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THE DISTRIBUTION OF THIS PROSPECTUS AND THE WARRANTS LISTING ARE SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THIS PROSPECTUS OR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR AN OFFER TO SELL OR INVITATION TO BUY SECURITIES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE. THIS PROSPECTUS SHALL NOT BE USED TO MAKE AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES TO ANY PERSON. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE ISSUANCE OF THIS PROSPECTUS DOES NOT CONSTITUTE ANY WARRANTY WHATSOEVER FROM US OR OUR ADVISERS ON THE SUCCESSFUL LISTING OF THE CONSIDERATION WARRANTS.

The approval from the shareholders of MPB for the Offer and Proposed Bonus Issue will be sought at our forthcoming EGM. Approval-in-principle of Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Warrants and the new MPB Shares to be issued upon the exercise of the Warrants on the Main Market of Bursa Securities is still pending as at the LPD. Nevertheless, the approval, when obtained, is not an indication that Bursa Securities recommends the Warrants or its listing. The admission of the Warrants to the Official List and the official listing of and quotation for the Warrants will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS accounts of the accepting Holders have been duly credited and notices of allotment have been dispatched to them. The listing of and quotation for the new MPB Shares to be issued upon the exercise of the Warrants is expected to commence after receipt of confirmation from Bursa Depository that all the CDS accounts of the exercising Warrant holders have been duly credited.

A copy of this Prospectus has been registered with the SC. The registration of this Prospectus should not be taken to indicate that the SC recommends the Warrants or its listing or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being listed. A copy of this Prospectus has also been lodged with the Registrar of Companies of Malaysia who takes no responsibility for its contents.

Investors are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Securities to be listed on Bursa Securities are premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMSA, are responsible.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Prospectus. Admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Warrants and the new MPB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Warrants or its listing.

Our Board has seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information in this Prospectus. They confirm, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

CIMB, being the Principal Adviser for the Warrants Listing, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Warrants and its listing.

All terms used herein shall have the same meaning as those defined in the "Definitions" page of this Prospectus unless stated otherwise.



MEDIA PRIMA BERHAD

Company No.: 532975-A

(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL LISTING OF UP TO 24,638,453 FREE NEW WARRANTS IN MEDIA PRIMA BERHAD ("MPB") TO BE ISSUED PURSUANT TO THE CONDITIONAL TAKE-OVER OFFER BY MPB TO ACQUIRE ALL THE REMAINING ORDINARY SHARES OF RM1.00 EACH IN THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD NOT ALREADY OWNED BY MPB

Principal Adviser



CIMB Investment Bank Berhad (18417-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Prospectus is dated 5 November 2009

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS THAT YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE WARRANTS LISTING ARE SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THIS PROSPECTUS OR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR AN OFFER TO SELL OR INVITATION TO BUY SECURITIES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE. THIS PROSPECTUS SHALL NOT BE USED TO MAKE AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES TO ANY PERSON. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS HAS BEEN PREPARED AND PUBLISHED SOLELY FOR THE LISTING OF THE WARRANTS UNDER THE LAWS OF MALAYSIA. HOWEVER, THE ISSUANCE OF THIS PROSPECTUS DOES NOT CONSTITUTE ANY WARRANTY WHATSOEVER FROM US OR OUR ADVISERS ON THE SUCCESSFUL LISTING OF THE WARRANTS. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" PAGE OF THIS PROSPECTUS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Prospectus:

Act	: Companies Act, 1965, as amended from time to time including any subsequent re-enactment
Adex	: Advertising expenditure
Altima	: Altima, Inc
AP Guidelines	: Prospectus Guidelines - Abridged Prospectus issued by the SC, as amended from time to time
BNM	: Bank Negara Malaysia
Board	: Board of Directors
Bonds	: Five (5)-year redeemable fixed rate bonds to be issued under the Proposed Bonds with Detachable Warrants Issue
Bonus Warrants	: New warrants in our Company to be issued to the Entitled Shareholders pursuant to the Proposed Bonus Issue
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
CDS	: Central Depository System
CH-9	CH-9 Media Sdn Bhd, a wholly-owned subsidiary of our Company
CIMB	: CIMB Investment Bank Berhad
Closing Date	: First Closing Date, or in the event the Offer is revised or extended in accordance with the Code and the terms and conditions of the Offer Document, such other revised or extended closing date as we may decide and as may be announced by CIMB on our behalf
CMSA	: Capital Markets and Services Act, 2007, as amended from time to time including any subsequent re-enactment
Code	: Malaysian Code on Take-overs and Mergers, 1998, as amended from time to time
Company	: Media Prima Berhad
Consideration Shares	: New MPB Shares to be issued at an issue price RM2.00 each pursuant to the Offer
Consideration Warrants	: New warrants in our Company to be issued for free to accepting Holders pursuant to the Offer
Deed Poll	: Deed poll constituting the MPB Warrants
Detachable Warrants	: New detachable warrants in our Company to be issued pursuant to the Proposed Bonds with Detachable Warrants Issue
EBITDA	: Earnings before interest, taxation, depreciation and amortisation

DEFINITIONS (*cont'd*)

EGM	: Extraordinary General Meeting
Entitled Shareholders	: Existing shareholders of our Company whose names appear on our Record of Depositors on the Entitlement Date and are entitled under the Proposed Bonus Issue (for the avoidance of doubt, the accepting Holders will not be entitled under the Proposed Bonus Issue)
Entitlement Date	: Date of the close of business (after the Offer becomes unconditional) to be determined by our Board and announced later on which the Entitled Shareholders must be registered in our Record of Depositors in order to be entitled under the Proposed Bonus Issue
EPF	: Employees Provident Fund Board
EPS	: Earnings per share
ESOS Options	: Options under the existing employees share option scheme of our Company
First Closing Date	: 5.00 p.m. (Malaysian time) on 26 November 2009, being 21 days from the Posting Date
FTA-TV	: Free-to-air television
FYE	: Financial year ended/ending
GDP	: Gross domestic product
GKSB	: Gabungan Kesturi Sdn Bhd
Group	: Our Company and its subsidiaries, collectively
Harris	: Harris Associates L.P.
Holder	: Holder of the Offer Shares
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	: 23 October 2009, being the latest practicable date before the registration of this Prospectus with the SC
Max-Airplay	: Max-Airplay Sdn Bhd, a 75% owned subsidiary of our Company
Metropolitan	: Metropolitan TV Sdn Bhd, a wholly-owned subsidiary of our Company
MI	: Minority interests
MPB	: Media Prima Berhad
MPB Group	: Our Company and its subsidiaries, collectively
MPB Shares	: Ordinary shares of RM1.00 each in our Company
MPB Warrants	: Consideration Warrants, Bonus Warrants and Detachable Warrants, collectively
NA	: Net assets

DEFINITIONS (*cont'd*)

Natseven	: Natseven TV Sdn Bhd, a wholly-owned subsidiary of our Company
Notice	: Notice of the Offer dated 16 October 2009 served on the Board of NSTP by our Company through CIMB
NSTP	: The New Straits Times Press (Malaysia) Berhad
NSTP Group	: NSTP and its subsidiaries, collectively
NSTP Shares	: Ordinary shares of RM1.00 each in NSTP
Offer	: Conditional take-over offer by our Company through CIMB to acquire the Offer Shares from the Holders in accordance with the terms and subject to the conditions in the Offer Document
Offer Document	: Offer document dated 5 November 2009 which sets out the details of the Offer together with the form of acceptance and transfer
Offer Shares	: The remaining NSTP Shares not already owned by us, which are the subject of the Offer
One FM Radio	: One FM Radio Sdn Bhd (formerly known as Radio Wanita Sdn Bhd), an 80% owned subsidiary of our Company
Other Corporate Proposals	: The Proposed Bonus Issue and the Proposed Bonds with Detachable Warrants Issue
PAT	: Profit after taxation
PATAMI	: Profit after taxation and MI
PBT	: Profit before taxation
PHP	: Philippine peso
Posting Date	: 5 November 2009, being the date of posting of the Offer Document
Proposed Bonds with Detachable Warrants Issue	: Proposed issue of RM150 million nominal value of Bonds with 50 million Detachable Warrants, on a bought deal basis
Proposed Bonus Issue	: Proposed bonus issue of up to 24,604,298 Bonus Warrants to the Entitled Shareholders on the basis of one (1) Bonus Warrant for every thirty-five (35) MPB Shares held on the Entitlement Date
RM and sen	: Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	: Rules of a central depository as issued under the SICDA, as amended from time to time
SC	: Securities Commission Malaysia
Share Registrar	: Symphony Share Registrars Sdn Bhd, our share registrar
SICDA	: Securities Industry (Central Depositories) Act, 1991, as amended from time to time including any subsequent re-enactments
STMB	: Sistem Televisyen Malaysia Berhad, a wholly-owned subsidiary of our Company

DEFINITIONS (cont'd)

USD	: United States of America Dollar
VWAMP	: Volume-weighted average market price
Warrants	: Consideration Warrants and Bonus Warrants, collectively
Warrants Listing	: Initial listing of up to 24,638,453 Consideration Warrants to be issued pursuant to the Offer

All references to “**our Company**” or “**MPB**” in this Prospectus are to Media Prima Berhad, and references to “**our Group**” are to our Company and our consolidated subsidiaries. References to “**we**”, “**us**”, “**our**”, “**ourselves**” are to our Company and, where the context otherwise requires, our subsidiaries.

All references to “**you**” in this Prospectus are to the Holders.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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MEDIA PRIMA BERHAD
Company No.: 532975-A
 (Incorporated in Malaysia under the Act)

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Nationality	Profession	Address
Datuk Johan bin Jaaffar <i>Non-Independent Non-Executive Chairman</i>	Malaysian	Company Director	No. 44, Jalan 5/64 Bukit Gasing 46000 Petaling Jaya Selangor
Dato' Amrin bin Awaluddin <i>Group Managing Director</i>	Malaysian	Company Director	A-6-4, Menara Indah Taman Tun Abdul Razak 68000 Ampang Jaya Selangor
Dato' Sri Ahmad Farid bin Ridzuan <i>Executive Director</i>	Malaysian	Company Director	No. 21, Jalan BU 10/9 Bandar Utama 47800 Petaling Jaya Selangor
Shahril Ridza bin Ridzuan <i>Non-Independent Non-Executive Director</i>	Malaysian	Company Director	No. 178, Jalan Ara Bukit Bandaraya 59100 Kuala Lumpur
Tan Sri Lee Lam Thye <i>Independent Non-Executive Director</i>	Malaysian	Company Director	No. 12, Jalan Perkasa Empat Taman Maluri 55100 Kuala Lumpur
Tan Sri Mohamed Jawhar <i>Independent Non-Executive Director</i>	Malaysian	Company Director	No. 3880 Kampung Sungei Penchala Jalan Damansara 60000 Kuala Lumpur
Dato' Abdul Kadir bin Mohd Deen <i>Independent Non-Executive Director</i>	Malaysian	Company Director	No. 14, Jalan Seraya 3/12 Seksyen 3 40000 Shah Alam Selangor
Dato' Gumuri bin Hussain <i>Independent Non-Executive Director</i>	Malaysian	Company Director	No. 850, Kg Sg Gahal Batu 14, Ulu Langat 43100 Hulu Langat Selangor
Datuk Ahmad bin Abd Talib <i>Executive Director</i>	Malaysian	Company Director	No. 2, Jalan 27/146 Bandar Tasik Selatan 57000 Kuala Lumpur
Dato' Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor <i>Independent Non-Executive Director</i>	Malaysian	Company Director	No. 16, Jalan Kelab Golf 13/6, Greenville Hill Kelab Golf Sultan Abdul Aziz Shah 40000 Shah Alam Selangor

CORPORATE DIRECTORY (*cont'd*)

AUDIT COMMITTEE

Name	Responsibility	Directorship
Dato' Gumuri Bin Hussain	Chairman	Independent Non-Executive Director
Tan Sri Lee Lam Thye	Member	Independent Non-Executive Director
Tan Sri Mohamed Jawhar	Member	Independent Non-Executive Director
Dato' Abdul Kadir bin Mohd Deen	Member	Independent Non-Executive Director

REGISTERED AND BUSINESS OFFICE

: Media Prima Berhad
Sri Pentas
No. 3, Persiaran Bandar Utama
Bandar Utama
47800 Petaling
Selangor Darul Ehsan

Tel: (603) 7726 6333
Fax: (603) 7728 0787
Email: communications@mediaprima.com.my
Website: www.mediaprima.com.my

COMPANY SECRETARY

: Tan Say Choon (MAICSA 7057849)
Media Prima Berhad
Sri Pentas
No 3, Persiaran Bandar Utama
Bandar Utama
47800 Petaling
Selangor Darul Ehsan

Tel: (603) 7726 6333

PRINCIPAL BANKER

: Malayan Banking Berhad
No 2, Lorong Rahim Kajai 14
Taman Tun Dr Ismail
60000 Kuala Lumpur

Tel: (603) 7727 9459

AUDITORS AND REPORTING ACCOUNTANTS

: Messrs PricewaterhouseCoopers
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur

Tel: (603) 2173 1188

CORPORATE DIRECTORY (*cont'd*)

SOLICITORS FOR THE WARRANTS LISTING	:	Messrs Wong & Partners Advocates and Solicitors Level 21 - Suite 21.01 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel: (603) 2298 7888
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd Level 26, Menara Multi-Purpose Capital Square No.8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: (603) 2721 2222
PRINCIPAL ADVISER	:	CIMB Investment Bank Berhad 5th Floor, Bangunan CIMB Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel: (603) 2084 8888
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

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media prima

MEDIA PRIMA BERHAD
Company No.: 532975-A
(Incorporated in Malaysia under the Act)

Registered Office:

Sri Pentas
No. 3, Persiaran Bandar Utama
Bandar Utama
47800 Petaling
Selangor Darul Ehsan

5 November 2009

Our Board:

Datuk Johan bin Jaaffar (Non-Independent Non-Executive Chairman)
Dato' Amrin bin Awaluddin (Group Managing Director)
Dato' Sri Ahmad Farid bin Ridzuan (Executive Director)
Shahril Ridza bin Ridzuan (Non-Independent Non-Executive Director)
Tan Sri Lee Lam Thye (Independent Non-Executive Director)
Tan Sri Mohamed Jawhar (Independent Non-Executive Director)
Dato' Abdul Kadir bin Mohd Deen (Independent Non-Executive Director)
Dato' Gumuri bin Hussain (Independent Non-Executive Director)
Datuk Ahmad bin Abd Talib (Executive Director)
Dato' Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor (Independent Non-Executive Director)

To: The Holders

Dear Sir/Madam

**INITIAL LISTING OF UP TO 24,638,453 CONSIDERATION WARRANTS TO BE ISSUED
PURSUANT TO THE OFFER**

1. INTRODUCTION

- 1.1 On 16 October 2009, CIMB, on our behalf, served the Notice on NSTP's Board to inform the Board of NSTP of our intention to undertake a conditional take-over offer to acquire all the remaining NSTP Shares not already owned by us, at an offer price of RM2.00 per Offer Share, to be satisfied by the issuance of one (1) MPB Share at an issue price of RM2.00 each for every one (1) Offer Share accepted and one (1) free MPB Warrant for every five (5) Offer Shares accepted.
- 1.2 On the same date, we also announced the following proposals:
 - (i) a bonus issue of up to 24,604,298 Bonus Warrants to the Entitled Shareholders on the basis of one (1) Bonus Warrant for every thirty-five (35) MPB Shares held on the Entitlement Date. The implementation of the Proposed Bonus Issue will be conditional upon the Offer becoming unconditional. For the avoidance of doubt, the accepting Holders will not be entitled to the Bonus Warrants under the Proposed Bonus Issue; and

- (ii) an issuance of RM150,000,000 nominal value of Bonds with 50,000,000 Detachable Warrants, on a bought deal basis. The implementation of the Proposed Bonds with Detachable Warrants Issue will be conditional upon the Offer becoming unconditional.

- 1.3 Full details of the Offer is set out in the Offer Document dated 5 November 2009, a copy of which has been sent to you and can also be found on the website of Bursa Malaysia Berhad at www.bursamalaysia.com.
- 1.4 Full details on the Proposed Bonus Issue and the Proposed Bonds with Detachable Warrants Issue will be set out in the Circulars to be issued to our shareholders at a later date, copies of which upon issue, can be found on the website of Bursa Malaysia Berhad at www.bursamalaysia.com.
- 1.5 This Prospectus has been prepared in respect of the initial listing of the Consideration Warrants to be issued as part consideration under the Offer pursuant to Section 232 of the CMA which provides, amongst others, that:

"A person shall not issue, offer for subscription or purchase, make an invitation to subscribe for or purchase or in the case of an initial listing of securities, make an application for the quotation of the securities on a stock market of a stock exchange unless—

- (a) *a prospectus in relation to the securities has been registered by the Commission under Section 233; and*
- (b) *the prospectus complies with the requirements or provisions of this Act."*

The SC had on 2 November 2009 granted us a waiver from full compliance with the requirements under the Prospectus Guidelines – Equity and Debt to allow us to issue a modified prospectus for the Warrants Listing based on the format and content of prospectus under the AP Guidelines. In the same letter, the SC had also granted us a waiver from compliance with Chapter 1.10 of the AP Guidelines, which requires us to publish a summary advertisement of this Prospectus in at least one widely-circulated newspaper.

- 1.6 Approval from BNM for the issue of up to 24,638,453 Consideration Warrants to the Holders and up to 24,604,298 Bonus Warrants to the Entitled Shareholders who may be non-resident and the issue by our Company of any additional Warrants arising from adjustments made from time to time pursuant to provisions of the Deed Poll, is still pending as at the LPD.
- 1.7 Approval-in-principle of Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities, and the listing of and quotation for the Warrants and new MPB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities, is still pending as at the LPD.
- 1.8 Approval of our shareholders for the Offer and the Proposed Bonus Issue will be sought at our forthcoming EGM.

No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Warrants Listing and if given or made, such information or representation must not be relied upon as having been authorised by us or CIMB in connection with the Warrants Listing.

THIS PROSPECTUS IS ISSUED FOR INFORMATION PURPOSES ONLY. YOU ARE NOT REQUIRED TO TAKE ANY ACTION WITH RESPECT TO THIS PROSPECTUS.

2. DETAILS OF THE OFFER AND OTHER CORPORATE PROPOSALS

2.1 Details of the Offer

2.1.1 The Offer entails the acquisition of the Offer Shares at an offer price of RM2.00 per Offer Share, to be satisfied by the issuance of one (1) Consideration Share for every one (1) Offer Share accepted and one (1) Consideration Warrant for every five (5) Offer Shares accepted. We may issue up to 123,192,264 Consideration Shares and up to 24,638,453 Consideration Warrants pursuant to the Offer. The indicative principal terms of the Consideration Warrants are set out in Section 2.3 of this Prospectus.

2.1.2 If NSTP declares any dividend and/or distribution before the Closing Date and the Holders are entitled to retain such dividend and/or distribution, MPB will reduce the number of Consideration Shares to be issued as consideration for the Offer Shares by reducing the consideration for each Offer Share by the quantum of the net dividend and/or distribution per NSTP Share that the Holders are entitled to retain.

Similarly, if MPB declares any dividend and/or distribution before the Consideration Shares are issued and the Holders are not entitled to such dividend and/or distribution, MPB will increase the number of Consideration Shares to be issued as consideration for the Offer Shares by reducing the issue price of the Consideration Share by the quantum of net dividend and/or distribution per MPB Share which the Holders are not entitled to.

2.1.3 The Holders may accept the Offer in respect of all or part of their Offer Shares. However, any fractional entitlement to the Consideration Shares and/or Consideration Warrants to which a Holder is entitled to receive shall be rounded down to the nearest whole Consideration Share and/or Consideration Warrant.

2.1.4 The Consideration Shares shall, upon issue and allotment, rank pari passu in all respects with the then existing MPB Shares save and except that the holder of such Consideration Shares shall not be entitled to any dividend, right, allotment and/or distribution, the entitlement date of which is prior to the date of allotment of such Consideration Shares.

2.1.5 Salient terms and conditions of the Offer

The salient terms and conditions of the Offer, unless otherwise varied in accordance with the Code, are set out below:

Consideration for the Offer : The Offer is to be fully satisfied by the issuance of one (1) Consideration Share for every one (1) Offer Share accepted and one (1) Consideration Warrant for every five (5) Offer Shares accepted.

We will not issue fractions of a share or warrant to the accepting Holders. The entitlement of the accepting Holders to Consideration Shares and/or Consideration Warrants will be rounded down to the nearest whole Consideration Share and/or Consideration Warrant.

Conditions of the Offer : The Offer shall be conditional upon the following:

- (i) the receipt of, by the Closing Date, valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) in respect of the Offer Shares, which would result in us holding, together with such NSTP Shares that are already acquired, held or entitled to be acquired or held by us, 51% or more of the total voting shares of NSTP;
- (ii) approval of Bursa Securities for the admission of the Consideration Warrants to the Official List of Bursa Securities and the listing of and quotation for the Consideration Shares, Consideration Warrants and new MPB Shares to be issued upon the exercise of the Consideration Warrants on the Main Market of Bursa Securities;
- (iii) approval of BNM for the issuance of the Consideration Warrants to accepting non-resident Holders; and
- (iv) approval of our shareholders for the Offer at our EGM to be convened;

failing which the Offer shall lapse and all acceptances shall be returned to the Holders who have accepted the Offer.

None of the above conditions of the Offer has been met as at the LPD.

Duration of the Offer : We intend to close the Offer on the First Closing Date i.e., at 5.00 p.m. (Malaysian time) on 26 November 2009. However, subject to the provisions of the Code, we may extend the Offer beyond the First Closing Date.

Method of settlement : If we deem the acceptance to be complete and valid in all respects in accordance with the terms and subject to the conditions set out in the Offer Document, we shall allot, issue and credit the requisite number of Consideration Shares and/or Consideration Warrants to the accepting Holder's securities account in the following manner:

- (i) where the valid acceptance is received during the period when the Offer is still conditional, settlement shall be within 21 days from the date the Offer becomes unconditional; or

- (ii) where the valid acceptance is received during the period when the Offer has become or has been declared unconditional, settlement shall be within 21 days from the date of valid acceptance.

2.1.6 Full details of the Offer is set out in the Offer Document dated 5 November 2009, a copy of which has been sent to you and can also be found on the website of Bursa Malaysia Berhad at www.bursamalaysia.com.

2.2 Details of the Other Corporate Proposals

2.2.1 Proposed Bonus Issue

The Proposed Bonus Issue entails the issuance of up to 24,604,298 Bonus Warrants to the Entitled Shareholders on the basis of one (1) Bonus Warrant for every thirty-five (35) MPB Shares held on the Entitlement Date, the implementation of which will be conditional upon the Offer becoming unconditional. The indicative principal terms of the Bonus Warrants are set out in Section 2.3 of this Prospectus.

The total number of Bonus Warrants to be issued will be based on the issued and paid-up share capital of MPB as at the Entitlement Date.

The Proposed Bonus Issue is conditional upon the Offer becoming unconditional but not vice versa.

Full details on the Proposed Bonus Issue will be set out in the Circular to be issued to our shareholders at a later date, a copy of which upon issue, can be found on the website of Bursa Malaysia Berhad at www.bursamalaysia.com.

2.2.2 Details of the Proposed Bonds with Detachable Warrants Issue

The Proposed Bonds with Detachable Warrants Issue involves the issuance by our Company of RM150,000,000 nominal value of Bonds together with 50,000,000 provisional rights to the Detachable Warrants ("**Provisional Rights of Warrants**"), on a bought deal basis. Upon issuance, the Provisional Rights of Warrants will be immediately detached from the Bonds by the primary subscriber and placed to investors to be identified. The indicative principal terms of the Detachable Warrants are set out in Section 2.3 of this Prospectus.

