000 per annum

The payment of the Directors Fees in respect of the FY 2018 will only be made if the proposed Resolution 5 has been approved at the 18th AGM of the Company.

3. **Resolution 6: Benefits payable to the NEDs**

   The benefits payable to the NEDs comprise the allowances and other emoluments payable to the Non-Executive Group Chairman and Members of the Board and Board Committees as set out below:-

1	Monthly Fixed Allowance	Group Chairman	RM25,000 per month	
		Chairman of Operating Subsidiaries of Media Prima Berhad ("MPB")	RM3,000 to RM5,000 per month	
2	Meeting Allowance (per meeting)		Chairman	Member
		Board of MPB	RM2,000	RM1,000
		Board of Operating Subsidiaries of MPB	RM1,000	RM750
		Board Committees	RM2,000	RM1,000
3	Other benefits	Medical coverage and other claimable benefits.		

NOTICE OF 18TH ANNUAL GENERAL MEETING

The Monthly Fixed Allowance is given to the Group Chairman and Chairman of the Operating Subsidiaries of MPB, in recognition of their significant roles in leadership and oversight, and their wide-ranging scope of responsibilities.

The total amount of benefits payable to the NEDs is estimated to be up to RM1,400,000.00 (from 11 May 2019 to the next AGM in 2020), taking into account various factors which include amongst others, the number of scheduled meetings for the Board, Board of subsidiaries and Board Committees as well as the number of NEDs involved in these meetings.

The payment of the benefits to the NEDs will be made on a monthly basis and/or as and when incurred if the proposed Resolution 6 has been passed at the 18th AGM. The Board is of the view that it is fair and equitable for the NEDs to be paid the Directors' remuneration (excluding Director's fees) on a monthly basis and/or as and when incurred, given that they have duly discharged their responsibilities and provided their services to the Company and the Group throughout the said period.

4. **Resolution 8: Authority to Directors to Allot and Issue Shares**

The proposed resolution is a general mandate from the shareholders of the Company in accordance with Section 75 and 76 of the Companies Act 2016 for Directors to allot and issue new shares in the Company of up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Company may deem fit in the best interest of the Company including for any possible fund raising for the Company's working capital requirements and strategic investments.

The Resolution, if approved, will give the Company and its Directors the mandate and flexibility to allot and issue shares in the Company for possible fund raising initiatives without the need to seek shareholders' approval via a general meeting subsequent to this 18th AGM, which may delay the capital raising initiatives and incur relevant cost in organising the general meeting.

5. **Resolution 9: Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution ("Proposed Alteration")**

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulation that are applicable to the Company.

The Appendix A on the Proposed New Constitution of the Company, which is circulated together with the Notice of the 18th AGM dated 10 April 2019, shall take effect once the proposed Resolution 9 has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 18th AGM.

STATEMENT ACCOMPANYING NOTICE OF 18TH ANNUAL GENERAL MEETING

Directors who are standing for re-election at the Eighteenth (18th) Annual General Meeting of Media Prima Berhad are:-

(i) Datuk Mohd Nasir bin Ahmad **(Resolution 1)**

(ii) Lydia Anne Abraham **(Resolution 2)**

(iii) Mohd Rashid bin Mohd Yusof **(Resolution 3)**

(iv) Hisham bin Zainal Mokhtar **(Resolution 4)**

The details of the above Directors who are seeking re-election are set out in the "Board of Directors Profiles" which appear from pages 100 to 107 of the Annual Report.

The details of Directors' interests in the securities of the Company are set out in the "Directors' Direct and Deemed Interest in the Company" which appear on page 306 of the Annual Report.

FINANCIAL CALENDAR

ANNOUNCEMENT OF CONSOLIDATED RESULTS

(1) **24 May 2018**
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2018.

(2) **30 August 2018**
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2018.

(3) **21 November 2018**
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2018.

(4) **27 February 2019**
Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2018.