The implementation of the Proposed Bonds with Detachable Warrants Issue will be conditional upon the Offer becoming unconditional.

Full details on the Proposed Bonds with Detachable Warrants Issue will be set out in the Circular to be issued to our shareholders at a later date, a copy of which upon issue, can be found on the website of Bursa Malaysia Berhad at www.bursamalaysia.com.

2.3 Indicative principal terms of the MPB Warrants

The Consideration Warrants, Bonus Warrants (to be issued under the Proposed Bonus Issue as set out in Section 2.2.1 above) and Detachable Warrants (to be issued pursuant to the Proposed Bonds with Detachable Warrants Issue as set out in Section 2.2.2 above) will be from a single class of MPB Warrants, which will be identical in all respects save for the dates of issuance of the MPB Warrants.

The indicative principal terms of the MPB Warrants are set out below:

Issue	: Up to 99,242,751 MPB Warrants, comprising the following: <ul style="list-style-type: none"> (i) up to 24,638,453 Consideration Warrants to be issued as part consideration pursuant to the Offer; (ii) up to 24,604,298 Bonus Warrants to be issued pursuant to the Proposed Bonus Issue; and (iii) 50,000,000 Detachable Warrants to be issued pursuant to the Proposed Bonds with Detachable Warrants Issue. <p>We will not issue fractions of a warrant to the accepting Holders/Entitled Shareholders. The entitlement of accepting Holders/Entitled Shareholders to the Warrants will be rounded down to the nearest whole Warrant.</p>
Form and Denomination	: The MPB Warrants shall be issued in registered form and constituted by the Deed Poll.
Exercise Rights	: Each MPB Warrant carries the entitlement to subscribe for one (1) new MPB Share at the Exercise Price at any time during the Exercise Period, subject to customary adjustments in accordance with the provisions of the Deed Poll.
Exercise Period	: The MPB Warrants can be exercised at any time during the period commencing from and including the date of issue of each of the MPB Warrants (" Issue Date ") up to and including the Expiry Date.
Exercise Price	: The exercise price of the MPB Warrants is RM1.80 each, representing a premium of approximately 6.51% to the 5-day VWAMP of MPB Shares of RM1.69 up to 15 October 2009, being last full trading day prior to the date of the announcement and the Notice. The Exercise Price is subject to customary adjustments in accordance with the provisions of the Deed Poll.
Expiry Date	: The MPB Warrants shall expire at 5.00 p.m. on the market day of the (5 th) fifth anniversary of the Issue Date of the first (1 st) tranche of MPB Warrants (which will be announced at a later date). Any MPB Warrant which has not been exercised will lapse and cease thereafter to be valid for any purpose.
Listing	: Applications have been made for the admission of the Consideration Warrants to the Official List of Bursa Securities and the listing of and quotation for the MPB Warrants and the new MPB Shares to be issued upon the exercise of the MPB Warrants on the Main Market of Bursa Securities.

Status of the new MPB Shares arising from the exercise of the MPB Warrants	: The new MPB Shares to be issued upon the exercise of the MPB Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing MPB Shares, save and except that they shall not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is prior to the date of allotment of the MPB Shares.
Rights of the MPB Warrants	: The MPB Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in MPB until and unless such MPB Warrant holders exercise their MPB Warrants for new MPB Shares.
Adjustment to Exercise Price and/or number of MPB Warrants	: The number of MPB Warrants and/or the Exercise Price shall from time to time be adjusted in accordance with the terms of the Deed Poll in the event of alteration to the share capital of MPB.
Ranking in the event of winding up, compromise and/or arrangement	: Subject to the terms of the members' voluntary winding-up, compromise or arrangement to which the MPB Warrant holders, or some persons designated by them for such purposes by special resolution, shall be a party, and subject to the terms of the Deed Poll, in the event that a court order approving the compromise or arrangement is granted or a resolution is passed for a members' voluntary winding-up of our Company, the MPB Warrant holders shall within six (6) weeks after the grant of such order or the passing of such resolution, by irrevocable surrender (to be effected via the exercise of the MPB Warrants) of his MPB Warrants to our Company, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercise the Exercise Rights and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new MPB Shares to which he would have been entitled pursuant to such exercise.
Board Lot	: The MPB Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new MPB Shares at anytime during the Exercise Period.
Governing Law	: Laws of Malaysia.

Bursa Securities has already prescribed MPB Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the MPB Warrants are prescribed securities under which are required to be deposited into the CDS pursuant to Section 14(1) of the SICDA. Therefore, all dealings in the MPB Warrants will be carried out in accordance with the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998, and the Rules of Bursa Depository.

2.4 Details of other corporate exercises

Save for the Offer and Other Corporate Proposals, we have not announced any other corporate exercises which has been approved by regulatory authorities but not yet completed as at the LPD.

3. PURPOSE OF THE WARRANTS LISTING AND UTILISATION OF PROCEEDS

3.1 Purpose of the Warrants Listing

The Consideration Warrants, to be issued pursuant to the Offer, are intended to be listed on the Main Market of Bursa Securities.

3.2 Utilisation of proceeds

As the Consideration Warrants will be issued as part consideration for the Offer, our Company will not receive any proceeds from the issuance.

The actual amount to be raised from the Consideration Warrants is dependent on the total number of Consideration Warrants issued and exercised during the tenure of the Consideration Warrants. Assuming we receive 100% acceptance pursuant to the Offer, the maximum number of Consideration Warrants to be issued is 24,638,453. Upon the exercise of all the Consideration Warrants, the future gross proceeds of approximately RM44,349,215 will be utilised for the redemption of the Bonds and/or working capital purposes of our Group.

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4. RISK FACTORS

In running our business activities, we face risks which may have potential impact on our Group's performance unless proper mitigation measures are exercised. The following are the risk factors (which may not be exhaustive) that have been identified to bear significant influence on our Group's business, operating results and financial condition. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operations and prospects.

4.1 Risks relating to our business

(i) Competition from other TV networks and media platforms may erode our market share

Although our Group is the leader in the FTA-TV segment, we experience competition from other FTA-TV channels such as TV1 and TV2, subscription television service provider such as Astro All Asia Networks plc and other developing media platforms such as the Internet. As other media platforms develop, we could face competition from new entrants which uses state-of-the-art technology not commercially available at present. In addition, joint ventures and alliances among television and telecommunication providers may result in their bundling services together in competition with our Company. These potential new competitors may have significantly greater financial and marketing resources than our Company and, if successful, may erode our Adex market share.

Although no assurance can be given that the our Group will be able to maintain its competitiveness and existing market share in the future, the enlarged MPB Group's (upon the successful completion of the Offer) ability to remain competitive is dependent upon its ability to leverage on its strong bargaining power with advertisers, offer better value to advertisers, maintaining its reputation and status as a leading television and radio broadcasting company in Malaysia, continuously improving its contents and responding rapidly to the fast changing business environment as well as television viewers' and radio listeners' preferences.

As the introduction of more channels lead to fragmentation, i.e. with the introduction of more new channels, the gap with respect to share of viewership between our top TV channels and our competitors will widen. This could potentially reinforce our position as the most effective TV station in terms of reach to the masses. In addition, we are improving our competitiveness in the delivery of content and services through new platforms such as the Internet and mobile phones to mitigate some of the risks arising from the introduction of these new platforms and efforts made by competitors.

(ii) Reliance on advertising revenues

Based on our current business model, we are largely dependent on advertising revenue for viability and profitability. Currently, advertising revenue represents approximately 96% of our Group's revenue for the FYE 31 December 2008. Adex, in turn, is highly dependent on the general economic performance in Malaysia which our Group operates in, as Adex is generally correlated to the GDP growth of a country. Given the nature of media business which has relatively high fixed costs, a significant decline in the advertising spending by major advertisers could have a material adverse effect on the business, operating results and financial performance of our Group.

Nevertheless, we have put in place marketing strategies which aim to minimise the effect of a downturn in the economy. This includes working directly with clients and their agencies to ensure clients' marketing needs are fulfilled. At the Group level, we are better placed to address the risk identified above with our diversified media assets portfolio.

(iii) Our operations and future investments may require significant capital investment

We are subject to the inherent risks within the information and communication technology industry, such as susceptibility to rapid technological changes and continuous capital investment requirements as well as more generally, the economic and business fluctuations. In order to maintain competitive services and technologies to television viewers and radio listeners, we must continue to expand and improve our technological infrastructure, which involves significant ongoing capital investment. We may need to raise capital in the future if our cash flow from operations is not adequate to meet liquidity requirements or if we pursue new projects. Depending on capital requirements, market conditions and other factors, we may raise additional funds through debt or equity offerings. In the event such financing cannot be obtained, we may not be able to upgrade our technology as necessary and may be compelled to scale back our plans for future business expansion.

We have a structured plan for capital investments in, amongst others, technological infrastructure to address our current and future business undertakings. By having such a structured plan, we are able to arrange for the financing of such plan. In addition, we are cognisant of the need to finance unplanned capital investments and have put in place certain arrangements to cater for such needs.

(iv) Dependency on the availability of a skilled workforce

As media, broadcasting and telecommunications industries become increasingly competitive and liberalised both in Malaysia and elsewhere, our success will depend to a significant extent upon, among other factors, our ability to continue to attract and retain qualified personnel. We have been successful to date in attracting qualified and experienced personnel. However, the competition for qualified employees is significant and the loss of the services of key personnel or the inability to attract new qualified personnel or to retain existing personnel could have a material adverse effect on the businesses, prospects, financial condition and results of operations of our Company.

We recognise the need to ensure continuity in our management in order to maintain our competitive edge over our competitors. We have in place human resource strategies which include competitive compensation, fit-for-purpose recruitment, succession planning and talent pool to manage the human capital within our Group.

(v) System failures could disrupt our operations

Our broadcasting system is vulnerable to damage or cessation of operations from fire, natural disasters, power loss, telecommunications failures, and other catastrophic events. We may experience failures or shutdowns relating to individual components of the system or even catastrophic failure of our entire broadcast system. Any failure of our system or any link in the delivery chain, whether from operational disruption, natural disaster or otherwise, may result in serious disruption or even suspension of our operations for a prolonged period. Our insurance may be inadequate to cover losses associated with such events.

We have put in place a full emergency back-up power generating equipment in order to mitigate any events which may cause potential system failures. In the event of a major disaster, our Group has instituted a Group-wide Disaster Recovery Plan to ensure the continuity of our operations.

(vi) Our broadcast infrastructure is vulnerable to security breaches

Despite the implementation of security measures, our network infrastructure may be vulnerable to computer viruses or similar disruptive problems. Computer viruses or problems caused by third parties could lead to interruptions, delay or terminations of our services to viewers and listeners. Fixing problems caused by computer viruses or security breaches may require interruptions, delays or termination of our services, which could result in lost of revenues and disgruntled users and business customers. To the extent we store and transmit proprietary information, computer viruses or security breaches could damage our reputation and expose us to possible liability.

We frequently update our software to prevent hacking, virus attack and other similar events, as such events may have a materially adverse effect on our earnings and financial condition. Our Group is currently engaged in an exercise to improve its infrastructure and operating securities to mitigate the risks identified.

(vii) Liability from dissemination of information through our broadcasting networks

We may be subjected to claims for defamation, negligence, copyright or trademark infringement, personal injury or other legal claims relating to the information we publish on our websites or disseminates through our networks, including claims and actions under the censorship and national security laws of Malaysia and other countries in which we operate.

We carry insurance for professional liability, public liability and directors and officers' liability. We also rely on legal defences such as disclaimers to control and limit potential liability for information disseminated through our networks.

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4.2 Risks relating to the NSTP Group

We are currently exposed to the risks faced by NSTP through our 43.29% equity interest in NSTP. This exposure is expected to increase following the Offer with any increase in our equity interest in NSTP pursuant to the Offer.

By virtue of our existing substantial shareholdings and Board representation in NSTP, MPB is familiar with the risks faced by NSTP including, but not limited to, the following:

(i) Dependency on key personnel

The NSTP Group depends, to a significant extent, upon the abilities and continued efforts of its respective Directors, senior editorial management team and key technical personnel for continued success. As such, the loss of any key personnel may have an adverse effect on the smooth running of the NSTP Group's operations and its publishing activities especially in the short term when they leave.

We currently have no plans for any major changes to the management of the NSTP Group, including the retrenchment of any of the employees of the NSTP Group as a direct consequence of the Offer. Following the completion of the Offer, however, we intend to undertake an operational review to identify opportunities to realise cost and revenue synergies. In doing so, we may reorganise the NSTP Group's structure or streamline its operations, which may encompass changes to the NSTP Group's employment structure or deployment of certain staff. Nevertheless, we intend to maintain a separate substantive and functional NSTP Board with independent directors and a separate independent editorial team when NSTP becomes a wholly-owned subsidiary of MPB.

(ii) Volatility in newsprint prices

Newsprint prices can be volatile as they are subject to, amongst others, demand and supply of pulp, fluctuations in energy prices and movement of foreign currency, namely the USD. Newsprint costs account for approximately 40% of the total operating costs of the NSTP Group for the FYE 31 December 2008. Escalations in newsprint prices are likely to have a material adverse effect on the profitability of those involved in the newspaper industry.

However, we will procure the NSTP Group to limit this risk through close monitoring of newsprint prices and management of the inventory levels of newsprint in order to reduce the impact of volatile newsprint prices on the profitability of the NSTP Group.

The NSTP Group is further exposed to fluctuations in newsprint prices through its 21.4% investment in Malaysian Newsprint Industries Sdn Bhd ("**MNI Sdn Bhd**"), which is principally engaged in the production of newsprint. The positive impact of an increase in newsprint price attributable to the NSTP Group's share of profit from investment in MNI Sdn Bhd will reduce the negative impact of the higher operating costs, and vice versa. The extent of the impact of fluctuations of newsprint cost on the bottom line of the NSTP Group is dependent on prevailing newsprint prices.

(iii) Reliance on advertising revenues

The newspaper industry is dependent on advertising revenue for its viability and profitability. Currently, advertising revenue represents about 55% of the NSTP Group's revenue for the FYE 31 December 2008. Adex is highly dependent on the general economic performance in Malaysia which the NSTP Group operates in, as Adex is generally correlated to the GDP growth of a country. A significant decline in the advertising spending by major advertisers could have a material adverse effect on the business, operating results and financial condition of the NSTP Group.

(iv) Liabilities for publication of newspaper and magazines for their contents

The publications produced by the NSTP Group may be subject to, amongst others, laws and regulations relating to libel and defamation, intellectual property rights, public security, invasion on privacy and infringement of third parties' rights. The NSTP Group is subject to such laws for the sourcing, provision, delivery or transmission of regulated or prohibited information or for publishing materials infringing third parties' rights. The existence of copyright protection and ownership of rights to news articles and other works are not identified by any general and universal system of intellectual property registration. As such, the party owning rights, if any, to works and whether any infringement has occurred, are difficult to determine.

The above may expose the NSTP Group to criminal and/or civil liabilities including penalties, fines, withdrawal of publishing licence and restriction on publication.

(v) Competition in the media publishing industry

The newspaper industry in Malaysia has a few major players and is very competitive. The NSTP Group faces competition from existing print media players in respect of securing a larger market share of Adex as well as increased readership for its newspapers. In addition, the NSTP Group also faces competition from other language newspapers and other forms of non-print media such as television, radio and online media. Online media, in particular, has caused a drop in newspaper circulations worldwide. Many internet users have weaned themselves off a newspaper diet, while many youngsters do not see any reason to start buying a paper. Online blogs also claim to offer independent minded readers an alternative to paying for traditional newspapers.

As a result of competition in the media industry, the NSTP Group is exposed to declining Adex and circulation shares. Over the past 4 years, NSTP recorded a compound annual growth rate of 2.5% in revenue based on the audited consolidated financial statements for the FYE 31 December 2004 to 2008.

Although no assurance can be given that the NSTP Group will be able to maintain its competitiveness and existing market share in the future, the enlarged MPB Group's ability to remain competitive is dependent upon its ability to leverage on its strong bargaining power with advertisers, offer better value to advertisers, maintaining its reputation and status as a leading newspaper publisher in Malaysia, continuously improving its newspapers' contents and responding rapidly to the fast changing business environment and readers' preferences.

(vi) Risk of impairment losses

In accordance with its accounting policies, NSTP's assets that have an indefinite useful life 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 their carrying amount may not be recoverable. In the event the carrying amount of NSTP's assets exceeds their recoverable amount, impairment losses will be recognised for the amount and subsequently charged to NSTP's income statement. There can be no assurance that any material impairment losses incurred by NSTP will not have a material adverse effect on its financial condition and results of operations.

4.3 Other risks**(i) Political, economic and regulatory considerations**

Any adverse developments in the political, economic and regulatory conditions in the country could materially and adversely affect the financial and business prospects of our Group. These include risks of war, global economic downturn and unfavourable changes in government's policy, such as changes in labour laws, interest rates, foreign exchange, methods of taxation, tariffs and duties. These factors affect all the players in the media industry in one way or another and are generally beyond our control. Whilst we could continue to adopt effective measures such as prudent financial management and efficient operating procedures, it cannot be assured that adverse political, economic and regulatory factors will not materially affect the MPB Group's performance.

(ii) Forward-looking statement contained in this Prospectus may not be accurate

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others which are forward-looking in nature are subject to uncertainties and contingencies. All forward-looking statements contained in this Prospectus are based on estimates and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

The inclusion of any forward-looking statement in this Prospectus should not be regarded as a representation or warranty by our Company, CIMB and/or other advisers that the plans and objectives of our Group will be achieved. Further, and save as required by law or the rules of the relevant stock exchange, none of our Company, CIMB or other advisers are under any obligation to update any forward-looking statements included in this Prospectus, or to publicly announce any revisions to those forward-looking statements for any reason.

(iii) Market risk of the MPB Warrants

The MPB Warrant is a new instrument to be issued by our Company. Therefore, there can be no assurance that an active and liquid market for the MPB Warrants will develop upon its listing on the Main Market of Bursa Securities, or if developed, that it will be sustainable. In addition, there is no assurance that the exercise price of the MPB Warrants will be "in-the-money" during the exercise period, which is the period commencing from and including the date of issue of each of the MPB Warrants up to 5.00 p.m. on the market day of the fifth (5th) anniversary of the issue date of the first (1st) tranche of the MPB Warrants (which will be announced later).

5. INDUSTRY REVIEW, PROSPECTS AND FUTURE PLANS

5.1 Overview of the Malaysian economy

The Malaysian economy contracted at a slower rate of 3.9% in the second (2nd) quarter of 2009 (1Q 09: -6.2%), due mainly to higher public spending and positive growth in private consumption. Nonetheless, growth continued to be affected by weak external demand and private investment activity. Reflecting continued sluggish global economy, real net exports of goods and services declined by 0.7%. On the supply side, all economic sectors registered improved performance.

The domestic economy continued to be affected by the weak global economic activity in the second (2nd) quarter as reflected in the continued sharp decline in exports. However, recent indicators, including industrial production, export growth and conditions in the labour market, point towards stabilisation of the domestic economy.

Going forward, the expectation remains that the domestic economy will improve in the second (2nd) half of the year, to be supported by a recovery in the domestic demand following improvements in labour market conditions, as well as business and consumer sentiments. The accelerated implementation of the fiscal measures, lower inflation, continued access to financing, and the accommodative monetary environment will provide further support to domestic demand. The stabilisation of the global economy is also expected to contribute to the improvement in the domestic economy in the second (2nd) half of the year.

(Source: Economic and Financial Developments in Malaysia in the Second (2nd) Quarter of 2009, BNM)

The Malaysian economy is an open economy, with total trade about 200% of GDP. Therefore, it is vulnerable to uncertainties in external trade and international capital flows. As a result of the global crisis, Malaysia's exports fell sharply by 23.4% in the first (1st) half of 2009 compared with an increase of 15.5% in the same period last year. Similarly, the Industrial Production Index declined 12.7% compared with an increase of 3.3%. Total net foreign direct investment decreased to RM3.6 billion, compared with RM19.7 billion during the same period.

As a proactive measure, the Government responded swiftly with the implementation of two Economic Stimulus Packages totalling RM67 billion. These stimulus packages are among the biggest and comprehensive in terms of value and coverage compared with other countries. The implementation of these packages has prevented the economy from sliding into a deeper recession. On 1 October, the International Monetary Fund projected the world economy to contract at a slower rate of 1.1% in 2009 compared with its earlier projection of -1.4% in July. In fact, in 2010, the global economy is expected to grow strongly at 3.1%. World trade is expected to record -11.9% in 2009 and recover at 2.5% in 2010.

Taking into account the performance of the global economy and international trade as well as improved domestic economic environment, the nation's GDP in 2009 is projected at -3.0%, better than the earlier projection of -4.0% to -5.0% announced on 28 May 2009. In 2010, the economy is expected to expand 2.0% to 3.0%. All sectors of the economy are projected to record positive growth, with the mining sector at 1.1%, manufacturing 1.7%, agriculture 2.5% and construction 3.2%. The services sector remains the main driver, expanding 3.6%. Economic growth will be supported by private consumption at 2.9% and private investment recovering 3.4%.

(Source: The 2010 Budget Speech by YAB Dato' Sri Mohd. Najib Tun Abdul Razak, Prime Minister and Minister of Finance)

5.2 Overview of the Malaysian media and advertising industry

The Malaysian media industry can be categorised into three (3) principal segments: print, broadcast and new media. The print media segment includes newspapers, magazines and journals. The broadcast segment includes FTA-TV, pay-TV and radio. New media refers to media that transfers content such as news, weather reports, music and movie clips through the internet and cell phones.

There are three (3) major players in the broadcasting sector, namely MPB and government-owned Radio Televisyen Malaysia (in the FTA-TV segment) and Astro All Asia Networks plc (in the Direct-To-Home (DTH) satellite pay-TV segment).

The financial performance of the media industry is closely related to the performance of the advertising market. Malaysia has a strong and diverse advertising market across the full range of media, comparable to that found in other developed nations. According to Nielsen Media Research, the Malaysian advertising market recorded total spending of RM2.9 billion* in the first (1st) half of 2009 – a decline of 1% compared to the same period last year.

According to the latest Nielsen Advertising Information Services (AIS) report (where advertising figures are based on published rate card), the growth in advertising spending for FTA-TV (+6%), radio (+10%), outdoor (+16%), point-of-sale (+7%) and internet** (+12%) has helped off-set the decline in advertising spending for newspaper (-5%), magazine (-11%) and cinema (-10%). Newspaper and FTA-TV continue to command the bulk of total advertising spending across the forms of media measured – at 54% and 35% respectively, followed by radio (5%), magazines (2%) and outdoor (2%).

Notes:

* Outdoor advertising spending is based on actual spending by five (5) media operators.

** Internet advertising spending measurement began in 2008, based on website spending from Yahoo!, MSN, Forbes, Utusan Melayu sites, Sin Chew Jit Poh sites, and The Star sites (starting 2009).

The following table provides a breakdown of advertising market revenue in Malaysia since 2004 and reflects the predominance of newspaper advertising. The figures below do not include revenues from multi-channel subscription television:

Media	2004 RM mil	2005 RM mil	2006 RM mil	2007 RM mil	2008 RM mil	6-month ended 30 June 2009 RM mil
Television	1,301	1,311	1,478	1,799	2,161	1,002
Radio	172	180	204	241	291	149
Newspaper	2,670	2,778	2,747	3,065	3,321	1,559
Magazine	165	161	156	166	156	64
Others*	116	133	178	192	230	123
Total	4,424	4,563	4,763	5,463	6,159	2,897

(Source: Nielsen Media Research)

Note:

* For 2004-2007, "Others" include point-of-sale, cinema and outdoor. From 2008 onwards, "Others" include point-of-sale, cinema, outdoor and internet.

5.3 Prospects and future plans of our Group

As Adex accounts for over 96% of our revenue, our top line is influenced by the trends in Adex, which has a strong correlation with the nation's GDP. In line with the 3.9% GDP contraction in the second (2nd) quarter 2009, our revenue shrank 11% year-on-year to RM319.2 million in the first (1st) half for year ending 2009. Nevertheless, the anticipated gradual improvement in the Malaysian economy over the remaining quarters in 2009, coupled with positive results from our Group's marketing efforts, are expected to reduce the contraction of revenue experienced in the second (2nd) half for year ending 2009.

Despite a challenging first (1st) half, our clients have begun spending again since the third (3rd) quarter of 2009. The improved Adex by our top advertisers from the second (2nd) quarter 2009 onwards, coupled with the forecasted gradual improvement in the Malaysian economy over the remaining quarters in 2009 are expected to reduce the contraction of revenue experienced in the second (2nd) half of 2009.

As part of our long-term business strategy to increase Adex market share, our Group intends to actively broaden its revenue base via an expansion in its clientele base, targeting those that are traditionally non-TV advertisers segments such as small-medium enterprises, automotive, retail, education and consumer electronics. Our management intends to achieve this by continuing to invest in high-demand content and enhancing the branding of media assets within our Group's various media networks. We will also continue to practise financial prudence and risk management. In addition, we have intensified efforts in the implementation of our Group strategies which include:

- (i) boosting campaigns by targeting those that are traditionally non-TV advertisers;
- (ii) driving sponsorship deals and branded content;
- (iii) maximising efforts on sales revenue during the festive seasons; and
- (iv) capitalising on 1Malaysia campaigns, in line with the Government's campaign.

At the same time, our management will aggressively explore suitable digital and ambient media opportunities to ensure our offerings to advertisers remain compelling and innovative.

Furthermore, upon the successful completion of the Offer, the enlarged MPB Group will be one of the largest integrated media groups in Malaysia with presence across most media platforms including, FTA-TV, newspaper publishing, radio broadcasting, outdoor advertisement and new media. It would capture the largest audience in terms of TV viewership, second largest in terms of newspaper circulation in Peninsular Malaysia as well as second largest radio listeners' base. In addition, the enlarged MPB Group will emerge as one of the largest integrated media groups in Malaysia in terms of sales and shareholders fund.

6. EFFECTS OF THE OFFER AND OTHER CORPORATE PROPOSALS

For illustrative purposes only, the proforma effects of the Offer and the Other Corporate Proposals, on the share capital, earnings, NA and gearing and dividends of our Company are set out below based on the following scenarios:

Scenario 1 : Scenario assuming the following:

- | | |
|---------------------|---|
| Proforma I | MPB holds 51% of the voting shares of NSTP as at the completion of the Offer. |
| Proforma II | After Proforma I and assuming none of the 7,198,800 ESOS Options outstanding as at the LPD are exercised prior to the Entitlement Date. |
| Proforma III | After Proforma II and the Proposed Bonus Issue. For the avoidance of doubt, the accepting Holders who will become new shareholders of MPB upon the completion of the Offer will not be entitled to the Bonus Warrants under the Proposed Bonus Issue. |
| Proforma IVa | After Proforma III and the Proposed Bonds with Detachable Warrants Issue (and assuming none of the MPB Warrants are exercised). |
| Proforma IVb | After Proforma III and the Proposed Bonds with Detachable Warrants Issue (and assuming all the MPB Warrants to be issued are exercised). |

Scenario 2 : Scenario assuming the following:

- | | |
|---------------------|---|
| Proforma I | MPB holds 100% of the voting shares of NSTP as at the completion of the Offer. |
| Proforma II | After Proforma I and assuming the full exercise of all 7,198,800 ESOS Options outstanding as at the LPD prior to the Entitlement Date. |
| Proforma III | After Proforma II and the Proposed Bonus Issue. For the avoidance of doubt, the accepting Holders who will become new shareholders of MPB upon the completion of the Offer will not be entitled to the Bonus Warrants under the Proposed Bonus Issue. |
| Proforma IVa | After Proforma III and the Proposed Bonds with Detachable Warrants Issue (and assuming none of the MPB Warrants are exercised). |
| Proforma IVb | After Proforma III and the Proposed Bonds with Detachable Warrants Issue (and assuming all the MPB Warrants to be issued are exercised). |

6.1 Share capital

	Par value RM	< ----- Scenario 1 ----- >		< ----- Scenario 2 ----- >	
		No. of MPB Shares	RM	No. of MPB Shares	RM
Existing issued and paid-up capital as at the LPD	1.00	853,811,042	853,811,042	853,811,042	853,811,042
Arising from the Offer	1.00	⁽¹⁾ 16,750,641	16,750,641	⁽²⁾ 123,192,264	123,192,264
		870,561,683	870,561,683	977,003,306	977,003,306
Arising from the Proposed Bonus Issue	1.00	-	-	-	-
Arising from the exercise of all ESOS Options outstanding as at the LPD	1.00	-	-	⁽³⁾ 7,198,800	7,198,800
	1.00	870,561,683	870,561,683	984,202,106	984,202,106
Arising from the Proposed Bonds with Detachable Warrants Issue	1.00	-	-	-	-
Arising from full exercise of the MPB Warrants	1.00	⁽⁴⁾ 77,744,729	77,744,729	⁽⁵⁾ 99,238,734	99,238,734
Enlarged issued and paid-up share capital	1.00	948,306,412	948,306,412	1,083,440,840	1,083,440,840

Notes:

- ⁽¹⁾ Assuming the issue of 16,750,641 new MPB Shares as a result of MPB having received valid acceptances from the Holders resulting in our Company holding 51% of the voting share of NSTP as at the completion of the Offer.
- ⁽²⁾ Assuming the issue of 123,192,264 new MPB Shares as a result of MPB having received valid acceptances from the Holders resulting in our Company holding 100% of the voting shares of NSTP as at the completion of the Offer.
- ⁽³⁾ Assuming the issue of 7,198,800 new MPB Shares as a result of the full exercise of all 7,198,800 ESOS Options outstanding as at the LPD.
- ⁽⁴⁾ Assuming the issuance of the following:
- (i) 3,350,128 new MPB Shares as a result of the exercise of 3,350,128 Consideration Warrants;
 - (ii) 24,394,601 new MPB Shares as a result of the exercise of the 24,394,601 Bonus Warrants; and
 - (iii) 50,000,000 new MPB Shares as a result of the exercise of 50,000,000 Detachable Warrants.
- ⁽⁵⁾ Assuming the issuance of the following:
- (i) 24,638,453 new MPB Shares as a result of the exercise of 24,638,453 Consideration Warrants;
 - (ii) 24,600,281 new MPB Shares as a result of the exercise of the 24,600,281 Bonus Warrants; and
 - (iii) 50,000,000 new MPB Shares as a result of the exercise of 50,000,000 Detachable Warrants.

6.2 Earnings

The Offer is anticipated to be completed by the fourth (4th) quarter of 2009 and is not expected to have any material effect on the earnings or EPS of our Group for the FYE 31 December 2009. However, upon the successful completion of the Offer, the NSTP Group is expected to contribute positively to the future earnings of the enlarged MPB Group.

The following proforma effects of the Offer and the Other Corporate Proposals on the net EPS of our Group based on our audited consolidated financial statements as at FYE 31 December 2008 under Scenario 1 and Scenario 2 are prepared for illustrative purposes only, on the assumption that the proposals had been effected as at 1 January 2008:

Scenario 1

	Audited 31 Dec 2008	Proforma I ⁽¹⁾⁽⁷⁾	Proforma II ⁽²⁾	Proforma III ⁽²⁾⁽⁸⁾	Proforma IVa ⁽²⁾⁽⁹⁾	Proforma IVb ⁽²⁾⁽⁹⁾
PATAMI (RM '000)	86,023	137,947	137,947	137,947	131,647	133,072
Number of MPB Shares in issue ('000)	853,811	870,562	870,562	870,562	870,562	⁽³⁾ 948,306
Basic and diluted EPS ⁽¹⁰⁾ (sen)	⁽⁶⁾ 10.17	⁽¹¹⁾ 15.85	⁽¹¹⁾ 15.85	⁽¹¹⁾ 15.85	⁽¹¹⁾ 15.12	⁽¹¹⁾ 14.03

Scenario 2

	Audited 31 Dec 2008	Proforma I ⁽⁴⁾⁽⁷⁾	Proforma II ⁽²⁾	Proforma III ⁽²⁾⁽⁸⁾	Proforma IVa ⁽²⁾⁽⁹⁾	Proforma IVb ⁽²⁾⁽⁹⁾
PATAMI (RM '000)	86,023	393,723	393,723	393,723	387,423	388,848
Number of MPB Shares in issue ('000)	853,811	977,003	984,202	984,202	984,202	⁽⁵⁾ 1,083,441
Basic and diluted EPS ⁽¹⁰⁾ (sen)	⁽⁶⁾ 10.17	⁽¹¹⁾ 40.30	⁽¹¹⁾ 40.00	⁽¹¹⁾ 40.00	⁽¹¹⁾ 39.36	⁽¹¹⁾ 35.89

Notes:

- ⁽¹⁾ Assuming MPB holds 51% of the voting shares of NSTP as at the completion of the Offer, which is assumed to be on 1 January 2008 for illustrative purposes only.
- ⁽²⁾ Assuming completion on the same day as the Offer on 1 January 2008 for illustrative purposes only.
- ⁽³⁾ Assuming the full exercise of 77,744,729 MPB Warrants (comprising 3,350,128 Consideration Warrants, 24,394,601 Bonus Warrants and 50,000,000 Detachable Warrants) on 1 January 2008 immediately after the Offer, the Proposed Bonus Issue and the Proposed Bonds with Detachable Warrants Issue were assumed completed for illustrative purposes only.
- ⁽⁴⁾ Assuming MPB holds 100% of the voting shares of NSTP as at the completion of the Offer, which is assumed to be on 1 January 2008 for illustrative purposes only.
- ⁽⁵⁾ Assuming the full exercise of 99,238,734 MPB Warrants (comprising 24,638,453 Consideration Warrants, 24,600,281 Bonus Warrants and 50,000,000 Detachable Warrants) on 1 January 2008 immediately after the Offer, the Proposed Bonus Issue and the Proposed Bonds with Detachable Warrants Issue were assumed completed for illustrative purposes only.
- ⁽⁶⁾ Computed based on the weighted average number of shares in issue of 845,483,000.
- ⁽⁷⁾ After taking into consideration the estimated expenses for the Offer of approximately RM1.5 million.
- ⁽⁸⁾ After taking into consideration the estimated expenses for the Proposed Bonus Issue of approximately RM0.5 million.
- ⁽⁹⁾ After taking into consideration the estimated expenses for the Proposed Bonds with Detachable Warrants Issue of approximately RM1.5 million.
- ⁽¹⁰⁾ The number of MPB Shares used as the basis of calculation for diluted EPS remains unchanged as there were no dilutive potential MPB Shares since the average market price of MPB Shares in the past 12 months up to the LPD was lower than the exercise price of the ESOS Options and the MPB Warrants.

⁽¹¹⁾ Computed based on number of MPB Shares in issue.

The determination of negative goodwill recognised as part of earnings in Proforma I to IVa and IVb of RM36.9 million and RM280.8 million under Scenario 1 and 2 respectively are based on the carrying value of assets and liabilities of NSTP in its audited consolidated balance sheet for the financial year as at 1 January 2008, and have not been recognised/measured at their respective fair values. Adjustments to the carrying values of assets and liabilities including intangible assets and contingent liabilities of NSTP upon completion of a purchase price allocation review will have a corresponding effect on the results of the enlarged MPB Group in view of the negative goodwill arising and amortisation of potential intangibles.

6.3 NA and gearing

The following proforma effects of the Offer and the Other Corporate Proposals on the NA and gearing of our Group based on our audited consolidated financial statements as at FYE 31 December 2008 under Scenario 1 and Scenario 2 are prepared for illustrative purposes only, on the assumption that the proposals had been effected as at 31 December 2008:

Scenario 1

	Audited as at 31 Dec 2008 RM '000	Proforma I ⁽¹⁾⁽⁸⁾ RM '000	Proforma II ⁽²⁾ RM '000	Proforma III ⁽²⁾⁽⁹⁾ RM '000	Proforma IVa ⁽²⁾⁽¹⁰⁾ RM '000	Proforma IVb ⁽²⁾⁽³⁾⁽¹⁰⁾ RM '000
Share capital	853,811	870,562	870,562	870,562	870,562	948,306
Share premium	188,118	204,869	204,869	204,869	204,869	268,473
Other reserves	33,900	35,307	35,091	35,091	38,589	33,684
Accumulated losses	(524,527)	(484,976)	(484,760)	(485,260)	(485,260)	(491,760)
NA attributable to ordinary shareholders	551,302	625,762	625,762	625,262	628,760	758,703
MI	(11,533)	471,146	471,146	471,146	471,146	471,146
Total equity	539,769	1,096,908	1,096,908	1,096,408	1,099,906	1,229,849
Number of MPB Shares ('000)	853,811	870,562	870,562	870,562	870,562	948,306
NA attributable to ordinary shareholders per share (RM)	0.65	0.72	0.72	0.72	0.72	0.80
Total borrowings ⁽⁶⁾	381,683	411,183	411,183	411,183	551,185	421,242
Gearing ratio ⁽⁷⁾ (times)	0.69	0.66	0.66	0.66	0.88	0.56

Scenario 2

	Audited as at 31 Dec 2008	Proforma I ⁽⁴⁾⁽⁸⁾	Proforma II ⁽²⁾	Proforma III ⁽²⁾⁽⁹⁾	Proforma IVa ⁽²⁾⁽¹⁰⁾	Proforma IVb ⁽²⁾⁽⁵⁾⁽¹⁰⁾
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Share capital	853,811	977,003	984,202	984,202	984,202	1,083,441
Share premium	188,118	311,310	317,392	317,392	317,392	407,131
Other reserves	33,900	44,248	43,413	43,413	46,911	33,065
Accumulated losses	(524,527)	(224,120)	(223,904)	(224,404)	(224,404)	(230,904)
NA attributable to ordinary shareholders	551,302	1,108,441	1,121,103	1,120,603	1,124,101	1,292,733
MI	(11,533)	(11,533)	(11,533)	(11,533)	(11,533)	(11,533)
Total equity	539,769	1,096,908	1,109,570	1,109,070	1,112,568	1,281,200
Number of MPB Shares ('000)	853,811	977,003	984,202	984,202	984,202	1,083,441
NA attributable to ordinary shareholders per share (RM)	0.65	1.13	1.14	1.14	1.14	1.19
Total borrowings ⁽⁶⁾	381,683	411,183	411,183	411,183	551,185	411,183
Gearing ratio ⁽⁷⁾ (times)	0.69	0.37	0.37	0.37	0.49	0.32

Notes:

- ⁽¹⁾ Assuming MPB holds 51% of the voting shares of NSTP as at the completion of the Offer, which is assumed to be on 31 December 2008 for illustrative purposes only.
- ⁽²⁾ Assuming completion on the same day as the Offer on 31 December 2008 for illustrative purposes only.
- ⁽³⁾ Assuming the full exercise of 77,744,729 MPB Warrants (comprising 3,350,128 Consideration Warrants, 24,394,601 Bonus Warrants and 50,000,000 Detachable Warrants) on 31 December 2008 immediately after the Offer, the Proposed Bonus Issue and the Proposed Bonds with Detachable Warrants Issue were assumed completed for illustrative purposes only.
- ⁽⁴⁾ Assuming MPB holds 100% of the voting shares of NSTP as at the completion of the Offer, which is assumed to be on 31 December 2008 for illustrative purposes only.
- ⁽⁵⁾ Assuming the full exercise of 99,238,734 MPB Warrants (comprising 24,638,453 Consideration Warrants, 24,600,281 Bonus Warrants and 50,000,000 Detachable Warrants) on 31 December 2008 immediately after the Offer, the Proposed Bonus Issue and the Proposed Bonds with Detachable Warrants Issue were assumed completed for illustrative purposes only.
- ⁽⁶⁾ Based on all interest-bearing borrowings.
- ⁽⁷⁾ Computed based on the total of all interest-bearing borrowings divided by NA attributable to ordinary shareholders.
- ⁽⁸⁾ After taking into consideration the estimated expenses for the Offer of approximately RM1.5 million.
- ⁽⁹⁾ After taking into consideration the estimated expenses for the Proposed Bonus Issue of approximately RM0.5 million.
- ⁽¹⁰⁾ After taking into consideration the estimated expenses for the Proposed Bonds with Detachable Warrants Issue of approximately RM1.5 million.

The determination of negative goodwill recognised as part of earnings in Proforma I to IVa and IVb of RM39.6 million and RM300.4 million under Scenario 1 and 2 respectively are based on the carrying value of assets and liabilities of NSTP in its audited consolidated balance sheet for the financial year as at 31 December 2008, and have not been recognised/measured at their respective fair values. Adjustments to the carrying values of assets and liabilities including intangible assets and contingent liabilities of NSTP upon completion of a purchase price allocation review will have a corresponding effect on the negative goodwill, net tangible assets, revaluation reserve and minority interest balance as well as the results of the enlarged MPB Group in view of the negative goodwill arising and amortisation of potential intangibles.

The detailed proforma consolidated balance sheets as at 31 December 2008, together with the Reporting Accountants' Letter, are set out in Appendix II of this Prospectus.

6.4 Dividends

On 28 July 2009, our Company paid a final dividend of 6.7 sen gross per MPB Share, less income tax at 25% to our shareholders in respect of the FYE 31 December 2008.

Barring any unforeseen circumstances, we do not expect the Offer and the Other Corporate Proposals to affect the dividend policy of our Company for the FYE 31 December 2009. Nevertheless, the decision to declare and pay dividends in the future will depend, amongst others, on the performance, cash flow position and funding requirements of our Group.

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7. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

7.1 Working capital

Our Directors are of the opinion that, after taking into account our cash flow generated from operations, banking facilities and financing options available (including the Proposed Bonds with Detachable Warrants Issue) as well as the proceeds to be raised from the exercise of the MPB Warrants, our Group will have adequate working capital for the next 12 months from the date of this Prospectus.

7.2 Borrowings

As at the 30 September 2009, our Group has total borrowings as follows:

	Fixed rates RM '000	Floating rates RM '000	Total RM '000
Short-term borrowings			
Non interest bearing	-	-	-
Interest bearing	30,000	20,924	50,924
	<u>30,000</u>	<u>20,924</u>	<u>50,924</u>
Long-term borrowings			
Non interest bearing	-	-	-
Interest bearing	401,220	192	401,412
	<u>401,220</u>	<u>192</u>	<u>401,412</u>
Total borrowings	<u>431,220</u>	<u>21,116</u>	<u>452,336</u>

Details of our Group's borrowings as at 30 September 2009, which have been included above but are denominated in foreign currency, are as follows:

	Ghana Cedi
Short-term borrowings	361,803
Long-term borrowings	83,270
Total borrowings in foreign currency	<u>445,073</u>

There has been no default on payments of either interest or principal sums in respect of any of the above borrowings throughout the past FYE 31 December 2008, and the subsequent financial periods up to the LPD.

7.3 Contingent liabilities

Save as disclosed below and the material litigations set out in Section 4 of Appendix VI of this Prospectus, as at the LPD, our Board is not aware of any contingent liability, which may, upon becoming enforceable, have a material impact on our Group's financial position:

On 23 and 24 June 2008, the Inland Revenue Board issued the Notice of Assessment ("Notice") for the year of assessment ("YA") 2004 to 2006 in respect of our subsidiary, Synchrosound. The total tax liability for these YAs amounted to RM13.3 million in total. Our Directors are of the opinion that the amounts raised in the Notice are excessive following a detailed submission sent on 21 July 2008.

7.4 Capital commitments

Save as disclosed below, as at the 30 September 2009, our Board is not aware of any material capital commitment contracted or known to be contracted by our Group which, upon becoming enforceable, may have a material impact on our Group's financial position:

	RM '000
Approved and contracted for	10,105
Approved but not contracted for	(1) 125,944
	(2) 136,049

Notes:

(1) *Comprises of purchases of property, plant and equipment, and programme rights.*

(2) *The above capital commitments are expected to be funded through internally-generated funds and borrowings.*

8. ADDITIONAL INFORMATION

You are requested to refer to the attached appendices for additional information.

Yours faithfully
for and on behalf of the Board of Directors of
MEDIA PRIMA BERHAD


Dato' Amin bin Awatuddin
Group Managing Director

INFORMATION ON MPB

1. HISTORY AND PRINCIPAL ACTIVITIES

MPB was incorporated as a private limited company under the Act, 1965 on 27 November 2000 as Profitune Sdn Bhd. It converted into a public limited company and adopted the name of Profitune Berhad on 7 November 2001. It subsequently changed its name to Media Prima Berhad on 10 June 2002. MPB was listed on the Main Board of Bursa Securities (which is now known as the Main Market of Bursa Securities) on 22 October 2003.

The principal activities of MPB are investment holding and provision of procurement services to its subsidiaries. The principal activities of the MPB Group are commercial television and radio broadcasting, general media advertising, provision of advertising space and related production works, sale of programme rights, sale of videos, cable and laser rights and provision of production, event management, and other industry related activities.

2. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

2.1 Authorised and issued and fully paid-up share capital

The authorised and issued and fully paid-up share capital of our Company as at the LPD is as follows:

Type	Total RM
Authorised	
2,000,000,000 ordinary shares of RM1.00 each	<u>2,000,000,000</u>
Issued and fully paid-up	
853,811,042 ordinary shares of RM1.00 each	<u>853,811,042</u>

2.2 Movements in share capital

Details of the changes in the issued and fully paid-up share capital of our Company for the past 3 years preceding the LPD are as follows:

Date of allotment	No. of MPB Shares	Consideration	Total issued and paid-up capital (RM)
30.03.07	38,571,429	Special Issue – Acquisition of Big Tree Outdoor Sdn Bhd ⁽¹⁾	780,091,633
01.11.06 - 03.06.08	38,196,300	Exercise of ESOS Options ⁽²⁾	818,287,933
31.10.06 - 18.07.08	11,537,576	Conversion of ICULS ⁽³⁾	829,825,509
06.11.06 - 31.07.08*	23,985,533	Warrant conversion ⁽⁴⁾	853,811,042

Notes:

* There is no movement in the issued and paid-up share capital of MPB from 1 August 2008 to the LPD.

⁽¹⁾ Issuance of MPB Shares as part consideration for the acquisition of Big Tree Outdoor Sdn Bhd at an issue price of RM2.10 each.

⁽²⁾ Exercise of the ESOS Options at the exercise prices of RM1.46, RM1.55 and 2.23 per option.

⁽³⁾ Conversion of MPB Irredeemable Convertible Unsecured Loan Stock of RM1.00 each ("ICULS") into MPB Shares on the basis of 2 new MPB Shares for every 3 ICULS exercised. The ICULS have expired on 18 July 2008.

⁽⁴⁾ Conversion of warrants into MPB Shares at an exercise price of RM1.10 per warrant. The warrants have expired on 31 July 2008.