ANNUAL GENERAL MEETING

(1) **10 April 2019**
Notice of Annual General Meeting

(2) **10 May 2019**
18th Annual General Meeting

GROUP DIRECTORY

MEDIA PRIMA BERHAD
Balai Berita, Anjung Riong
31, Jalan Riong, Bangsar
59100 Kuala Lumpur
Tel : 1 300 300 672
Fax : +603 2283 0353
Email : communications@mediaprima.com.my
Website : http://www.mediaprima.com.my

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Website : http://www.8tv.com.my

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Balai Berita, 31 Jalan Riong, Bangsar
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Website : http://www.nstp.com.my

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Studio : +603 7710 8822
Fax : +603 7710 7098
Website: http://www.ripplemedia.com.my

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Fax : +603 7729 3999
Website : http://www.bigtree.com.my

PRIMEWORKS STUDIOS SDN BHD
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Selangor Darul Ehsan
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Fax : +603 7727 1799
Website : http://www.primeworks.com.my

MEDIA PRIMA DIGITAL SDN BHD
3rd Floor, North Wing, Sri Pentas
No.3, Persiaran Bandar Utama
Bandar Utama, 47800 Petaling
Selangor Darul Ehsan
Tel : +603 7621 3333
Fax : +603 7710 3876
Website : http://www.mediaprimadigital.com.my

REV ASIA HOLDINGS SDN BHD
The Penthouse,
Level 19, Uptown 1,
Jalan SS21/58,
Damansara Utama,
47400, Petaling Jaya
Selangor D.E, Malaysia
Tel : +603 7710 0180
Website : http://www.revasia.com

MP CJ ENM SDN BHD (1176464-X) (formerly known as MP CJ O Shopping Sdn Bhd)
Level 1, Balai Berita, Anjung Riong,
No. 31, Jalan Riong, 59100 Bangsar,
Kuala Lumpur, Malaysia
Hotline : 1-800-18-0808
Fax : +603 2280 0044
Website : http://www.cjwowshop.com.my

media prima

(Company No: 532975 A)

CDS Account No	
Number of Ordinary Share(s) held	

PROXY FORM

I/We ……….………..………………
(FULL NAME OF SHAREHOLDER AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

NRIC No. /Company No. ………………………………………………………… of ……………………………………………………………………............

…………………………………………………………………………………………..……………………………………………………………………......
(FULL ADDRESS)

being a member of MEDIA PRIMA BERHAD hereby appoint:

First Proxy

Full Name of Proxy in capital letters		Proportion of shareholdings	
		Number of shares	Percentage (%)
NRIC Number			

and/or failing him/her,

Second Proxy

Full Name of Proxy in capital letters		Proportion of shareholdings	
		Number of shares	Percentage (%)
NRIC Number			

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Eighteenth (18^{th}) Annual General Meeting of the Company to be held at Ballroom 2, 1^{st} Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Friday, 10 May 2019 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 18^{th} AGM. My/our proxy is to vote as indicated below:-

Resolution No	RESOLUTION	FOR	AGAINST
Resolution 1	To re-elect Datuk Mohd Nasir bin Ahmad as Director of the Company.		
Resolution 2	To re-elect Lydia Anne Abraham as Director of the Company.		
Resolution 3	To re-elect Mohd Rashid bin Mohd Yusof as Director of the Company.		
Resolution 4	To re-elect Hisham bin Zainal Mokhtar as Director of the Company.		
Resolution 5	To approve the payment of Directors' fees of RM408,945.00 for the financial year ended 31 December 2018.		
Resolution 6	To approve the payment of benefits payable to the Non-Executive Group Chairman and Non-Executive Directors up to an amount of RM1,400,000.00, from 11 May 2019 until the next AGM of the Company.		
Resolution 7	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to determine their remuneration.		
Resolution 8	To approve the proposed Authority to Allot and Issue Shares.		
Resolution 9	To approve the proposed Alteration of the existing Memorandum and Articles of Association by replacing with a new Constitution.		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Dated this …................ day of ………………………….. 2019

……………………………………………
Signature of Member / Common Seal

Notes:
1. Only members whose names appear in the Record of Depositors on 3 May 2019 ("General Meeting Record of Depositors") shall be eligible to attend in person or appoint proxies to attend and/or vote on their behalf at the AGM.
2. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
6. Duly completed Proxy Form must be deposited at BoardRoom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

STAMP

MEDIA PRIMA BERHAD

C/O BOARDROOM SHARE REGISTRARS SDN BHD (Company No. 378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1, Jalan PJU 1A/46
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Malaysia

MEDIA PRIMA BERHAD
(532975-A)

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