3. SUBSTANTIAL SHAREHOLDERS

The proforma effects of the Offer and the Other Corporate Proposals on the shareholdings of our substantial shareholders as at the LPD under Scenario 1 and Scenario 2 (as set out in Section 6 of the main letter of this Prospectus) are as follows:

Scenario 1

	Existing as at the LPD				Proforma I ⁽¹⁾				Proforma II, III, IVa				Proforma IVb			
	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%
EPF	214,588,258	25.13	-	-	214,588,258	24.65	-	-	214,588,258	24.65	-	-	220,719,351	23.28	-	-
GKSB	123,023,070	14.41	-	-	123,023,070	14.13	-	-	123,023,070	14.13	-	-	126,538,014	13.34	-	-
Altima	87,840,471	10.29	-	-	87,840,471	10.09	-	-	87,840,471	10.09	-	-	90,350,198	9.53	-	-
Harris	87,469,500	10.24	-	-	87,469,500	10.05	-	-	87,469,500	10.05	-	-	89,968,628	9.49	-	-

Scenario 2

	Existing as at the LPD				Proforma I				Proforma II, III, IVa				Proforma IVb			
	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%
EPF	214,588,258	25.13	-	-	237,886,508	24.35	-	-	237,886,508	24.17	-	-	248,677,251	22.95	-	-
GKSB	123,023,070	14.41	-	-	123,023,070	12.59	-	-	123,023,070	12.50	-	-	126,538,014	11.68	-	-
Altima	87,840,471	10.29	-	-	87,840,471	8.99	-	-	87,840,471	8.93	-	-	90,350,198	8.34	-	-
Harris	87,469,500	10.24	-	-	87,469,500	8.95	-	-	87,469,500	8.89	-	-	89,968,628	8.30	-	-

Notes:

⁽¹⁾ Assuming none of our substantial shareholders accepts the Offer under Scenario 1.

⁽²⁾ Assuming EPF accepts the Offer in respect of all its 23,298,250 NSTP Shares, representing 10.73% of the issued and paid-up share capital of NSTP as at the LPD.

4. DIRECTORS

The details of our Board, all of whom are Malaysians as at the LPD are as follows:

Name of Directors	Age	Designation	Profession	Address
Datuk Johan bin Jaaffar	56	Non-Independent Non-Executive Chairman	Company Director	No. 44, Jalan 5/64 Bukit Gasing 46000 Petaling Jaya Selangor
Dato' Amrin bin Awaluddin	43	Group Managing Director	Company Director	A-6-4, Menara Indah Taman Tun Abdul Razak 68000 Ampang Jaya Selangor
Dato' Sri Ahmad Farid bin Ridzuan	48	Executive Director	Company Director	No. 21, Jalan BU 10/9 Bandar Utama 47800 Petaling Jaya Selangor
Shahril Ridza bin Ridzuan	39	Non-Independent Non-Executive Director	Company Director	No. 178, Jalan Ara Bukit Bandaraya 59100 Kuala Lumpur
Tan Sri Lee Lam Thye	62	Independent Non-Executive Director	Company Director	No. 12, Jalan Perkasa Empat Taman Maluri 55100 Kuala Lumpur
Tan Sri Mohamed Jawhar	65	Independent Non-Executive Director	Company Director	No. 3880 Kampung Sungei Penchala Jalan Damansara 60000 Kuala Lumpur
Dato' Abdul Kadir bin Mohd Deen	65	Independent Non-Executive Director	Company Director	No. 14, Jalan Seraya 3/12 Seksyen 3 40000 Shah Alam Selangor
Dato' Gumuri bin Hussain	63	Independent Non-Executive Director	Company Director	No. 850, Kg Sg Gahal Batu 14, Ulu Langat 43100 Hulu Langat Selangor
Datuk Ahmad bin Abd Talib	58	Executive Director	Company Director	No. 2, Jalan 27/146 Bandar Tasik Selatan 57000 Kuala Lumpur
Dato' Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor	41	Independent Non-Executive Director	Company Director	No. 16, Jalan Kelab Golf 13/6, Greenville Hill Kelab Golf Sultan Abdul Aziz Shah 40000 Shah Alam Selangor

Save as disclosed below, none of our directors has any direct or indirect shareholdings in our Company. The effects of the Offer and the Other Corporate Proposals on their respective shareholdings in our Company under Scenario 1 and Scenario 2 (as set out in Section 6 of the main letter of this Prospectus) are as follows:

Scenario 1

	Existing as at the LPD				Proforma I				Proforma II, III, IVa				Proforma IVb			
	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%
	Shares held	189,033	0.02	-	Shares held	189,033	0.02	-	Shares held	189,033	0.02	-	Shares held	189,033	0.02	-
Dato' Amrin bin Awaluddin																
Dato' Sri Ahmad Farid bin Ridzuan	190,000	0.02	-	-	190,000	0.02	-	-	190,000	0.02	-	-	190,000	0.02	-	-

Scenario 2

	Existing as at the LPD				Proforma I				Proforma II, III, IVa				Proforma IVb			
	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%	< --- Direct --- >	< --- Indirect --- >	No. of MPB	%
	Shares held	189,033	0.02	-	Shares held	189,033	0.02	-	Shares held	189,033	0.02	-	Shares held	189,033	0.02	-
Dato' Amrin bin Awaluddin																
Dato' Sri Ahmad Farid bin Ridzuan	190,000	0.02	-	-	190,000	0.02	-	-	190,000	0.02	-	-	190,000	0.02	-	-

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

The details of the subsidiaries and associate companies of our Group as at the LPD are as follows:

Company	Date/ Place of incorporation	Issued and paid-up share capital (RM unless stated otherwise)	Effective equity interest %	Principal activities
Subsidiaries of MPB				
STMB	15.09.1983 Malaysia	289,712,760	100	Commercial television broadcasting
Natseven	12.11.1994 Malaysia	60,000,000	100	Commercial television broadcasting
Ch – 9	22.03.1982 Malaysia	50,000,000	100	Commercial television broadcasting
Synchrosound	8.04.1991 Malaysia	9,000,000	100	Commercial radio broadcasting
Big Tree Outdoor Sdn Bhd	1.10.1994 Malaysia	500,000	100	Provision of advertising space and related services, investment holding and management services
The Right Channel Sdn Bhd	4.04.2000 Malaysia	5,000,000	100	Outdoor advertising
UPD Sdn Bhd	27.08.1958 Malaysia	2,128,000	100	Outdoor advertising
Primeworks Studios Sdn Bhd	9.12.1993 Malaysia	5,000,000	100	Production of motion picture films, acquiring ready made films from local producers and production houses and investment holding
Big Events Sdn Bhd	11.04.2001 Malaysia	100,000	100	Events management
Alternate Records Sdn Bhd	25.10.1995 Malaysia	3,000,000	100	Album production and recording studio
The Talent Unit Sdn Bhd	31.07.1995 Malaysia	1,000,000	100	Talent management of artistes
Esprit Assets Sdn Bhd	28.10.1995 Malaysia	2	100	Property investments and provision of property management services
Amity Valley Sdn Bhd	28.10.1995 Malaysia	2	100	Investment holding
Able Communications Sdn Bhd	25.06.1997 Malaysia	2,500,000	100	Dormant
Animated & Production Techniques Sdn Bhd	28.06.1990 Malaysia	3,000,000	100	Dormant
Encorp Media Technology Sdn Bhd	13.02.1998 Malaysia	2	100	Dormant
mmStudios Sdn Bhd	3.01.1995 Malaysia	50,000	100	Dormant
Perintis Layar Sdn Bhd	23.02.2005 Malaysia	2	100	Investment holding
Merit Idea Sdn Bhd	19.02.2003 Malaysia	250,000	100	Investment holding
Lazim Juta Sdn Bhd	12.09.2006 Malaysia	2	100	Investment holding

Company	Date/ Place of incorporation	Issued and paid-up share capital (RM unless stated otherwise)	Effective equity interest %	Principal activities
Star Crest Media Sdn Bhd	29.03.2007 Malaysia	500,000	100	Dormant
One FM Radio	6.07.1999 Malaysia	4,000,000	80	Radio broadcasting
Held by Perintis Layar Sdn Bhd				
Max – Airplay	13.04.2004 Malaysia	1,000,000	75	Commercial radio broadcasting
Held by Primeworks Studios Sdn Bhd				
Alt Media Sdn Bhd	2.08.1993 Malaysia	7,000,000	100	New media businesses and related activities
Held by Merit Idea Sdn Bhd				
Metropolitan	14.08.1984 Malaysia	5,025,000	100	Commercial television broadcasting
Held by Alternate Records Sdn Bhd				
Booty Studio Productions Sdn Bhd	4.08.1990 Malaysia	1,500,000	60	Dormant
Held by Big Tree Outdoor Sdn Bhd				
Big Tree Productions Sdn Bhd	5.02.1996 Malaysia	10,000	100	Undertaking outdoor advertising business and carrying out related production works
Uniteers Outdoor Advertising Sdn Bhd	7.12.1989 Malaysia	100,002	100	Advertising contracting and agents, sale of advertising spaces
Gotcha Sdn Bhd	26.02.1999 Malaysia	200,000	100	Undertaking outdoor advertising business and carrying out related production works
Eureka Outdoor Sdn Bhd	8.05.1995 Malaysia	1,000,000	100	Dormant
Anchor Heights Sdn Bhd	3.12.1998 Malaysia	1,000	100	Dormant
Uni – Talent Gateway Sdn Bhd	24.05.1999 Malaysia	1,000	100	Dormant
Held by UPD Sdn Bhd				
Utusan Sinar Media Sdn Bhd	29.04.1965 Malaysia	20	100	Dormant
Held by The Right Channel Sdn Bhd				
MMC-AD Sdn Bhd	12.07.1999 Malaysia	200,000	100	Undertaking outdoor advertising business
Media Master Industries (M) Sdn Bhd	21.01.1995 Malaysia	100,000	100	Dormant

Company	Date/ Place of incorporation	Issued and paid-up share capital (RM unless stated otherwise)	Effective equity interest %	Principal activities
Held by Lazim Juta Sdn Bhd				
Strategic Media Asset Mgmt Co. Ltd. (formerly known as MPB Asset Mgmt Co. Ltd.)	21.04.2008 Labuan	USD100	100	Dormant
Held by mmStudios Sdn Bhd				
MPB Primedia Inc. ⁽¹⁾	21.02.2008 Philippines	PHP1,400,600	70	Provision of airtime
Held by Amity Valley Sdn Bhd				
Gama Media International (BVI) Ltd	18.10.1996 British Virgin Island	USD100	100	Investment holding
Held by Gama Media International (BVI) Ltd				
Gama Film Company Limited	7.11.1996 Republic of Ghana	USD2,000,000	70	Film production, pre and post production, audio/video recording, audio/video duplication, video exhibition and distribution
TV3 Network Limited	29.08.1996 Republic of Ghana	USD14,285	88	Media and communication businesses, managerial services and operation of free-to-air television service
Cableview Network Limited	29.08.1996 Republic of Ghana	USD14,285	71	Dormant
Gama Media Systems Limited	29.08.1996 Republic of Ghana	USD14,285	71	Dormant
Associate company of MPB				
NSTP ⁽²⁾	20.12.1961 Malaysia	217,227,804	43	Publishing and sale of newspaper and investment holding
Associate companies of STMB				
Sistem Network Nusantara Sdn Bhd	14.04.1995 Malaysia	100,002	49	Dormant
Brilliance Legend Sdn Bhd	20.08.1996 Malaysia	500,000	49	Dormant

Notes:

⁽¹⁾ mmStudios Sdn Bhd had, on 19 October 2009, entered into a sale and purchase agreement with MediaQuest Holdings, Inc. to divest its 70% equity interests in MPB Primedia, Inc. Further information is set out in Section 3(iv) of Appendix VI of this Prospectus.

⁽²⁾ We are currently undertaking the Offer for NSTP. The level of equity interests in the NSTP Group will depend on the acceptance level of the Offer.

6. PROFIT AND DIVIDEND RECORD

The following table summarises the audited consolidated results of our Group for the 3 FYE 31 December 2006 to 2008 and the unaudited consolidated results of our Group for the 6-month period ended 30 June 2009:

	Audited financial < ----- years ended 31 December----->			Unaudited 6- month period ended 30 June
	2006 RM '000	2007 RM '000	2008 RM '000	2009 RM '000
Revenue	534,689	691,339	781,290	319,179
Other operating income	23,043	39,264	33,319	3,708
Finance income	678	1,195	1,493	-
Depreciation and amortisation ⁽¹⁾	(181,535)	(225,213)	(254,525)	(23,738)
Operating costs	(257,012)	(347,325)	(402,534)	(276,418)
Profit from continuing operations	119,863	159,260	159,043	22,731
Finance costs	(24,847)	(24,209)	(20,308)	(11,471)
Share of results of an associate	10,635	14,044	20,529	3,318
PBT	105,651	149,095	159,264	14,578
Taxation	(22,657)	(31,655)	(41,561)	(6,548)
Net profit from continuing operations	82,994	117,440	117,703	8,030
Losses from subsidiary acquired exclusively for sale	-	-	(45,257)	(32,578)
Net profit/(loss)	82,994	117,440	72,446	(24,548)
Profit/(loss) attributable to:				
Equity holders of the Company	80,282	117,440	86,023	(14,775)
Minority interests	2,712	-	(13,577)	(9,773)
EBITDA ⁽²⁾	312,033	398,517	434,097	49,787
Weighted average number of ordinary shares in issue ('000)	709,261	817,212	845,483	853,811
Basic EPS (sen) ⁽³⁾	11.32	14.37	10.17	(1.73)
Diluted EPS (sen) ⁽⁴⁾	10.75	14.09	10.17	(1.73)
Operational profit margin (%) ⁽⁵⁾	22.42	23.04	20.36	7.12
Net profit/(loss) margin (%) ⁽⁶⁾	15.52	16.99	9.27	(7.69)
Gross dividend per share (sen)	2.0	3.5	18.3	-

Notes:

⁽¹⁾ Comprising amortisation of programmes, film rights and album production costs, prepaid lease rentals and intangibles, and depreciation of property, plant and equipment and investment properties charged to income statement.

⁽²⁾ Computed by adding back depreciation and amortisation, taxation and finance costs to net profit from continuing operations.

- (3) *Computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue, adjusted to include potential ordinary shares that would be issued upon conversion of a mandatorily convertible instrument, the Irredeemable Convertible Unsecured Loan Stocks.*
- (4) *Computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue, adjusted to assume conversion of all dilutive potential ordinary shares which includes the warrants and ESOS Options.*
- (5) *Operational profit margin is computed by dividing the profit from continuing operations by revenue.*
- (6) *Net profit/(loss) margin is computed by dividing the net profit/(loss) by revenue.*

THE PROFIT AND DIVIDEND RECORD PRESENTED ABOVE IS HISTORICAL AND MAY NOT REFLECT THE FUTURE PROSPECTS OF OUR GROUP. FURTHER, THE IMPACT OF THE OFFER TO OUR PROFIT WILL DEPEND ON THE ACCEPTANCE LEVEL OF THE OFFER.

Commentaries

FYE 31 December 2006

For the FYE 31 December 2006, our Group achieved a consolidated PBT of RM105.7 million, representing an increase of 64% from RM64.3 million recorded in 2005. The net earnings that our Group delivered to shareholders similarly grew in tandem with PAT increasing by 51% from RM54.8 million recorded in 2005 to RM83.0 million in 2006. This performance was a result of an increase in advertising revenue generated by our Group driven by both organic growth from existing media assets, TV3 and 8TV, as well as the contribution of acquisitions undertaken in late 2005 of Natseven, CH-9, Synchrosound and Max-Airplay.

Despite the challenging market environment where total Adex only grew by 4% in 2006, the Group recorded a growth in revenue of 34% to RM534.7 million as compared to RM399.7 million recorded in the previous corresponding year due to marketing efforts as well as increased spending by advertisers during the FIFA World Cup. Consequently, our Group also recorded a higher PATAMI of RM80.28 million or 43% higher compared to the previous financial year's PATAMI of RM56.25 million.

In addition, our Group's performance was also attributable to the continuing underlying performance by its television networks. In terms of market share, our television networks increased its combined audience share from 39% in 2005 to 50% in 2006, reflecting the contribution of the acquisition of Natseven and the newly launched TV9, which had garnered an audience share of 8% amongst Malay audience between July to December 2006. Metropolitan, also achieved profitability within a 18-month period.

FYE 31 December 2007

For the FYE 31 December 2007, we posted a PAT of RM117.4 million, representing an increase of more than 41% from the RM83.0 million recorded in 2006. PBT also increased by 41% to RM149.1 million compared to RM105.7 million for FYE 2006. The profit growth in 2007 was the result of the performance by all of our subsidiaries media assets covering TV, radio and outdoor, coupled with improved operational results by our associate company, NSTP. The Group recorded a growth in revenue of 29% to RM691.3 million compared to RM534.7 million recorded in FYE 31 December 2006 due to higher advertising revenue arising from the 50th Merdeka and various festive celebrations, contributions from fully operational business of CH-9 and newly acquired outdoor companies, together with the higher revenue recorded by the radio networks.

Our Group also benefited from the improved operational results in NSTP. Accordingly, our Group recorded a PATAMI of RM117.4 million, representing a 46% increase compared to the previous corresponding year's PATAMI of RM80.3 million. The revenue in 2007 has more than doubled the amount recorded in 2004 of RM328.4 million.

FYE 31 December 2008

The global credit crunch that affected much of the world's economy in 2008 started to make its presence felt in Malaysia towards the second (2nd) half of the year, with Adex growth, the main revenue for our Group, falling in tandem with the global and domestic economic slowdown during the period.

Despite the challenging market environment experienced during the second (2nd) half of the year, our Group recorded growth in revenue of 13% to RM781.3 million as compared to RM691.3 million in the previous financial year. Accordingly, our Group's PBT increased by 7% from RM149.1 million recorded in 2007 to RM159.3 in 2008. However, net profit attributable to equity holders declined by 37% from RM117.4 million to RM86.0 million due to a share of losses from MPB Primedia Inc.

For the 6-month period ended 30 June 2009

Our Group's financial performance during the first (1st) half of 2009 of RM319.2 million in revenue, recorded a decrease of 12% compared to the RM358.1 million registered in the first (1st) half of 2008 due to the effects of the economic slowdown which had negatively affected advertising spending. However, our Group registered revenue of RM178.0 million, a 26% increase from the RM141.2 million registered in the first (1st) quarter of 2009. Our Group recorded a PBT from continuing operations of RM23.9 million in the second (2nd) quarter of 2009, compared to a loss of RM9.4 million in the first (1st) quarter of 2009 due to stringent cost control measures.

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7. HISTORICAL SHARE PRICES

Tabulated below are the monthly highest and lowest transacted market prices of MPB Shares for the 12 months from November 2008 to October 2009:

	High RM	Low RM
2008		
November	1.22	0.89
December	1.16	0.85
2009		
January	1.20	0.89
February	1.03	0.91
March	1.05	0.93
April	1.40	0.98
May	1.47	1.09
June	1.32	1.13
July	1.58	1.13
August	1.60	1.39
September	1.67	1.41
October	1.92	1.49
Last transacted price on Bursa Securities on 15 October 2009, being the last full trading day prior to the announcement of the Offer		1.77
Last transacted price on Bursa Securities on 30 October 2009, being the last practicable date prior to the issuance of this Prospectus		1.70

(Source: Bursa Securities)

APPENDIX II

PROFORMA CONSOLIDATED BALANCE SHEETS OF MPB AS AT 31 DECEMBER 2008
TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER

(Prepared for inclusion in this Prospectus)



The Board of Directors
Media Prima Berhad
Sri Pentas
No 3 Persiaran Bandar Utama
Bandar Utama
47800 Petaling
Selangor Darul Ehsan

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 3 2173 1188
Facsimile +60 3 2173 1288
pwc.com

2 November 2009

PwC/NAL/ra/1898J

MEDIA PRIMA BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008

Dear Sirs,

- 1 We report on the proforma consolidated balance sheets as at 31 December 2008 of Media Prima Berhad ('MPB') and its subsidiaries (collectively known as 'MPB Group'), together with the Notes thereon (collectively known as 'Proforma Consolidated Balance Sheets'), as set out in the Appendix to this letter for which the Directors are solely responsible.
- 2 The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only, for inclusion in the Prospectus to be dated 5 November 2009 in connection with the initial listing of up to 24,638,453 free new warrants in MPB ('Consideration Warrants') to be issued pursuant to the conditional take-over offer by MPB to acquire all the remaining ordinary shares of RM1.00 each in The New Straits Times Press (Malaysia) Berhad not already owned by MPB ('Proposed Offer').

Responsibilities

- 3 It is the responsibility solely of the Directors of MPB to prepare the Proforma Consolidated Balance Sheets in accordance with the requirements of the Prospectus Guidelines – Abridged Prospectus issued by the Securities Commission.
- 4 It is our responsibility to form an opinion on the Proforma Consolidated Balance Sheets and our report is given to you solely for this, and for no other purpose.



The Board of Directors
Media Prima Berhad
PwC/NAL/ra/1898J
2 November 2009

Responsibilities (continued)

- 5 In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Balance Sheets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

- 6 Our work consisted primarily of comparing the audited financial information in the Appendix with the audited financial statements of MPB Group, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Balance Sheets with the Directors of MPB Group. Our work involved no independent examination of any of the underlying financial information.
- 7 As the Proforma Consolidated Balance Sheets are prepared for illustrative purposes only, such information, because of its nature, do not give a true picture of the effects of the Proposal, the Assumption and the Recent Corporate Announcements as described in Note 1, on the financial position and results of MPB Group had the transaction or event occurred at the balance sheet date. Further, such information does not purport to predict MPB Group's future financial position, results and cash flows.
- 8 As described in Note 2.2.2, the Proforma Consolidated Balance Sheets have been prepared in accordance with the accounting policies adopted by MPB Group in the preparation of the audited financial statements of MPB Group for the financial year ended 31 December 2008, except that the assets and liabilities including intangible assets and contingent liabilities of NSTP accounted for to illustrate the effects of the Proposed Offer described in Note 1.1.1 have not been recognised/measured at their respective fair values. Instead, these assets and liabilities are based on the carrying values of assets and liabilities in NSTP's audited consolidated balance sheet as at 31 December 2008. Adjustments to the carrying values of assets and liabilities of NSTP upon completion of a purchase price allocation review will have a corresponding effect on negative goodwill, net tangible assets, revaluation reserve and minority interest balance as well as results of MPB Group in view of the potential negative goodwill arising and amortisation of potential intangibles.
- 9 In illustrating the issuance of Consideration Shares pursuant to the Proposed Offer, the value of Consideration Shares were not measured at their fair value of RM1.11 per MPB Share as at 31 December 2008, being the assumed completion date. Instead the fair value used in the proforma illustration was based on the issue price of RM2.00 per Consideration Share as detailed in the Prospectus.



The Board of Directors
Media Prima Berhad
PwC/NAL/ra/1898J
2 November 2009

Basis of opinion (continued)

- 10 In illustrating the issuance of the Consideration Warrants pursuant to the Proposed Offer, the value of these Consideration Warrants were not measured at their fair value as at 31 December 2008, being the assumed completion date. Instead the fair value used in the proforma illustration was based on an illustrative theoretical value of RM0.49 per Consideration Warrant as detailed in the Notes to the Proforma Consolidated Balance Sheets.

Opinion

- 11 Except for the matters detailed in Paragraphs 8, 9 and 10, in our opinion that:
- (a) the Proforma Consolidated Balance Sheets have been properly compiled on the basis set out in the Notes thereon using the financial statements prepared in accordance with the approved accounting standards which includes the Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities, and in a manner consistent with both the format of the financial statements and accounting policies of the MPB Group for the financial year ended 31 December 2008; and
 - (b) the adjustments made to the information used in the preparation of the Proforma Consolidated Balance Sheets are appropriate for the purposes of preparing the Proforma Consolidated Balance Sheets.

Yours faithfully,

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON

1 INTRODUCTION

The Proforma Consolidated Balance Sheets of Media Prima Berhad ('MPB' or the 'Company') and its subsidiaries (collectively known as the 'MPB Group') for which the Directors of MPB are solely responsible, has been prepared for illustrative purposes only, for the purpose of inclusion in the Prospectus of MPB in connection with the initial listing of up to 24,638,453 free new warrants in MPB ('Consideration Warrants') to be issued pursuant to the conditional take-over offer by MPB to acquire all the remaining ordinary shares of RM1.00 each in The New Straits Times Press (Malaysia) Berhad not already owned by MPB ('Offer Shares') ('Warrants Listing').

The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only to show the effects on the audited consolidated balance sheet of MPB as at 31 December 2008, of the Proposal set out in 1.1, the Assumption set out in 1.2 and the Recent Corporate Announcements set out in 1.3, had all been effected on that date.

1.1 The Proposal

1.1.1 Proposed Offer

The Proposed Offer entails the acquisition by MPB of the Offer Shares at the offer price of RM2.00 for each Offer Share, to be fully satisfied by the issuance of one (1) new MPB ordinary shares of RM1.00 each ('MPB Share') at an issue price of RM2.00 each ('Consideration Share') for every one (1) Offer Share accepted and the issuance of one (1) free new warrant in MPB ('Consideration Warrant') for every five (5) Offer Shares accepted.

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON

1 INTRODUCTION (CONTINUED)

1.2 Assumption

- 1.2.1 As at 23 October 2009, MPB has 7.2 million options outstanding under the existing Employee Share Option Scheme ('ESOS'), as shown in the table below ('collectively referred to as 'ESOS Options').

No. of ESOS Options as converted under	Balance of ESOS Options 31.12.2008 Units ('000)	Exercise price RM	No. of ESOS Options lapsed due to staff resignation as at 23.10.2009 Units ('000)	Balance of ESOS Options outstanding at 23.10.2009 Units ('000)
Tranche 1	1,469	1.46	211	1,258
Tranche 2	5,043	1.55	1,480	3,563
Tranche 3	3,211	2.23	833	2,378
	<u>9,723</u>		<u>2,524</u>	<u>7,199</u>

It is assumed in Scenario 1 that none of the ESOS Options outstanding as at 23 October 2009 are exercised.

It is assumed in Scenario 2 that all ESOS Options outstanding as at 23 October 2009 are exercised.

This assumption has been illustrated even though the exercise price of the ESOS Options are higher than the current market price at 31 December 2008. The implications of this assumption are not significant.

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

1 INTRODUCTION (CONTINUED)

1.3 Recent Corporate Announcements

In addition to the Prospectus in relation to the Warrants Listing, MPB has also announced, on 16 October 2009, a Proposed Bonus Issue and a Proposed Bonds with Detachable Warrants Issue as set out in 1.3.1 and 1.3.2 below.

1.3.1 Proposed Bonus Issue

A proposed bonus issue of up to 24,604,298 new warrants in MPB ('Bonus Warrants') will be provided to the existing shareholders of MPB on the basis of one (1) Bonus Warrant for every thirty-five (35) MPB Shares held on an entitlement date to be determined later. For avoidance of doubt, the accepting NSTP shareholders who will become new MPB shareholders will not be entitled to the Bonus Warrants under the Proposed Bonus Issue. The implementation of the Proposed Bonus Issue is conditional upon the Proposed Offer becoming unconditional.

1.3.2 Proposed Bonds with Detachable Warrants Issue

The Proposed Bonds with Detachable Warrants Issue involves the issuance of RM150,000,000 nominal value of Bonds together with 50,000,000 provisional rights to the Detachable Warrants ('Provisional Rights of Warrants'), on a bought deal basis. Upon issuance, the Provisional Rights of Warrants will be immediately detached from the Bonds by the primary subscriber and placed to investors to be identified.

The implementation of the Proposed Bonds with Detachable Warrants Issue will be conditional upon the Proposed Offer becoming unconditional.

The Consideration Warrants, Bonus Warrants and Detachable Warrants will be collectively referred to as 'MPB Warrants'.

For illustration purposes, the exercise price of MPB Warrants are assumed at RM1.80 each. These MPB Warrants will entitle the holder to subscribe for one (1) new MPB Share at the pre-determined exercise price.

The new MPB Shares to be issued pursuant to the exercise of MPB Warrants will, upon the allotment and issue, rank pari passu in all respects with the then existing MPB Shares, except that they shall not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is prior to the date of allotment of the new MPB Shares.

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008

2.1 The Proforma Consolidated Balance Sheets of MPB Group as set out below have been prepared, solely for illustrative purposes, to show the effects on the audited consolidated balance sheet of MPB Group as at 31 December 2008, of the Proposal set out in Note 1.1, the Assumption set out in 1.2 and the Recent Corporate Announcements set out in Note 1.3, had all been effected on that date as follows:

2.1.1 Scenario 1: Proforma MPB Group assuming 51% acceptance of the Proposed Offer and assuming none of the ESOS Options are exercised

Scenario 1 has been prepared to show the effects on the audited consolidated balance sheet at MPB Group as at 31 December 2008 had the Proposal set out in Note 1.1, the Assumption set out in 1.2 and the Recent Corporate Announcements set out in Note 1.3 been effected as follows:

- (i) In respect of the Proposed Offer, it is assumed that MPB will hold 51% of the voting shares of NSTP at the completion of the Proposed Offer.
- (ii) It is assumed that none of the existing ESOS Options outstanding up to 23 October 2009 are exercised.
- (iii) The Proposed Bonus Issue and Proposed Bonds with Detachable Warrants Issue will be implemented. In respect of the MPB Warrants, the effects of the two assumptions below have been illustrated:
 - Assumption A - None of the MPB Warrants are exercised
 - Assumption B - All MPB Warrants are assumed to be exercised

2.1.2 Scenario 2: Proforma MPB Group assuming 100% acceptance of the Proposed Offer and assuming all the ESOS Options are exercised

Scenario 2 has been prepared to show the effects on the audited consolidated balance sheet of MPB Group as at 31 December 2008 had the Proposal set out in Note 1.1, the Assumption set out in 1.2 and the Recent Corporate Announcements set out in Note 1.3 been effected as follows:

- (i) In respect of the Proposed Offer, it is assumed that MPB will hold 100% of the voting shares of NSTP at the completion of the Proposed Offer.
- (ii) It is assumed that all existing ESOS Options outstanding as at 23 October 2009 are exercised.
- (iii) The Proposed Bonus Issue and Proposed Bonds with Detachable Warrants Issue will be implemented. In respect of the MPB Warrants, the effects of the two assumptions below have been illustrated:
 - Assumption A - None of the MPB Warrants are exercised
 - Assumption B - All MPB Warrants are assumed to be exercised

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

Scenario 1: Proforma MPB Group assuming 51% acceptance of the Proposed Offer and assuming none of the ESOS Options are exercised

		Proposal	Assumption	Recent Corporate Announcements		
		Proforma I	Proforma II	Proforma III	Assumption A Proforma IV(a)	Assumption B Proforma IV(b)
	Audited Balance Sheet as at 31.12.2008 RM'000	After obtaining 51% acceptance of the Proposed Offer RM'000	After (I) and assumed no exercise of existing ESOS Options outstanding at 23.10.2009 RM'000	After (II) and the Proposed Bonus Issue RM'000	After (III) and Proposed Bonds with Detachable Warrants Issue - Warrants not exercised RM'000	After (III) and Proposed Bonds with Detachable Warrants Issue - Warrants all exercised RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
Share capital	853,811	870,562	870,562	870,562	870,562	948,306
Share premium	188,118	204,869	204,869	204,869	204,869	268,473
Other reserves	33,900	35,307	35,091	35,091	38,589	33,684
Accumulated losses	(524,527)	(484,976)	(484,760)	(485,260)	(485,260)	(491,760)
	551,302	625,762	625,762	625,262	628,760	758,703
MINORITY INTEREST	(11,533)	471,146	471,146	471,146	471,146	471,146
TOTAL EQUITY	539,769	1,096,908	1,096,908	1,096,408	1,099,906	1,229,849
NON-CURRENT LIABILITIES						
Bank guaranteed medium term notes	163,990	163,990	163,990	163,990	163,990	163,990
Interest bearing bank borrowings:						
- Term loans	49,589	49,589	49,589	49,589	49,589	49,589
Hire-purchase and lease creditors	14,585	14,585	14,585	14,585	14,585	14,585
Redeemable fixed rate bonds	-	-	-	-	140,002	10,059
Trade and other payables	950	950	950	950	950	950
Deferred tax liabilities	20,007	39,658	39,658	39,658	39,658	39,658
	249,121	268,772	268,772	268,772	408,774	278,831
TOTAL EQUITY AND NON-CURRENT LIABILITIES	788,890	1,365,680	1,365,680	1,365,180	1,508,680	1,508,680
NON-CURRENT ASSETS						
Property, plant and equipment	212,553	789,523	789,523	789,523	789,523	789,523
Investment properties	13,682	44,616	44,616	44,616	44,616	44,616
Prepaid lease rentals	9,162	15,515	15,515	15,515	15,515	15,515
Associates	347,444	202,117	202,117	202,117	202,117	202,117
Investments	2,393	2,393	2,393	2,393	2,393	2,393
Other investments	-	744	744	744	744	744
Prepaid transmission station rentals	2,622	2,622	2,622	2,622	2,622	2,622
Intangible assets	179,084	179,084	179,084	179,084	179,084	179,084
Deferred tax assets	19,445	21,643	21,643	21,643	21,643	21,643
	786,385	1,258,257	1,258,257	1,258,257	1,258,257	1,258,257

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

Scenario 1: Proforma MPB Group assuming 51% acceptance of the Proposed Offer and assuming none of the ESOS Options are exercised (continued)

		Proposal	Assumption		Recent Corporate Announcements	
		Proforma I	Proforma II	Proforma III	Assumption A	Assumption B
			After (I) and assumed no exercise of existing ESOS Options outstanding at 23.10.2009	After (II) and the Proposed Bonus Issue	Proforma IV(a) After (III) and Proposed Bonds with Detachable Warrants Issue - Warrants not exercised	Proforma IV(b) After (III) and Proposed Bonds with Detachable Warrants Issue - Warrants all exercised
	Audited Balance Sheet as at 31.12.2008 RM'000	51% acceptance of the Proposed Offer RM'000	at 23.10.2009 RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS						
Inventories	35	128,024	128,024	128,024	128,024	128,024
Trade and other receivables	280,180	374,515	374,515	374,515	374,515	374,515
Deposits, cash and bank balances	51,083	57,435	57,435	57,435	200,935	200,935
Tax recoverable	3,814	5,169	5,169	5,169	5,169	5,169
Amount due from an associate	843	-	-	-	-	-
	335,955	565,143	565,143	565,143	708,643	708,643
Assets of subsidiary acquired exclusively for sale	42,402	42,402	42,402	42,402	42,402	42,402
Non-current assets or disposal group classified as held for sale	-	187	187	187	187	187
	378,357	607,732	607,732	607,732	751,232	751,232
CURRENT LIABILITIES						
Trade and other payables	191,341	272,966	272,966	273,466	273,466	273,466
Amount due to an associate	4,282	16,791	16,791	16,791	16,791	16,791
Commercial papers	137,000	137,000	137,000	137,000	137,000	137,000
Term loans	14,845	44,345	44,345	44,345	44,345	44,345
Bank overdrafts	1,674	1,674	1,674	1,674	1,674	1,674
Current tax liabilities	18,283	19,106	19,106	19,106	19,106	19,106
	367,425	491,882	491,882	492,382	492,382	492,382
Liabilities of subsidiary acquired exclusively for sale	8,427	8,427	8,427	8,427	8,427	8,427
	375,852	500,309	500,309	500,809	500,809	500,809
NET CURRENT ASSETS	2,505	107,423	107,423	106,923	250,423	250,423
	788,890	1,365,680	1,365,680	1,365,180	1,508,680	1,508,680
Number of MPB Shares ('000)	853,811	870,562	870,562	870,562	870,562	948,306
Net assets attributable to ordinary shareholders (RM)	551,302	625,762	625,762	625,262	628,760	758,703
Net assets attributable to ordinary shareholders per share (RM)	0.65	0.72	0.72	0.72	0.72	0.80
Total borrowings (RM)	381,683	411,183	411,183	411,183	551,185	421,242
Gearing ratio (times) ⁽¹⁾	0.69	0.66	0.66	0.66	0.88	0.56

⁽¹⁾ The gearing ratio is computed based on the total of all interest bearing borrowings divided by Net Assets attributable to ordinary shareholders.

The Proforma Consolidated Balance Sheets should be read in conjunction with the accompanying notes.

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

Scenario 2: Proforma MPB Group assuming 100% acceptance of the Proposed Offer and assuming all the ESOS Options are exercised

	Proposal	Assumption	Recent Corporate Announcements			
	Proforma I	Proforma II	Proforma III	Assumption A Proforma IV(a)	Assumption B Proforma IV(b)	
	Audited Balance Sheet as at 31.12.2008 RM'000	After obtaining 51% acceptance of the Proposed Offer RM'000	After (I) and assumed exercise of all existing ESOS Options outstanding at 23.10.2009 RM'000	After (II) and the Proposed Bonus Issue RM'000	After (III) and Proposed Bonds with Detachable Warrants Issue - Warrants not exercised RM'000	After (III) and Proposed Bonds with Detachable Warrants Issue - Warrants all exercised RM'000
CAPITAL AND RESERVES						
ATTRIBUTABLE TO EQUITY						
HOLDERS OF THE COMPANY						
Share capital	853,811	977,003	984,202	984,202	984,202	1,083,441
Share premium	188,118	311,310	317,392	317,392	317,392	407,131
Other reserves	33,900	44,248	43,413	43,413	46,911	33,065
Accumulated losses	(524,527)	(224,120)	(223,904)	(224,404)	(224,404)	(230,904)
	551,302	1,108,441	1,121,103	1,120,603	1,124,101	1,292,733
MINORITY INTEREST	(11,533)	(11,533)	(11,533)	(11,533)	(11,533)	(11,533)
TOTAL EQUITY	539,769	1,096,908	1,109,570	1,109,070	1,112,568	1,281,200
NON-CURRENT LIABILITIES						
Bank guaranteed medium term notes	163,990	163,990	163,990	163,990	163,990	163,990
Interest bearing bank borrowings:						
- Term loans	49,589	49,589	49,589	49,589	49,589	49,589
Hire-purchase and lease creditors	14,585	14,585	14,585	14,585	14,585	14,585
Redeemable fixed rate bonds	-	-	-	-	140,002	-
Trade and other payables	950	950	950	950	950	950
Deferred tax liabilities	20,007	39,658	39,658	39,658	39,658	39,658
	249,121	268,772	268,772	268,772	408,774	268,772
TOTAL EQUITY AND NON-CURRENT LIABILITIES	788,890	1,365,680	1,378,342	1,377,842	1,521,342	1,549,972
NON-CURRENT ASSETS						
Property, plant and equipment	212,553	789,523	789,523	789,523	789,523	789,523
Investment properties	13,682	44,616	44,616	44,616	44,616	44,616
Prepaid lease rentals	9,162	15,515	15,515	15,515	15,515	15,515
Associates	347,444	202,117	202,117	202,117	202,117	202,117
Investments	2,393	2,393	2,393	2,393	2,393	2,393
Other investments	-	744	744	744	744	744
Prepaid transmission station rentals	2,622	2,622	2,622	2,622	2,622	2,622
Intangible assets	179,084	179,084	179,084	179,084	179,084	179,084
Deferred tax assets	19,445	21,643	21,643	21,643	21,643	21,643
	786,385	1,258,257	1,258,257	1,258,257	1,258,257	1,258,257

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

Scenario 2: Proforma MPB Group assuming 100% acceptance of the Proposed Offer and assuming all the ESOS Options are exercised (continued)

	Proposal	Assumption	Recent Corporate Announcements			
				Assumption A	Assumption B	
	Proforma I	Proforma II	Proforma III	Proforma IV(a)	Proforma IV(b)	
	After obtaining 51% acceptance of the Proposed Offer	After (I) and assumed exercise of all existing ESOS Options outstanding at 23.10.2009	After (II) and the Proposed Bonus Issue	After (III) and Proposed Bonds with Detachable Warrants Issue - Warrants not exercised	After (III) and Proposed Bonds with Detachable Warrants Issue - Warrants all exercised	
	Audited Balance Sheet as at 31.12.2008	RM'000	RM'000	RM'000	RM'000	
CURRENT ASSETS						
Inventories	35	128,024	128,024	128,024	128,024	
Trade and other receivables	280,180	374,515	374,515	374,515	374,515	
Deposits, cash and bank balances	51,083	57,435	70,097	213,597	242,227	
Tax recoverable	3,814	5,169	5,169	5,169	5,169	
Amount due from an associate	843	-	-	-	-	
	335,955	565,143	577,805	721,305	749,935	
Assets of subsidiary acquired exclusively for sale	42,402	42,402	42,402	42,402	42,402	
Non-current assets or disposal group classified as held for sale	-	187	187	187	187	
	378,357	607,732	620,394	763,894	792,524	
CURRENT LIABILITIES						
Trade and other payables	191,341	272,966	272,966	273,466	273,466	
Amount due to an associate	4,282	16,791	16,791	16,791	16,791	
Commercial papers	137,000	137,000	137,000	137,000	137,000	
Term loans	14,845	44,345	44,345	44,345	44,345	
Bank overdrafts	1,674	1,674	1,674	1,674	1,674	
Current tax liabilities	18,283	19,106	19,106	19,106	19,106	
	367,425	491,882	491,882	492,382	492,382	
Liabilities of subsidiary acquired exclusively for sale	8,427	8,427	8,427	8,427	8,427	
	375,852	500,309	500,309	500,809	500,809	
NET CURRENT ASSETS	2,505	107,423	120,085	263,085	291,715	
	788,890	1,365,680	1,378,342	1,521,342	1,549,972	
Number of MPB Shares ('000)	853,811	977,003	984,202	984,202	1,083,441	
Net assets attributable to ordinary shareholders (RM)	551,302	1,108,441	1,121,103	1,124,101	1,292,733	
Net assets attributable to ordinary shareholders per share (RM)	0.65	1.13	1.14	1.14	1.19	
Total borrowings (RM)	381,683	411,183	411,183	551,185	411,183	
Gearing ratio (times) ⁽¹⁾	0.69	0.37	0.37	0.49	0.32	

⁽¹⁾ The gearing ratio is computed based on the total of all interest bearing borrowings divided by Net Assets attributable to ordinary shareholders.

The Proforma Consolidated Balance Sheets should be read in conjunction with the accompanying notes.

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.2 Basis of preparation of Proforma Consolidated Balance Sheets

2.2.1 The Proforma Consolidated Balance Sheets have been prepared based on the following:

- (i) The audited consolidated financial statements of MPB for the financial year ended 31 December 2008; and
- (ii) The audited consolidated financial statements of NSTP for the financial year ended 31 December 2008.

2.2.2 The Proforma Consolidated Balance Sheets have been prepared in accordance with the accounting policies adopted in the preparation of the audited financial statements of MPB Group for the financial year ended 31 December 2008, except that:

- (i) The assets and liabilities including intangible assets and contingent liabilities of NSTP accounted for to illustrate the effects of the Proposed Offer described in Note 1.1.1 have not been recognised/measured at their respective fair values. Instead, these assets and liabilities are based on the carrying values of assets and liabilities in NSTP's audited consolidated balance sheet as at 31 December 2008. Adjustments to the carrying values of assets and liabilities of NSTP upon completion of a purchase price allocation review will have a corresponding effect on negative goodwill, net tangible assets, revaluation reserve and minority interest balance as well as results of MPB Group in view of the potential negative goodwill arising and amortisation of potential intangibles.
- (ii) In illustrating the issuance of Consideration Shares pursuant to the Proposed Offer, the value of Consideration Shares were not measured at their fair value of RM1.11 per MPB Share as at 31 December 2008, being the assumed completion date. Instead the fair value used in the proforma illustration was based on the issue price of RM2.00 per Consideration Share as detailed in the Prospectus.
- (iii) In illustrating the issuance of the Consideration Warrants pursuant to the Proposed Offer, the value of these Consideration Warrants were not measured at their fair value as at 31 December 2008, being the assumed completion date. Instead the fair value used in the proforma illustration was based on an illustrative theoretical value of RM0.49 per Consideration Warrant based on the "Trinomial" pricing model as at 15 October 2009, being the last full trading day prior to the announcement of the Proposed Offer.

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PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.3 Effects on the Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets incorporate the effects of the Proposal set out in Note 1.1, the Assumption set out in 1.2 and the Recent Corporate Announcements set out in Note 1.3 on the basis and assumptions made by the Directors of MPB as if they were effected as at 31 December 2008.

(a) Scenario 1: Proforma MPB Group assuming 51% acceptance of the Proposed Offer and assuming none of the ESOS Options are exercised

- (i) Proforma I incorporates the effects of the Proposed Offer as detailed in Note 1.1.1 assuming 51% acceptance of the Proposed Offer.

This Proforma assumes the issuance of 16.8 million new MPB Shares, representing approximately 2% of the enlarged issued and paid up share capital of MPB after the Proposed Offer at an illustrative price of RM2.00 per MPB Share. This forms the cost of acquiring the Offer Shares.

This Proforma also assumes the issuance of 3,350,128 Consideration Warrants on completion of the Proposed Offer. The fair value of the Consideration Warrant is illustrated at RM0.49 each, and is included as part of the cost of acquiring the Offer Shares.

Upon obtaining 51% of the voting shares in NSTP after completion of the Proposed Offer, NSTP is regarded as a subsidiary. Accordingly, NSTP has been consolidated using the acquisition method of accounting.

The estimated costs in respect of the Proposed Offer is RM1.5 million and have been included as part of the cost of acquiring the Offer Shares.

Arising from the above, negative goodwill of RM39.6 million has been recognised. The negative goodwill is calculated based on the carrying values of assets and liabilities in NSTP's audited consolidated balance sheet as at 31 December 2008, and has been adjusted to the retained earnings.

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.3 Effects on the Proforma Consolidated Balance Sheets (continued)

(a) Scenario 1: Proforma MPB Group assuming 51% acceptance of the Proposed Offer and assuming none of the ESOS Options are exercised (continued)

(ii) Proforma II incorporates the effects of Proforma I and the effects of the lapse of existing ESOS Options up to 23 October 2009. 7,198,800 ESOS Options remaining unexercised at 23 October 2009 are assumed not exercised.

(iii) Proforma III incorporates the effects of Proforma II and the effects of the Proposed Bonus Issue as set out in Note 1.3.1 with the assumption that the Consideration Warrants and Bonus Warrants are not exercised. This Proforma assumes the issuance of 24,394,601 Bonus Warrants at no consideration.

The estimated costs in respect of the Proposed Bonus Issue is RM0.5 million and have been included as part of retained earnings.

(iv) Proforma IV(a) incorporates the effects of Proforma III and the effects of the Proposed Bonds with Detachable Warrants Issue as set out in Note 1.3.2, with the assumption that none of the MPB Warrants are exercised.

The respective fair values of the Proposed Bonds with Detachable Warrants are determined as follows:

	<u>RM'million</u>
Fair value of Bonds based on market interest rates of 6.0%	140.0
Fair value of Detachable Warrants	3.5
	<hr/>
Proceeds from Proposed Bonds with Detachable Warrants Issue, net of bond issuance costs of RM1.5 million	143.5
	<hr/> <hr/>

The proceeds from the Proposed Bonds with Detachable Warrants Issue and its proposed utilisation are illustrated as follows:

	<u>RM'million</u>
Refinancing of bridging loan	70.0
Financing the acquisition / investments in assets to be identified	71.3
Deposit in debt service reserve account	3.7
Less : Bonds issuance costs	(1.5)
	<hr/>
	143.5
	<hr/> <hr/>

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.3 Effects on the Proforma Consolidated Balance Sheets (continued)

(a) Scenario 1: Proforma MPB Group assuming 51% acceptance of the Proposed Offer and assuming none of the ESOS Options are exercised (continued)

- (v) Proforma IV(b) incorporates the effects of Proforma III and the effects of the Proposed Bonds with Detachable Warrants Issue as set out in Note 1.3.2, with the assumption of the full exercise of all MPB Warrants at the exercise price of RM1.80 per MPB Share.

Gross proceeds from the assumed exercise of all MPB Warrants amount to RM139.9 million, and will be utilised to partially repay the Bonds issued under the Proposed Bonds with Detachable Warrants Issue:

	<u>RM'million</u>
Fair value/Nominal value of Bonds	150.0
Repayment utilising proceeds from assumed exercise of all MPB Warrants	<u>(139.9)</u>
Outstanding balance	<u><u>10.1</u></u>

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.3 Effects on the Proforma Consolidated Balance Sheets (continued)

(b) Scenario 2: Proforma MPB Group assuming 100% acceptance of the Proposed Offer and assuming all the ESOS Options are exercised

- (i) Proforma I incorporates the effects of the Proposed Offer as detailed in Note 1.1.1 assuming 100% acceptance of the Proposed Offer.

This Proforma assumes the issuance of 123.2 million new MPB Shares, representing approximately 12.6% of the enlarged issued and paid up share capital of MPB after the Proposed Offer at an illustrative price of RM2.00 per MPB Share. This forms the cost of acquiring the Offer Shares.

This Proforma also assumes the issuance of 24,638,453 Consideration Warrants on completion of the Proposed Offer. The fair value of the Consideration Warrant is illustrated at RM0.49 each, and is included as part of the cost of acquiring the Offer Shares.

Upon obtaining 100% of the voting shares in NSTP after completion of the Proposed Offer, NSTP is regarded as a subsidiary. Accordingly, NSTP has been consolidated using the acquisition method of accounting.

The estimated costs in respect of the Proposed Offer is RM1.5 million and have been included as part of the cost of acquiring the Offer Shares.

Arising from the above, negative goodwill of RM300.4 million has been recognised. The negative goodwill is calculated based on the carrying values of assets and liabilities in NSTP's audited consolidated balance sheet as at 31 December 2008, and has been adjusted to the retained earnings.

- (ii) Proforma II incorporates the effects of Proforma I and the effects of the lapse of existing ESOS Options up to 23 October 2009. 7,198,800 ESOS Options remaining unexercised at 23 October 2009 are assumed to be exercised. This assumption has been illustrated even though the exercise price of the ESOS Options are higher than the current market price at 31 December 2008. The implications of this assumption are not significant.
- (iii) Proforma III incorporates the effects of Proforma II and the effects of the Proposed Bonus Issue as set out in Note 1.3.1, with the assumption that the Consideration Warrants and Bonus Warrants are not exercised. This Proforma assumes the issuance of 24,600,281 Bonus Warrants at no consideration.

The estimated costs in respect of the Proposed Bonus Issue is RM0.5 million and have been included as part of retained earnings.

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.3 Effects on the Proforma Consolidated Balance Sheets (continued)

(b) Scenario 2: Proforma MPB Group assuming 100% acceptance of the Proposed Offer and assuming all the ESOS Options are exercised (continued)

- (iv) Proforma IV(a) incorporates the effects of Proforma III and the effects of the Proposed Bonds with Detachable Warrants Issue as set out in Note 1.3.2, with the assumption that none of the MPB Warrants are exercised. This is as detailed in Note 2.3(a)(iv).
- (v) Proforma IV(b) incorporates the effects of Proforma III and the effects of the Proposed Bonds with Detachable Warrants Issue as set out in Note 1.3.2, with the assumption of the full exercise of all MPB Warrants at the exercise price of RM1.80 per MPB Share.

Gross proceeds from the assumed exercise of all MPB Warrants amount to RM178.6 million, and will be utilised as follows:

	<u>RM'million</u>
Repayment of Bonds issued under the Proposed Bonds with Detachable Warrants Issue	150.0
For working capital purposes	28.6
	<u>178.6</u>

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.3 Share capital, share premium, other reserves, accumulated losses and minority interest

Movements in the issued and paid up share capital, share premium, other reserves and minority interest of MPB Group are as follows:

Scenario 1: Proforma MPB Group assuming 51% acceptance of the Proposed Offer and assuming none of the ESOS Options are exercised

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Audited Consolidated Balance Sheet of MPB as at 31 December 2008	853,811	188,118	33,900	(524,527)	551,302	(11,533)	539,769
Effects arising from MPB obtaining 51% of the voting shares in NSTP at completion of the Proposed Offer							
- Issuance of 16,750,641 MPB Shares, 3,350,128 of Consideration Warrants and the effects of consolidation of NSTP (Note 2.3(a)(i))	16,751	16,751	1,407	39,551	74,460	482,679	557,139
As shown in Proforma I	870,562	204,869	35,307	(484,976)	625,762	471,146	1,096,908
Effects arising from the lapse of ESOS Options up to 23 October 2009 (Note 2.3(a)(ii))	-	-	(216)	216	-	-	-
As shown in Proforma II	870,562	204,869	35,091	(484,760)	625,762	471,146	1,096,908
Effects arising from the Proposed Bonus Issue of 24,394,601 Bonus Warrants (Note 2.3(a)(iii))	-	-	-	(500)	(500)	-	(500)
As shown in Proforma III	870,562	204,869	35,091	(485,260)	625,262	471,146	1,096,408

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.3 Share capital, share premium, other reserves, accumulated losses and minority interest (continued)

Movements in the issued and paid up share capital, share premium, other reserves and minority interest of MPB Group are as follows:

Scenario 1: Proforma MPB Group assuming 51% acceptance of the Proposed Offer and assuming none of the ESOS Options are exercised (continued)

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Effects arising from Proposed Bonds with Detachable Warrants Issue and assuming none of the Warrants are exercised (Note 2.3(a)(iv))	-	-	3,498	-	3,498	-	3,498
As shown in Proforma IV(a)	870,562	204,869	38,589	(485,260)	628,760	471,146	1,099,906

Assumption B

Effects arising from Proposed Bonds with Detachable Warrants with assumed exercise of all MPB Warrants at an exercise price of RM1.80 per MPB Share (Note 2.3(a)(v))

	77,744	63,604	(1,407)	(6,500)	133,441	-	133,441
As shown in Proforma IV(b)	948,306	268,473	33,684	(491,760)	758,703	471,146	1,229,849

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2008 (CONTINUED)

2.3 Share capital, share premium, other reserves, accumulated losses and minority interest (continued)

Movements in the issued and paid up share capital, share premium, other reserves and minority interest of MPB Group are as follows:

Scenario 2: Proforma MPB Group assuming 100% acceptance of the Proposed Offer and assuming all the ESOS Options are exercised

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Audited Consolidated Balance Sheet of MPB as at 31 December 2008	853,811	188,118	33,900	(524,527)	551,302	(11,533)	539,769
Effects arising from MPB obtaining 100% acceptance of the voting shares in NSTP at the completion of the Proposed Offer							
- Issuance of 123,192,264 MPB Shares, 24,638,453 of Consideration Warrants and the effects of consolidation of NSTP (Note 2.3(b)(i))	123,192	123,192	10,348	300,407	557,139	-	557,139
As shown in Proforma I	977,003	311,310	44,248	(224,120)	1,108,441	(11,533)	1,096,908
Effects arising from the lapse of ESOS Options up to 23 October 2009 and assumed full exercise of all ESOS Options unexercised at 23 October 2009 (Note 2.3(b)(ii))	7,199	6,082	(835)	216	12,662	-	12,662
As shown in Proforma II	984,202	317,392	43,413	(223,904)	1,121,103	(11,533)	1,109,570
Effects arising from the Proposed Bonus Issue of 24,600,281 Bonus Warrants (Note 2.3(b)(iii))	-	-	-	(500)	(500)	-	(500)
As shown in Proforma III	984,202	317,392	43,413	(224,404)	1,120,603	(11,533)	1,109,070

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

2.3 Share capital, share premium, other reserves, accumulated losses and minority interest (continued)

Movements in the issued and paid up share capital, share premium, other reserves and minority interest of MPB Group are as follows:

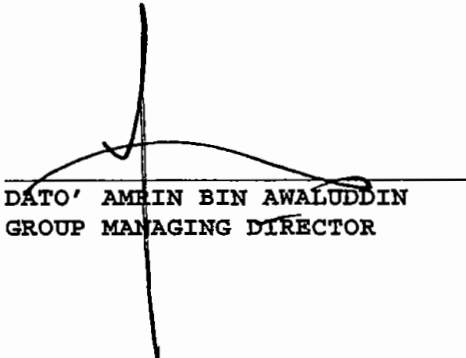
Scenario 2: Proforma MPB Group assuming 100% acceptance of the Proposed Offer and assuming all the ESOS Options are exercised (continued)

<u>Assumption B</u>						
Effects arising from Proposed Bonds with Detachable Warrants with assumed exercise of all MPB Warrants at an exercise price of RM1.80 per MPB Share (Note 2.3(b)(v))	99,239	89,739	(10,348)	(6,500)	172,130	172,130
						-
						(11,533)
As shown in Proforma IV(b)	1,083,441	407,131	33,065	(230,904)	1,292,733	1,281,200

MEDIA PRIMA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (CONTINUED)

Approved on behalf of the Board of Directors of Media Prima Berhad in accordance with a resolution of the Board of Directors dated 28 October 2009



DATO' AMIN BIN AWALUDDIN
GROUP MANAGING DIRECTOR

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MPB FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 TOGETHER WITH THE AUDITORS' REPORT

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of procurement services for its subsidiaries.

The principal activities of the Group consist of investment holding, commercial television and radio broadcasting, general media advertising, provision of advertising space and related production works, sale of programme rights, sale of videos, cable and laser rights and the provision of production, event management and other 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 25, Note 26 and Note 43 to the financial statements.

FINANCIAL RESULTS

	<u>Group</u> RM'000	<u>Company</u> RM'000
Net profit for the financial year from continuing operations	117,703	56,639
Loss from subsidiary acquired exclusively for sale	(45,257)	-
Net profit for the financial year	<u>72,446</u>	<u>56,639</u>
Attributable to:		
Equity holders of the Company	86,023	
Minority interests	(13,577)	
Net profit for the financial year	<u>72,446</u>	

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

The dividends paid or declared since 31 December 2007 were as follows:

	RM'000
(1) In respect of the financial year ended 31 December 2007, a final dividend of 9.3 sen gross per ordinary share, less income tax of 26%, paid on 18 July 2008:	
- as shown in the Directors' report of that financial year, dividends on 842,183,254 ordinary shares	57,964
- dividends on additional 4,966,808 ordinary shares issued subsequent to 31 December 2008 up to the date of book closure on 30 June 2008 due to conversion of debt and equity instruments	337
	<hr/> 58,301
(2) Special dividend of 9.0 sen per share on 845,309,233 ordinary shares, less income tax of 26%, paid on 30 April 2008 to shareholders registered on the Company's Register of Members at the close of business on 17 April 2008.	56,297
	<hr/> <hr/> 114,598

The Directors had on 27 February 2009 recommended the payment of a final dividend of 6.7 sen gross per ordinary share, less income tax at 25% subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 28 July 2009 to shareholders registered on the Company's Register of Members at the close of business on 30 June 2009.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

During the financial year, 11,627,788 new ordinary shares of RM1.00 each were issued by the Company comprising:

- (a) 6,181,967 ordinary shares of RM1.00 each through the conversion of 9,274,536 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM1.00 each on the basis of two new ordinary shares for every three ICULS exercised. The premium arising from the ICULS conversion of RM3,092,569 has been credited to the Share Premium account.
- (b) 4,839,121 ordinary shares of RM1.00 each arising from the exercise of 4,839,121 Warrants of RM0.10 each at an exercise price of RM1.10 per Warrant. The premium arising from the exercise of Warrants of RM967,824, including the transfer of proceeds from issuance of Warrants of RM524,413 from Warrants Reserve, has been credited to the Share Premium account.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

ISSUE OF SHARES (CONTINUED)

- (c) 606,700 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme ("ESOS") at exercise prices of RM1.46, RM1.55 and RM2.23 per share. The premium arising from the exercise of ESOS of RM385,281 has been credited to the Share Premium account.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS was approved by the shareholders on 7 January 2005 and became effective on 11 January 2005 for a period of five (5) years, expiring on 10 January 2010.

Details of the ESOS are set out in Note 10 to the financial statements.

The Company has been granted an exemption by the Companies Commission of Malaysia via a letter dated 18 March 2009 from having to disclose in this report, the names of the persons to whom options have been granted during the financial year and details of their holdings pursuant to Section 169 (11) of the Companies Act, 1965 except for information on employees who were granted options representing 600,000 ordinary shares and above.

There were no persons who were granted options representing 600,000 ordinary shares and above during the financial year.

DIRECTORS

The Directors who have held office during the period since the date of the last report are:

Dato' Abdul Mutalib Datuk Seri Mohamed Razak
Tan Sri Lee Lam Thye
Abdul Rahman Ahmad
Shahril Ridza Ridzuan
Tan Sri Mohamed Jawhar
Dato' Sri Ahmad Farid Ridzuan
Datuk Kamarulzaman Hj Zainal
Dato' Abdul Kadir Mohd Deen
Dato' Gumuri Hussain (appointed on 29 April 2008)
Dato' Dr Mohd Shahari Ahmad Jabar (resigned on 29 April 2008)

In accordance with Article 106 of the Company's Articles of Association, Dato' Gumuri Hussain, who was appointed during the financial year, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

In accordance with Articles 101 and 102 of the Company's Articles of Association, Shahril Ridza Ridzuan, Tan Sri Mohamed Jawhar and Datuk Kamarulzaman Hj Zainal retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the Company's ESOS (see Note 6 to the financial statements).

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 6 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.

REMUNERATION COMMITTEE

The Remuneration Committee concluded the annual review of the overall remuneration policy for Directors, the Group Managing Director and the Senior Management Officers whereupon recommendations are made the Board of Directors for approval. The members of the Remuneration Committee comprise of:

- Dato' Abdul Kadir Bin Mohd Deen (Chairman)
- Tan Sri Lee Lam Thye
- Dato' Abdul Mutalib Bin Datuk Seri Mohamed Razak
- Shahril Ridza Bin Ridzuan

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, particulars of interests of Directors who held office as at the end of the financial year in shares and options over ordinary shares in the Company are as follows:

	<u>Number of ordinary shares of RM1.00 each</u>			
	<u>As at 1.1.2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>As at 31.12.2008</u>
	'000	'000	'000	'000
Abdul Rahman Ahmad	600	-	-	600
Dato' Sri Ahmad Farid Ridzuan	190	-	-	190
Datuk Kamarulzaman Hj Zainal	200	-	-	200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	<u>Number of options over ordinary shares of RM1.00 each</u>			
	<u>As at 1.1.2008</u>	<u>Granted</u>	<u>Exercised</u>	<u>As at 31.12.2008</u>
	'000	'000	'000	'000
Dato' Sri Ahmad Farid Ridzuan	350	-	-	350
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Other than as disclosed above, according to the Register of Directors' shareholdings, none of the other Directors in office at the end of the financial year held any interest in shares and options over ordinary shares in the Company and its related corporations during the financial year.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) 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
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) 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
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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.

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.

At the date of this report, there does not exist:

- (a) 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
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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.

In the opinion of the Directors:

- (a) 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
- (b) 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.

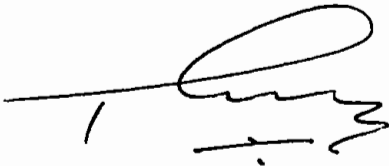
MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 March 2009.



DATO' ABDUL MUTALIB
DATUK SERI MOHAMED RAZAK
CHAIRMAN



ABDUL RAHMAN AHMAD
GROUP MANAGING DIRECTOR

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	2	781,290	691,339	109,101	163,507
Other operating income		33,319	39,264	2,130	-
Finance income	3	1,493	1,195	-	-
Programmes, film rights and album production costs					
- Amortisation		(208,103)	(179,650)	-	-
- Write off		(1,489)	(44)	-	-
Other direct costs		(77,798)	(43,163)	-	-
Employee benefits costs	4	(155,153)	(160,638)	(4,426)	(10,601)
Advertising and promotion expenses		(31,311)	(22,577)	(1,406)	(1,099)
Transmission rental and expenses		(35,250)	(30,556)	-	-
Repairs and maintenance		(12,848)	(12,774)	(69)	(16)
Utilities		(14,255)	(13,020)	(61)	(38)
Professional and consultancy fees		(7,059)	(7,609)	(738)	(1,116)
Rental of premises		(11,066)	(9,449)	-	-
License fees		(9,210)	(6,170)	-	-
Depreciation of property, plant and equipment		(39,107)	(37,639)	(51)	(7)
Depreciation of investment properties		(271)	(274)	-	-
Amortisation of prepaid lease rentals		(334)	(827)	-	-
(Impairment losses)/ write back of impairment losses on assets		(132)	4,278	-	-
Doubtful debts for trade and other receivables					
- Allowances		(4,010)	(4,707)	-	-
- Write back		-	447	-	-
Bad debts written off		(1,422)	-	-	-
(Allowance)/reversal of allowance for diminution in value of quoted investment		(1,163)	912	-	-
Amortisation of intangibles		(6,710)	(6,823)	-	-
Other operating expenses		(40,368)	(42,255)	(3,926)	(3,642)
Profit from continuing operations	5	159,043	159,260	100,554	146,988
Finance cost	3	(20,308)	(24,209)	(18,318)	(15,972)
Share of results of an associate		20,529	14,044	-	-
Profit before taxation		159,264	149,095	82,236	131,016
Taxation	7	(41,561)	(31,655)	(25,597)	(37,936)
Net profit for the financial year from continuing operations		117,703	117,440	56,639	93,080

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		RM'000	RM'000	RM'000	RM'000
Subsidiary held exclusively for sale					
Losses from subsidiary acquired exclusively for sale	43	(45,257)	-	-	-
Net profit for the financial year		<u>72,446</u>	<u>117,440</u>	<u>56,639</u>	<u>93,080</u>
Attributable to:					
Equity holders of the Company		86,023	117,440		
Minority interests	43	(13,577)	-		
Net profit for the financial year		<u>72,446</u>	<u>117,440</u>		
Basic earnings per share (sen) for:					
- net profit from continuing operations	8	13.92	14.37		
- losses from subsidiary acquired exclusively for sale		(3.75)	-		
- net profit for the financial year		<u>10.17</u>	<u>14.37</u>		
Diluted earnings per share (sen) for:					
- net profit from continuing operations	8	13.92	14.09		
- losses from subsidiary acquired exclusively for sale		(3.75)	-		
- net profit for the financial year		<u>10.17</u>	<u>14.09</u>		

The accounting policies on pages 75 to 92 and the notes on pages 93 to 153 form an integral part of these financial statements.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 31 DECEMBER 2008

	<u>Note</u>	<u>Group</u> <u>2008</u> RM'000	<u>2007</u> RM'000	<u>Company</u> <u>2008</u> RM'000	<u>2007</u> RM'000
CAPITAL AND RESERVES					
ATTRIBUTABLE TO EQUITY					
HOLDERS OF THE COMPANY					
Share capital	10	853,811	842,183	853,811	842,183
Share premium	11	188,118	183,250	188,118	183,250
Other reserves	12	33,900	30,132	843	1,791
(Accumulated losses)/ retained earnings	14	(524,527)	(495,952)	58,973	116,932
		<u>551,302</u>	<u>559,613</u>	<u>1,101,745</u>	<u>1,144,156</u>
MINORITY INTERESTS		<u>(11,533)</u>	<u>1,922</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>539,769</u>	<u>561,535</u>	<u>1,101,745</u>	<u>1,144,156</u>
NON-CURRENT LIABILITIES					
Irredeemable convertible unsecured loan stocks	15	-	9,275	-	9,275
Bank guaranteed medium term notes	16	163,990	162,351	163,990	162,351
Interest bearing bank borrowings:					
- Term loans	18	49,589	56,865	49,000	56,000
Hire-purchase and lease creditors	19	14,585	8,972	-	-
Trade and other payables	20	950	-	-	-
Deferred tax liabilities	21	20,007	16,828	-	-
		<u>249,121</u>	<u>254,291</u>	<u>212,990</u>	<u>227,626</u>
		<u>788,890</u>	<u>815,826</u>	<u>1,314,735</u>	<u>1,371,782</u>
NON-CURRENT ASSETS					
Property, plant and equipment	22	212,553	203,666	193	57
Investment properties	23	13,682	15,049	-	-
Prepaid lease rentals	24	9,162	9,206	-	-
Subsidiaries	25	-	-	614,829	614,280
Associates	26	347,444	332,482	399,651	399,651
Investments	27	2,393	3,604	-	-
Prepaid transmission station rentals		2,622	2,731	-	-
Intangible assets	28	179,084	206,135	-	-
Deferred tax assets	21	19,445	7,692	-	-
		<u>786,385</u>	<u>780,565</u>	<u>1,014,673</u>	<u>1,013,988</u>

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 31 DECEMBER 2008 (CONTINUED)

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS					
Assets held-for-sale	29	-	58,660	-	-
Inventories	30	35	439	-	-
Trade and other receivables	31	280,180	254,436	11,521	5,023
Amounts due from subsidiaries	32	-	-	443,352	471,587
Deposits, cash and bank balances	33	51,083	128,358	6,792	34,805
Tax recoverable		3,814	2,532	1,952	1,925
Amount due from an associate		843	-	-	-
		<u>335,955</u>	<u>444,425</u>	<u>463,617</u>	<u>513,340</u>
Assets of subsidiary acquired exclusively for sale		42,402	-	-	-
		<u>378,357</u>	<u>444,425</u>	<u>463,617</u>	<u>513,340</u>
CURRENT LIABILITIES					
Trade and other payables	20	191,341	271,355	12,555	41,546
Amount due to an associate	34	4,282	7,242	-	-
Commercial papers	16	137,000	100,000	137,000	100,000
Interest bearing bank borrowings:					
- Term loans	18	14,845	16,510	14,000	14,000
- Bank overdrafts	18	1,674	705	-	-
Current tax liabilities		18,283	13,352	-	-
		<u>367,425</u>	<u>409,164</u>	<u>163,555</u>	<u>155,546</u>
Liabilities of subsidiary acquired exclusively for sale		8,427	-	-	-
		<u>375,852</u>	<u>409,164</u>	<u>163,555</u>	<u>155,546</u>
NET CURRENT ASSETS		<u>2,505</u>	<u>35,261</u>	<u>300,062</u>	<u>357,794</u>
		<u>788,890</u>	<u>815,826</u>	<u>1,314,735</u>	<u>1,371,782</u>
		Sen	Sen		
NET ASSETS PER SHARE		<u>0.64</u>	<u>0.66</u>		

* Net assets per share is calculated by dividing the net assets of the Group by the number of ordinary shares in issue at the balance sheet date.

The accounting policies on pages 75 to 92 and the notes on pages 93 to 153 form an integral part of these financial statements.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

Group	Note	Attributable to equity holders of the Company					Minority interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000		
<u>2008</u>								
At 1 January 2008		842,183	183,250	30,132	(495,952)	559,613	1,922	561,535
Currency translation differences/ income and expense recognised directly in equity		-	-	4,716	-	4,716	91	4,807
Net profit from continuing operations for the financial year		-	-	-	117,703	117,703	-	117,703
Losses from subsidiary acquired exclusively for sale		-	-	-	(31,680)	(31,680)	(13,577)	(45,257)
Total recognised income and expense for the financial year		-	-	4,716	86,023	90,739	(13,486)	77,253
New subsidiary acquired exclusively for sale		-	-	-	-	-	31	31
Issuance of shares arising from:	10,11							
- Conversion of ICULS		6,182	3,092	-	-	9,274	-	9,274
- Exercise of Warrants		4,839	968	(525)	-	5,282	-	5,282
- Exercise of ESOS		607	808	(423)	-	992	-	992
Final dividend paid for the financial year ended		-	-	-	(58,301)	(58,301)	-	(58,301)
31 December 2007	9	-	-	-	(56,297)	(56,297)	-	(56,297)
Special dividend paid	9	-	-	-	-	-	-	-
At 31 December 2008		853,811	188,118	33,900	(524,527)	551,302	(11,533)	539,769

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)**

Group	Note	Attributable to equity holders of the Company					Minority interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000		
2007								
At 1 January 2007		763,852	111,677	28,165	(589,563)	314,131	(632)	313,499
Currency translation differences/ income and expense recognised directly in equity		-	-	1,857	-	1,857	(170)	1,687
Net profit for the financial year		-	-	-	117,440	117,440	-	117,440
Total recognised income and expense for the financial year		-	-	1,857	117,440	119,297	(170)	119,127
Acquisition of additional interest in subsidiaries		-	-	-	(2,724)	(2,724)	2,724	-
Options granted to employees of the Group	10	-	-	1,266	-	1,266	-	1,266
Issuance of shares arising from:	10,11							
- Conversion of ICULS		3,098	1,549	-	-	4,647	-	4,647
- Exercise of Warrants		18,600	3,704	(1,860)	-	20,444	-	20,444
- Exercise of ESOS		18,062	10,391	-	-	28,453	-	28,453
- Acquisition of subsidiaries		38,571	55,929	-	-	94,500	-	94,500
Reversal of deferred tax liabilities recognised directly in equity		-	-	704	-	704	-	704
Final dividend paid for the financial year ended 31 December 2006	9	-	-	-	(21,105)	(21,105)	-	(21,105)
At 31 December 2007		842,183	183,250	30,132	(495,952)	559,613	1,922	561,535

The accounting policies on pages 75 to 92 and the notes on pages 93 to 153 form an integral part of these financial statements.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)**

<u>Company</u>	<u>Note</u>	<u>Share capital</u> RM'000	<u>Non-distributable</u>		<u>Distributable</u> <u>Retained earnings</u> RM'000	<u>Total equity</u> RM'000
<u>2008</u>		<u>Share premium</u> RM'000	<u>Other reserves</u> RM'000			
At 1 January 2008		183,250	1,791	116,932	1,144,156	
Net profit for the financial year		-	-	56,639	56,639	
Issuance of shares arising from:	10,11					
- Conversion of ICULS		3,092	-	-	9,274	
- Exercise of Warrants		968	(525)	-	5,282	
- Exercise of ESOS		808	(423)	-	992	
Final dividend paid for the financial year ended 31 December 2007	9	-	-	(58,301)	(58,301)	
Special dividend paid	9	-	-	(56,297)	(56,297)	
At 31 December 2008		188,118	843	58,973	1,101,745	

MEDIA PRIMA BERHAD
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)**

Company	Note	Share capital RM'000	Non-distributable		Distributable Retained earnings RM'000	Total equity RM'000
			Share premium RM'000	Other reserves RM'000		
<u>2007</u>						
At 1 January 2007		763,852	111,677	2,385	44,957	922,871
Net profit for the financial year		-	-	-	93,080	93,080
Options granted to employees of the Group	10	-	-	1,266	-	1,266
Issuance of shares arising from:	10,11					
- Conversion of ICULS		3,098	1,549	-	-	4,647
- Exercise of Warrants		18,600	3,704	(1,860)	-	20,444
- Exercise of ESOS		18,062	10,391	-	-	28,453
- Acquisition of subsidiaries		38,571	55,929	-	-	94,500
Final dividend paid for the financial year ended 31 December 2006	9	-	-	-	(21,105)	(21,105)
At 31 December 2007		842,183	183,250	1,791	116,932	1,144,156

The accounting policies on pages 17 to 34 and the notes on pages 35 to 95 form an integral part of these financial statements.

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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	<u>Note</u>	<u>Group</u> <u>2008</u> RM'000	<u>2007</u> RM'000	<u>Company</u> <u>2008</u> RM'000	<u>2007</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash flows generated from operations	37	114,078	155,461	37,635	(86,884)
Income tax paid		(46,484)	(41,866)	(161)	(428)
Net cash inflow/(outflow) arising from operating activities:					
- Continuing operations		67,594	113,595	37,474	(87,312)
- Subsidiary acquired exclusively for sale		(31,290)	-	-	-
Net cash flow from operating activities		36,304	113,595	37,474	(87,312)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment to scheme creditors of subsidiaries		(12,867)	(16,898)	(12,867)	(16,898)
Additional share capital in subsidiaries		-	2,724	(550)	-
Acquisition of subsidiaries, net of cash acquired:					
- Big Tree Outdoor Sdn Bhd ("BTO")		-	(46,683)	-	(64,620)
- UPD Sdn Bhd ("UPD")		-	(1,440)	-	(576)
- The Right Channel Sdn Bhd ("TRC")		-	269	-	(138)
Part payment of purchase consideration of subsidiaries		(27,832)	(25,100)	(27,832)	(25,100)
Property, plant and equipment					
- Additions		(36,148)	(32,625)	(187)	(40)
- Proceeds from disposals		3,195	959	-	-
Investment properties					
- Proceeds from disposals		57,251	-	-	-
Prepaid lease rentals					
- Additions		-	(6,995)	-	-
Proceeds from disposal of unquoted investment		10	-	-	-
Interest received		1,493	2,338	115	1,377
Dividends received		5,713	6,916	72,476	4,326
Net cash (outflow)/inflow arising from investing activities:					
- Continuing operations		(9,185)	(116,535)	31,155	(101,669)
- Subsidiary acquired exclusively for sale		(1,618)	-	-	-
Net cash flow from investing activities		(10,803)	(116,535)	31,155	(101,669)

MEDIA PRIMA BERHAD
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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of:					
- Term loans		(9,807)	(120,742)	(7,000)	(48,490)
- Medium term notes		-	(70,000)	-	(70,000)
- Unsecured redeemable exchangeable bond		-	(85,000)	-	(85,000)
- Redeemable unsecured loan stocks		-	(62,044)	-	-
- Hire-purchase and lease creditors		(4,405)	(2,711)	-	-
Drawdown of:					
- Bank borrowings		-	332,351	-	332,351
- Term loan		2,047	-	-	-
- Commercial papers		37,000	-	37,000	-
Proceeds from issuance of ordinary shares arising from:					
- Exercise of Warrants		5,282	20,444	5,282	20,444
- Exercise of ESOS		992	28,453	992	28,453
- Exercise of Irredeemable Convertible Unsecured Loan Stocks		-	-	-	-
Restricted bank balances		(4,371)	6,932	-	7,000
Interest paid		(20,188)	(21,349)	(18,318)	(13,690)
Dividends paid to shareholders of the Company		(114,598)	(21,105)	(114,598)	(21,105)
Net cash flow from financing activities arising from continuing operations		<u>(108,048)</u>	<u>5,229</u>	<u>(96,642)</u>	<u>149,963</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(82,547)	2,289	(28,013)	(39,018)
FOREIGN EXCHANGE DIFFERENCES ON OPENING BALANCES		14	2,814	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>126,612</u>	<u>121,509</u>	<u>34,805</u>	<u>73,823</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR 35		<u><u>44,079</u></u>	<u><u>126,612</u></u>	<u><u>6,792</u></u>	<u><u>34,805</u></u>

The accounting policies on pages 75 to 92 and the notes on pages 93 to 153 form an integral part of these financial statements.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

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 of the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

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 FRS 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 financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement 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 Group's and Company's financial statements, are disclosed in Note AD.

- (a) Standards and interpretations to existing standards that are applicable to the Group's and Company's operations but not yet effective and have not been early adopted

The new standard and IC Interpretation that are applicable to the Group and Company, which have not been early adopted are as follows:

- FRS 8 Operating Segments (effective for annual period beginning on or after 1 July 2009). FRS 8 replaces FRS 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.
- IC Interpretation 9 Reassessment of Embedded Derivatives (effective for annual period of beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.
- IC Interpretation 10 Interim Financial Reporting and Impairment (effective for annual period beginning on or after 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at subsequent balance sheet date.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

A BASIS OF PREPARATION (CONTINUED)

(a) Standards and interpretations to existing standards that are applicable to the Group's and Company's operations but not yet effective and have not been early adopted (continued)

- FRS 7 Financial Instruments: Disclosures (effective for annual period beginning on or after 1 January 2010).
- FRS 139 Financial Instruments: Recognition and Measurement (effective for annual period beginning on or after 1 January 2010). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances.

The Group has applied the transitional provision in FRS 7 and FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of these standards on the financial statements of the Group and Company.

The Group and Company will apply the above new standards and interpretations to existing standards when effective. With the exception of FRS 7 and FRS 139, the adoption of these standards and interpretations will not have any significant impact on the results and position of the Group and Company.

(b) Standard that is not yet effective and not relevant for the Group's and Company's operation

- FRS 4 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2010). FRS 4 is not relevant to the Group's and Company's operations as the Group and Company are not involved in insurance activities.

B BASIS OF CONSOLIDATION

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting except for certain business combinations which were accounted for using the merger method as follows:

- Internal group reorganisations, as defined in FRS 122 ²⁰⁰⁴ "Business Combinations", consolidated on/after 1 April 2002 but with agreements dated before 1 January 2006 where:
 - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
 - the minorities' share of net assets of the Group is not altered by the transfer
- Business combinations involving entities or businesses under common control with agreements dated on or after 1 January 2006.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)**

B BASIS OF CONSOLIDATION (CONTINUED)

The Group has taken advantage of the exemption provided by FRS122²⁰⁰⁴ and FRS 3 "Business Combinations" to apply these standards prospectively. Accordingly, business combinations entered into prior to the respective dates have not been restated to comply with these standards.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note E on goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the value of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but are considered as an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group, where necessary.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary, and is recognised in the consolidated income statement.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

C TRANSACTIONS WITH MINORITY INTERESTS

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority 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. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

D ASSOCIATES

Associates are those corporations, partnerships or other entities in which the Group exercises 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. See accounting policy Note E on goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; 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.

Dilution gains and losses in associates are recognised in the income statement.

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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

E GOODWILL

Goodwill represents the excess of the cost of acquisition of subsidiaries or associates over the fair value of the Group's share of the identifiable net assets 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. See accounting policy Note L on impairment of assets.

F INVESTMENTS

Investments in subsidiaries and 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 L on impairment of assets.

Investments in other non-current investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been such a decline, such a decline is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the income statement.

G PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

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 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 income statement during the financial year in which they are incurred.

The Directors have applied the transitional provisions of International Accounting Standard ("IAS") 16 "Property, Plant and Equipment", which has been adopted by MASB, which allow properties previously revalued to continue to be stated at their valuation amounts less accumulated depreciation and impairment losses. Accordingly, certain leasehold land and buildings of the Group are stated at valuation amounts carried out in 1996, which have not been updated.

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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

G PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation on the other property, plant and equipment is calculated so as to write off the cost or valuation of the assets on a straight line basis over the expected useful lives of the assets, summarised as follows:

Buildings	20 – 50 years
Plant and machinery	4 – 5 years
Broadcasting and transmission equipment	10 years
Production equipment	5 – 10 years
Office equipment, furniture and fittings	3 – 10 years
Office renovations	3 – 5 years
Motor vehicles	5 years
Leasehold improvements	3 – 15 years
Structures	5 – 10 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

At each balance sheet date, the Group 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 L on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

H PREPAID LEASE RENTALS

The Directors have applied the transitional provisions of FRS 117 “Leases” for the lease of land previously recognised as property within property, plant and equipment.

Where the Group and the Company had previously classified a lease of land as finance lease and had recognised the amount of the prepaid lease rental as property within property, plant and equipment, the Group and the Company will treat the lease as an operating lease with the unamortised carrying amount being classified as prepaid lease rental.

Where the Group and the Company had previously revalued the leasehold land, the Group and the Company will retain the unamortised revalued amount as the surrogate carrying amount of lease rentals, which is amortised over the lease term.

Leasehold land is amortised over the remaining period of the respective leases ranging from 50 and 90 years.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)**

I 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. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

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 on a straight line basis over the expected useful lives of the assets concerned, as summarised below:

Buildings/Cinema	20 – 50 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 income statement in the financial year of the retirement or disposal.

J INTANGIBLE ASSETS

(a) 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 recognised revenue from these programmes and film rights.

The amortisation rates are as follows:

<u>Purchases with full rights/limited rights (2 runs or more)</u>	
<u>Features</u>	%
Upon first transmission	60
Upon second transmission	40
<u>Series</u>	
Upon first transmission	100
<u>Purchases with limited rights (1 run) and in-house programmes</u>	
Upon first transmission	100

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 L on impairment of assets.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

J INTANGIBLE ASSETS (CONTINUED)

(b) Acquired concession rights and outdoor advertising rights

Acquired concession rights and outdoor advertising rights that have a finite useful life are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of concession rights over their respective concession lives. 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 L on impairment of assets.

Acquired concession rights and outdoor advertising rights that have an indefinite useful life are assessed for any indication of impairment on an annual basis. A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note L on impairment of assets.

K PREPAID EXPENDITURE

Prepaid expenditure is in respect of prepaid lease rentals for transmission stations, which are charged to the income statement on a straight line basis over the respective period of the leases, ranging between 31 and 36 years.

L IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life 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 carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement 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 the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

M NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as assets held for sale and are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

N TRADE RECEIVABLES

Trade receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Advanced billings are billings made to customers in advance of display rental, advertisement production works or events elapsed time. Advanced billings collected are disclosed in the financial statements as deferred income. Advanced billings not collected are excluded from trade receivables until revenue is recognised.

O INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

(i) Consumable spares

Consumable spares comprise spare parts for broadcasting and transmission equipment and are expensed upon utilisation.

(ii) Albums

Albums comprise mainly costs of production and related production overheads.

(iii) Other inventories

Other inventories comprise mainly cost of work-in-progress incurred for events to be held in future years. The cost comprises direct labour, other direct costs and related production overheads.

P CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, bank balances, demand deposits and short term, highly liquid investments with original maturities of three months or less and less bank overdrafts. Bank overdrafts are included within borrowings, classified under current liabilities on the balance sheet.

Q LEASES

(i) Finance leases

Leases of property, plant and equipment where the Group 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 income statement over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

Q LEASES (CONTINUED)

(i) Finance leases (continued)

Property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset, in accordance with the annual rates stated in Note G above. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its estimated useful life.

(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 income statement on a straight line basis over the period of the lease.

R INCOME TAXES

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary or associate on distributions of retained earnings to companies in the Group.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates except where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

S EMPLOYEE BENEFITS

(i) Short-term employee benefits

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to equity holders of the Company after certain adjustments. The Group 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, bonuses and non-monetary employee benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

S EMPLOYEE BENEFITS (CONTINUED)

(ii) Post-employment benefits - Defined contribution plans

A defined contribution plan is a pension plan under which the Group 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 contributions to defined contribution plans, including the national defined contribution plan, the Employees' Provident Fund ("EPF"), are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Group 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.

(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 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 balance sheet date are discounted to present value.

(iv) Share-based compensation

The Group operates an equity-settled, share-based compensation plan for its employees.

Employee services received in exchange for the grant of the share options are recognised as an expense in the income statement over the vesting period of the grant, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The Group has taken advantage of the transitional provisions of FRS 2 "Share-based Payment" in respect of equity instruments granted after 31 December 2004 and not vested as at 1 January 2006, and not recognised any expense in respect of these instruments.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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T PROVISIONS

Provisions are recognised when the Group 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 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 interest expense.

U 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.

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.

V 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.

Dividends on ordinary shares are recognised as a liability in the financial year in which they are declared.

W DEBT INSTRUMENTS

The debt instruments issued by the Group and the Company are as follows:

- (i) Irredeemable convertible unsecured loan stocks ("ICULS")
- (ii) Bank guaranteed medium term notes/Commercial papers ("BGMTN/CP")
- (iii) Warrants

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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W DEBT INSTRUMENTS (CONTINUED)

The carrying value of debt instruments issued by the Group and the Company is the nominal value of the debt instruments less the unamortised discount or plus the unamortised premium on issuance, if any. The discount or premium on issuance is amortised or accreted to the income statement on an effective yield basis over the duration of the debt instruments. Coupon payments arising from the debt instruments are charged to the income statement on an accrual basis.

The Group has taken advantage of the exemption provided by FRS 132 "Financial Instruments: Disclosure and Presentation" not to reclassify compound financial instruments issued by the Company prior to 1 January 2003 into liability and equity components. Accordingly, the ICULS issued by the Company continue to be classified as liabilities.

X WARRANTS RESERVE

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve are transferred to the share premium account upon the exercise of warrants, and warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

Y BORROWINGS

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement 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 income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Z INCOME 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 is shown net of discounts, commissions, rebates and taxes and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue of the Company from the provision of procurement services to subsidiaries is recognised on an accrual basis.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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Z INCOME RECOGNITION (CONTINUED)

Interest income of the Company is recognised on an accrual basis based on the prevailing interest rates for deposits at financial institutions and fixed rates for advances to subsidiaries. Interest income of the Group is recognised on an accrual basis based on the prevailing interest rates. Rental income is recognised on an accrual basis.

Revenue of the subsidiaries is recognised upon the delivery of products and customer acceptance or performance of services, or upon telecast of advertisements, net of discounts, sales commissions and sales rebates, if any. Revenue from display rental income, advertisement production works and events are recognised in accordance with the terms of the sales contract which is principally over the period of the contract, on an accrual basis. Accordingly, all amounts received in advance are disclosed in the financial statements as deferred income.

Dividend income is recognised when the right to receive payment is established.

AA FOREIGN CURRENCIES

(a) 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, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.

(c) 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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement 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 equity.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

AA FOREIGN CURRENCIES (CONTINUED)

(c) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.

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.

AB SEGMENT REPORTING

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances, and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

AC FINANCIAL INSTRUMENTS

(i) Description

A financial instrument is any contract that gives rise to both, a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

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 instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheets is disclosed in the individual accounting policy note associated with each item.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

AC FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Fair value estimation for disclosure purposes

The fair value of publicly traded securities is based on quoted market prices at the balance sheet date.

In assessing the fair values of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques, such as discounted value of future cash flows are used to determine fair values for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying values of financial assets and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

AD 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 current circumstances.

(a) Critical accounting estimates and assumptions

The Group 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 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:

(i) Impairment of investments

The Group assesses impairment of the investments mentioned in Note F whenever the events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable i.e. the carrying amount of the investment is more than the recoverable amount.

Projected future cash flows are based on Group's judgements in terms of assessing future uncertain parameters such as estimated revenue growth, operating costs, margins, future inflationary figures, appropriate 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 assumptions used, results and conclusion of the impairment assessment are disclosed in Note 25 and Note 26 to the financial statements.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

AD CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(ii) Assessment of impairment of property, plant and equipment

The Group assesses impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use ("VIU"). The VIU is the net present value of the projected future cash flows derived from that asset 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.

The assumptions used, results and conclusion of the impairment assessment are disclosed in Note 22 to the financial statements.

(iii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgements regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

(iv) Estimation of income taxes

Income taxes are estimated based on the rules governed under the Income Tax Act, 1967. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

AD CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(v) Assessment of impairment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy as stated in Note E, and whenever events or changes in circumstances indicate that the goodwill may be impaired.

For the purposes of assessing impairment, goodwill is allocated to 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.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash generating units or groups of cash-generating units, as this involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

The assumptions used, results and conclusion of the impairment assessment are disclosed in Note 28 to the financial statements.

(vi) Contingent liabilities

The Group has several material pending legal cases which are disclosed in Note 41 to the financial statements. The Directors, based on legal advice, have taken certain positions as to whether there will be any future liabilities arising from these legal proceedings. Each case is unique and therefore, the eventual outcome cannot be ascertained with virtual certainty.

(b) Critical judgements in applying the Group's accounting policies

There are no critical judgements made in applying the Group's accounting policies.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

1 GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of procurement services for its subsidiaries.

The principal activities of the Group consist of investment holding, commercial television and radio broadcasting, general media advertising, provision of advertising space and related production works, sale of programme rights, sale of videos, cable and laser rights and the provision of production, event management and other 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 25, Note 26 and Note 43 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board 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:

Sri Pentas
No. 3, Persiaran Bandar Utama
Bandar Utama
47800 Petaling
Selangor Darul Ehsan

2 REVENUE

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Advertising income	747,841	678,966	-	-
Sale of programmes, videos, cable and laser rights, and media revenue	24,532	6,989	-	-
Fees from provision of production services, sponsorship and event management services	8,917	4,241	-	-
Fees from provision of procurement services	-	-	11,046	10,685
Interest income (Note 3)	-	1,143	115	6,327
Gross dividends from subsidiaries	-	-	90,417	137,091
Gross dividends from an associate	-	-	7,523	9,404
	<u>781,290</u>	<u>691,339</u>	<u>109,101</u>	<u>163,507</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

3 FINANCE INCOME AND COST

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income classified in				
- Revenue (Note 2)	-	(1,143)	(115)	(6,327)
- Other interest income	(1,493)	(1,195)	-	-
	<u>(1,493)</u>	<u>(2,338)</u>	<u>(115)</u>	<u>(6,327)</u>
Finance cost:				
Interest expenses on:				
- Irredeemable convertible unsecured loan stocks	71	209	71	209
- Redeemable unsecured loan stocks	-	1,840	-	-
- Medium term notes	-	3,319	-	3,319
- Bank guaranteed medium term notes	8,259	2,308	8,259	2,308
- Commercial papers	4,922	1,201	4,922	1,201
- Term loans	4,004	7,929	3,518	3,478
- Unsecured redeemable exchangeable bonds	-	4,935	-	4,935
- Scheme creditors of subsidiaries	266	720	-	-
- Bank guarantee fee	1,548	522	1,548	522
- Hire purchase interest	1,194	1,086	-	-
- Overdraft	44	140	-	-
	<u>20,308</u>	<u>24,209</u>	<u>18,318</u>	<u>15,972</u>
Net finance cost	<u>18,815</u>	<u>21,871</u>	<u>18,203</u>	<u>9,645</u>

4 EMPLOYEE BENEFITS COSTS

Wages, salaries and bonus	119,528	131,171	3,293	8,892
Defined contribution retirement plan	15,470	17,361	942	1,411
Termination benefits	5,918	520	39	-
Employees' Share Option Scheme (Note 10)	-	1,266	-	71
Other employee benefits	14,237	10,320	152	227
	<u>155,153</u>	<u>160,638</u>	<u>4,426</u>	<u>10,601</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

5 PROFIT FROM CONTINUING OPERATIONS

Profit from continuing operations is stated after charging/(crediting):

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Royalties	3,192	2,883	-	-
Auditors' remuneration:				
- statutory audit	811	683	66	50
- fees for other services	50	159	-	159
- fees for tax advisory and compliance work	120	579	-	42
Prepaid expenditure written off	284	284	-	-
Amortisation of transaction fees – UREB	-	1,238	-	1,238
Property, plant and equipment written off	678	305	-	-
(Gain)/loss on disposal of investment properties	(3,730)	83	-	-
Rental income from equipment	(2,218)	(5,461)	-	-
Rental income from premises	(1,253)	(193)	-	-
Gross dividends from:				
- Quoted shares in Malaysia	(6)	(5)	-	-
- Property and unit trusts	(140)	(48)	-	-
Net exchange loss/(gain):				
- Realised	(1,099)	(1,636)	(1,050)	-
- Unrealised	34	(547)	-	-
Loss/(gain) on disposal of property, plant and equipment	279	(199)	-	-
Write back of long outstanding accruals	(20,010)	(24,380)	(1,080)	-
Provision for scheme creditors	2,522	-	-	-
Loss on disposal of investment	38	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

6 DIRECTORS' REMUNERATION

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors:				
- Fees	525	490	290	272
- Allowances	262	252	143	137
- Defined contribution plan	48	46	24	23
- Bonus	170	98	130	73
Executive Directors:				
- Basic salaries and bonus	3,116	2,438	1,269	1,023
- Allowances	336	732	144	390
- Defined contribution plan	562	474	233	203
	<u>5,019</u>	<u>4,530</u>	<u>2,233</u>	<u>2,121</u>
Estimated monetary value of benefits-in-kind	<u>111</u>	<u>135</u>	<u>40</u>	<u>9</u>

Executive Directors of the Company have been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (see Note 10) as follows:

		Number of options over ordinary shares of RM1.00 each				
<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price RM/share</u>	<u>At 1 January 2008 '000</u>	<u>Granted '000</u>	<u>Exercised '000</u>	<u>At 31 December 2008 '000</u>
<u>Financial year ended 31 December 2008</u>						
11 January 2005	10 January 2010	1.55	<u>350</u>	<u>-</u>	<u>-</u>	<u>350</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

6 DIRECTORS' REMUNERATION (CONTINUED)

		Number of options over ordinary shares of RM1.00 each				
<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price RM/ share</u>	<u>At 1 January 2007 '000</u>	<u>Granted '000</u>	<u>Exercised '000</u>	<u>At 31 December 2007 '000</u>
<u>Financial year ended 31 December 2007</u>						
11 January 2005	10 January 2010	1.55	1,500	-	(1,150)	350
14 December 2005	10 January 2010	1.46	1,250	-	(1,250)	-
			<u>2,750</u>	<u>-</u>	<u>(2,400)</u>	<u>350</u>
					<u>2008 '000</u>	<u>2007 '000</u>
Number of share options vested at balance sheet date					<u>350</u>	<u>350</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7 TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Malaysian tax	49,092	32,945	25,597	37,936
- Foreign tax	1,043	848	-	-
	<u>50,135</u>	<u>33,793</u>	<u>25,597</u>	<u>37,936</u>
Deferred tax (Note 21)	<u>(8,574)</u>	<u>(2,138)</u>	<u>-</u>	<u>-</u>
	<u>41,561</u>	<u>31,655</u>	<u>25,597</u>	<u>37,936</u>
Current tax:				
- Current financial year	47,431	40,263	25,597	37,675
- Under/(over) accrual in prior financial years	2,704	(6,470)	-	261
	<u>50,135</u>	<u>33,793</u>	<u>25,597</u>	<u>37,936</u>
Deferred tax:				
- Origination and reversal of temporary differences	(8,867)	(2,246)	-	-
- Change in corporate income tax rate	293	108	-	-
	<u>(8,574)</u>	<u>(2,138)</u>	<u>-</u>	<u>-</u>
	<u>41,561</u>	<u>31,655</u>	<u>25,597</u>	<u>37,936</u>

Income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the financial year. The statutory tax rate will be reduced to 25% from the current financial year's rate of 26%, effective from year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

7 TAXATION (CONTINUED)

The explanation of the relationship between taxation and profit before taxation is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	159,264	149,095	82,236	131,016
Tax calculated at the Malaysian corporate income tax rate of 26% (2007: 27%)	41,408	40,256	21,381	35,374
Tax effects of:				
- expenses not deductible for tax purpose	7,430	11,780	4,216	2,301
- Small and Medium Enterprises tax rate	(67)	(133)	-	-
- income not subject to tax	(1,191)	(2,662)	-	-
- temporary differences and unutilised tax losses not recognised	4,610	4,339	-	-
- utilisation of previously unrecognised temporary differences and unutilised tax losses	(13,797)	(11,860)	-	-
- share of results of an associate	(5,338)	(3,791)	-	-
- under/(over) accruals of current tax in prior years	8,231	(6,470)	-	261
- others	275	196	-	-
Taxation	41,561	31,655	25,597	37,936

Included in income tax expense of the Group are tax savings amounting to RM2,126,775 (2007: RM1,997,523) from utilisation of tax losses of the current financial year.

Tax saving during the period due to the recognition of previously unrecognised tax losses and unutilised capital allowances amounted to RM15,701,582 (2007: RM19,805,106).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

8 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit for the financial year from continuing operations, losses from subsidiary acquired exclusively for sale and net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year, adjusted to include the potential ordinary shares that would be issued upon conversion of a mandatorily convertible instrument, ICULS, from the date the contract is entered into, amounting to 845,483,000 (2007: 817,212,000).

		<u>2008</u>	<u>Group 2007</u>
Net profit from continuing operations attributable to equity holders of the Company	(RM'000)	117,703	117,440
Share of losses from subsidiary acquired exclusively for sale attributable to equity holders of the Company	(RM'000)	(31,680)	-
Net profit for the financial year attributable to equity holders of the Company	(RM'000)	<u>86,023</u>	<u>117,440</u>
Weighted average number of ordinary shares in issue	('000)	<u>845,483</u>	<u>817,212</u>
Basic earnings per share for:			
Net profit from continuing operations	(Sen)	13.92	14.37
Share of losses from subsidiary acquired exclusively for sale	(Sen)	(3.75)	-
Net profit for the financial year	(Sen)	<u>10.17</u>	<u>14.37</u>

(b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares, Warrants and ESOS.

In the diluted earnings per share calculation in respect of Warrants, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding Warrants. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit attributable to ordinary equity holders of the Company for the Warrants calculation.

In respect of share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the annual average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the financial year for the share options calculation.

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8 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share (continued)

		<u>Group</u>
		<u>2008</u> RM'000
		<u>2007</u> RM'000
Net profit attributable to ordinary equity holders of the Company		86,023
Weighted average number of ordinary shares in issue, adjusted for the potential ordinary shares of the mandatorily convertible instrument, ICULS ('000)		845,483
Adjustments for:		
- Exercise of Warrants ('000)		10,297
- Exercise of ESOS ('000)		6,261
Weighted average number of ordinary shares for diluted earnings per share ('000)		845,483
Diluted earnings per share (sen)		
Net profit from continuing operations (Sen)	13.92	14.09
Share of losses from subsidiary acquired exclusively for sale (Sen)	(3.75)	-
Net profit for the financial year (Sen)	10.17	14.09

For the diluted earnings per share calculation for the financial year ended 2008, the weighted average number of ordinary shares in issue remains unchanged as the warrants had been fully converted in 2008 and there were no dilutive potential ordinary shares since the market prices of the ordinary share were lower than the exercise prices of the share option at RM1.45, RM1.55 or RM2.23 per ordinary share.

9 DIVIDENDS

	<u>Group and Company</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Gross dividend per share</u>	<u>Amount of net dividend</u>	<u>Gross dividend per share</u>	<u>Amount of net dividend</u>
	Sen	RM'000	Sen	RM'000
Final dividend, less income tax of 26% (2007 : 27%)	9.3	58,301	3.5	21,105
Special dividend, less income tax of 26% (2007 : Nil)	9.0	56,297	-	-
	18.3	114,598	3.5	21,105

At the forthcoming Annual General Meeting on 28 April 2009, a final dividend of 6.7 sen gross per ordinary share less income tax of 25% in respect of the financial year ended 31 December 2008 will be proposed for shareholders' approval. This final dividend will be accrued as a liability in the financial year ending 31 December 2009 when approved by the shareholders.

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10 SHARE CAPITAL

	<u>Note</u>	<u>Group and Company</u>	
		<u>2008</u>	<u>2007</u>
		RM'000	RM'000
Ordinary shares of RM1.00 each:			
<u>Authorised</u>			
At 1 January/At 31 December		2,000,000	2,000,000
<u>Issued and fully paid</u>			
At 1 January		842,183	763,852
Issuance of shares arising from:			
- Conversion of ICULS	(a)	6,182	3,098
- Exercise of Warrants	(b)	4,839	18,600
- Exercise of ESOS	(c)	607	18,062
- Acquisition of subsidiaries	(d)	-	38,571
At 31 December		853,811	842,183

During the financial year, the Company increased its issued and fully paid share capital from RM842,183,254 to RM853,811,042 by way of the issuance of:

- (a) 6,181,967 (2007: 3,097,860) ordinary shares of RM1.00 each through the conversion of 9,274,536 ICULS of RM1.00 each on the basis of two new ordinary shares for every three ICULS exercised. The premium arising from the ICULS conversion of RM3,091,512 (2007: RM1,549,387) has been credited to the Share Premium account.
- (b) 4,839,121 (2007: 18,599,995) ordinary shares of RM1.00 each arising from the exercise of 4,839,121 Warrants of RM0.10 each at an exercise price of RM1.10 per Warrant. The premium arising from the exercise of Warrants of RM967,834 including the transfer of proceeds from issuance of Warrants of RM524,413 from (2007: RM1,860,000) Warrants Reserve, has been credited to the Share Premium account.
- (c) 606,700 (2007: 18,061,600) ordinary shares of RM1.00 each pursuant to the exercise of ESOS at exercise prices of RM1.46, RM1.55 and RM2.23 per option. The premium arising from the exercise of ESOS of RM385,281 (2007: RM10,391,384) has been credited to the Share Premium account.
- (d) Nil (2007: 38,571,429) ordinary shares of RM1.00 each pursuant to the acquisition of Big Tree Outdoor Sdn Bhd ("BTO"). The premium arising from the issuance of ordinary shares of RM Nil (2007: RM55,928,571) has been credited to the Share Premium account.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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10 SHARE CAPITAL (CONTINUED)

Employees' Share Option Scheme ("ESOS")

The Company's ESOS was approved by the shareholders on 7 January 2005 and became effective on 11 January 2005 for a period of five (5) years, expiring on 10 January 2010.

The main features of the ESOS are:

- (i) The total number of ordinary shares to be issued by the Company under the ESOS as approved by the Securities Commission shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- (ii) The options granted may be exercised at any time within the option period.
- (iii) The exercise price is at a discount of 10% from the weighted average market price of the shares for the five (5) market days preceding the respective dates of offer of the options or the par value of the shares of the Company of RM1.00, whichever is higher.
- (iv) Options granted under the ESOS carry no dividend or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with the existing ordinary shares of the Company.
- (v) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Set out below are details of options over ordinary shares of the Company granted under the ESOS:

		<u>Number of options over ordinary shares of RM1.00 each</u>						
<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price RM/share</u>	<u>At 1 January '000</u>	<u>Granted '000</u>	<u>Exercised '000</u>	<u>Lapsed '000</u>	<u>At 31 December '000</u>	<u>Fair value of options '000</u>
<u>Financial year ended 31 December 2008</u>								
11 January 2005	10 January 2010	1.55	5,447	-	(404)	-	5,043	-*
14 December 2005	10 January 2010	1.46	1,581	-	(112)	-	1,469	-*
28 February 2007	10 January 2010	2.23	3,301	-	(91)	-	3,210	843
			<u>10,329</u>	<u>-</u>	<u>(607)</u>	<u>-</u>	<u>9,722</u>	<u>843</u>

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10 **SHARE CAPITAL (CONTINUED)**

Employees' Share Option Scheme ("ESOS") (continued)

		<u>Number of options over ordinary shares of RM1.00 each</u>						
<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price RM/share</u>	<u>At 1 January '000</u>	<u>Granted '000</u>	<u>Exercised '000</u>	<u>Lapsed '000</u>	<u>At 31 December '000</u>	<u>Fair value of options '000</u>
<u>Financial year ended 31 December 2007</u>								
11 January 2005	10 January 2010	1.55	15,606	-	(10,159)	-	5,447	-*
14 December 2005	10 January 2010	1.46	7,966	-	(6,385)	-	1,581	-*
28 February 2007	10 January 2010	2.23	-	4,819	(1,518)	-	3,301	1,266
			<u>23,572</u>	<u>4,819</u>	<u>(18,062)</u>	<u>-</u>	<u>10,329</u>	<u>1,266</u>

* FRS 2 is not applicable for these tranches

	<u>2008</u> <u>'000</u>	<u>2007</u> <u>'000</u>
Number of options over ordinary shares vested, as the end of the financial year	<u>9,722</u>	<u>10,329</u>

There are no options granted in the current financial year. In the previous financial year, the weighted average fair value of options granted was RM0.26, determined using the binomial valuation model. The significant inputs into the model were as follows:

	<u>2008</u>	<u>2007</u>
Valuation assumptions:		
Expected volatility	-	21.00%
Expected dividend yield	-	3.00%
Expected option life	-	1.5 years
Share price at date of grant	-	RM2.40
Risk free interest rate (per annum)	-	3.60%

The expected volatility was based on the statistical analysis of historical daily share prices over the previous 2 years.

There were no charges to the income statements arising from share-based payment during the financial year for the Group (2007: RM1,265,980) and for the Company (2007: RM70,928) (Note 4).

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NOTES TO THE FINANCIAL STATEMENTS
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11 SHARE PREMIUM

	<u>Note</u>	<u>Group and Company</u>	
		<u>2008</u>	<u>2007</u>
		RM'000	RM'000
At 1 January		183,250	111,677
Arising from:			
- Conversion of ICULS	10 (a)	3,092	1,549
- Exercise of Warrants	10 (b)	968	3,704
- Exercise of ESOS	10 (c)	808	10,391
- Acquisition of subsidiaries	10 (d)	-	55,929
At 31 December		<u>188,118</u>	<u>183,250</u>

12 OTHER RESERVES

	<u>Revaluation reserve</u>	<u>Exchange fluctuation reserve</u>	<u>Merger reserve (Note 13)</u>	<u>Warrants reserve</u>	<u>Share option reserve</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>						
<u>2008</u>						
At 1 January 2008	1,292	712	26,337	525	1,266	30,132
Exercise of Warrants during the financial year	-	-	-	(525)	-	(525)
Exercise of ESOS during the financial year	-	-	-	-	(423)	(423)
Currency translation differences	-	4,716	-	-	-	4,716
At 31 December 2008	<u>1,292</u>	<u>5,428</u>	<u>26,337</u>	<u>-</u>	<u>843</u>	<u>33,900</u>
<u>2007</u>						
At 1 January 2007	1,809	(2,366)	26,337	2,385	-	28,165
Exercise of Warrants during the financial year	-	-	-	(1,860)	-	(1,860)
Options granted to employees of the Group	-	-	-	-	1,266	1,266
Reversal of deferred tax liabilities	704	-	-	-	-	704
Currency translation differences	(1,221)	3,078	-	-	-	1,857
At 31 December 2007	<u>1,292</u>	<u>712</u>	<u>26,337</u>	<u>525</u>	<u>1,266</u>	<u>30,132</u>

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12 OTHER RESERVES (CONTINUED)

<u>Company</u>	<u>Warrants reserve RM'000</u>	<u>Share option reserve RM'000</u>	<u>Total RM'000</u>
<u>2008</u>			
At 1 January 2008	525	1,266	1,791
Exercise of Warrants during the financial year	(525)	-	(525)
Exercise of ESOS during the financial year	-	(423)	(423)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	-	843	843
	<hr/>	<hr/>	<hr/>
<u>2007</u>			
At 1 January 2007	2,385	-	2,385
Exercise of Warrants during the financial year	(1,860)	-	(1,860)
Options granted to employees of the Group	-	1,266	1,266
	<hr/>	<hr/>	<hr/>
At 31 December 2007	525	1,266	1,791
	<hr/>	<hr/>	<hr/>

13 MERGER RESERVE

The merger reserve represents the difference between the nominal value of shares issued as consideration for the acquisition on 28 May 2003 of a subsidiary, Sistem Televisyen Malaysia Berhad ("STMB"), which met the criteria for the use of the merger method of accounting under the provisions of FRS 122₂₀₀₄ "Business Combinations", and the nominal value of the shares of the subsidiary which was acquired.

	<u>2008</u>	<u>Group 2007</u>
	<u>RM'000</u>	<u>RM'000</u>
Nominal value of shares issued	(263,375)	(263,375)
Less:		
Nominal value of shares in the subsidiary	289,712	289,712
	<hr/>	<hr/>
Merger reserve	26,337	26,337
	<hr/>	<hr/>

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14 (ACCUMULATED LOSSES)/RETAINED EARNINGS

Under the single-tier tax system which comes into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 credits as at 31 December 2008 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier, unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act, 2007.

Subject to the agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of all (2007: All) its retained earnings as at 31 December 2008.

15 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

The Company issued 180,000,000 2% five (5) years ICULS on 18 July 2003 at a nominal value of RM1.00 each for cash to finance the acquisition of The New Straits Times Press (Malaysia) Berhad ("NSTP"), which was constituted by a Trust Deed dated 10 July 2003.

The principal terms of the ICULS are as follows:

- (a) The face value of the ICULS is RM180 million;
- (b) The ICULS bear interest of 2% per annum payable semi-annually in arrears, except for the first payment which was made on 31 December 2003 and the last payment which is due on the maturity date, 18 July 2008. Interest is calculated on the basis of the actual number of days elapsed;
- (c) The tenure of the ICULS is five (5) years from the date of issue;
- (d) The ICULS are convertible at any time on and after 18 July 2005 into new ordinary shares in the Company at the conversion ratio at RM3.00 nominal value of ICULS to two (2) ordinary shares of RM1.00 each;
- (e) The new ordinary shares allotted and issued upon conversion of the ICULS will be considered as fully paid up and will rank pari passu in all respects with the existing ordinary shares of the Company; and
- (f) The ICULS are listed on Bursa Malaysia.

During the financial year, 9,274,536 (2007: 4,646,797) ICULS were converted into ordinary shares in the Company, as disclosed in Note 10 (a) to the financial statements. As at 31 December 2008, there are no outstanding ICULS (2007: RM9,274,536) that have not been converted.

The ICULS have expired on 18 July 2008.

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16 BANK GUARANTEED MEDIUM TERM NOTES/ COMMERCIAL PAPERS ("BGMTN/CP")

	<u>Group and Company</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Current:		
CP (unsecured)	137,000	100,000
Non-current:		
4-year 4.15% BGMTN (unsecured)	70,000	70,000
5-year 4.27% BGMTN (unsecured)	100,000	100,000
	170,000	170,000
Less: Transaction costs	(8,196)	(8,196)
	161,804	161,804
Add: Accumulated amortisation of transaction costs	2,186	547
	163,990	162,351

In the previous financial year, the Company issued Bank Guaranteed Medium Term Notes ("BGMTN") and Commercial Papers ("CP") of RM170 million and RM100 million respectively. On 22 July 2008 and 23 September 2008, the Company issued additional CP of RM17 million and RM20 million respectively. The BGMTN/CP were constituted by separate Trust Deeds dated 23 August 2007 and 28 August 2007 respectively.

The principal terms of the BGMTN and CP are as follows:

- (a) The face value of the BGMTN is RM170 million and the CP is RM137 million;
- (b) The CP are issued at a discount to face value of ranging from 3.98% to 4.99% (2007:3.95%) per annum and shall be repayable at par;
- (c) The interest on the BGMTN of RM70 million and RM100 million are 4.15% and 4.27% per annum respectively, payable semi-annually in arrears, calculated on the basis of the actual number of days elapsed in a year of 365 days with the last payment of interest to be made on the maturity date of the BGMTNs;
- (d) The tenure of BGMTN of RM70 million and RM100 million are 4 years and 5 years from the date of issue respectively;
- (e) The tenure of the CP is 7 years from the date of issue; and
- (f) The maturity date of the CP is between one (1) to twelve (12) months and the BGMTN is between twelve (12) to sixty (60) months.

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17 WARRANTS

On 31 July 2003, the Company issued 115,000,000 detachable Warrants at an issue price of RM0.10 per Warrant, which was constituted by a Trust Deed dated 17 July 2003.

The principal terms of the Warrants are as follows:

- (a) 115,000,000 detachable Warrants at an issue price of RM0.10 each;
- (b) The exercise price of the Warrants is fixed at RM1.10 per Warrant;
- (c) The Warrants may be exercised at any time on or before the maturity date, 31 July 2008, falling five (5) years from the date of issue of the Warrants, 31 July 2003. Unexercised Warrants after the exercise period will thereafter lapse and cease to be valid;
- (d) The Warrants will rank pari passu without any preference or priority among themselves including in an event of liquidation; and
- (e) The Warrants are listed on Bursa Malaysia.

During the financial year, 4,839,121 (2007: 18,599,995) Warrants were exercised, as disclosed in Note 10 (b) to the financial statements. As at 31 December 2008, there are no outstanding Warrants (2007: RM524,413) that have not been exercised.

The warrants have expired on 31 July 2008.

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18 INTEREST BEARING BANK BORROWINGS

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		RM'000	RM'000	RM'000	RM'000
Current:					
Term loans (unsecured)	(a)	14,000	14,000	14,000	14,000
Term loans (secured)	(a)	845	2,510	-	-
		<u>14,845</u>	<u>16,510</u>	<u>14,000</u>	<u>14,000</u>
Bank overdrafts (unsecured)					
(Note 35)		1,674	705	-	-
		<u>16,519</u>	<u>17,215</u>	<u>14,000</u>	<u>14,000</u>
Non-current:					
Term loans (unsecured)	(a)	49,589	56,865	49,000	56,000
		<u>66,108</u>	<u>74,080</u>	<u>63,000</u>	<u>70,000</u>

The currency exposure profile of the above borrowings is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	64,339	73,874	63,000	70,000
Cedi	1,769	206	-	-
	<u>66,108</u>	<u>74,080</u>	<u>63,000</u>	<u>70,000</u>

The weighted average effective interest rates applicable to the Group and the Company are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	%	%	%	%
<u>For the financial year</u>				
Term loans	5.09	3.85	4.27	2.35
Bank overdrafts	8.25	8.25	-	*
<u>As at the financial year end</u>				
Term loans	5.10	5.12	4.27	5.48
Bank overdrafts	8.25	8.25	-	*

* Not applicable

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18 INTEREST BEARING BANK BORROWINGS (CONTINUED)

(a) Term loans

The term loans are repayable as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
<u>Unsecured</u>				
Current:				
Repayable within 12 months	14,000	14,000	14,000	14,000
Non-current:				
Repayable after 12 months:				
- between 2 and 5 years	49,589	56,865	49,000	56,000
	<u>63,589</u>	<u>70,865</u>	<u>63,000</u>	<u>70,000</u>
<u>Secured:</u>				
Current:				
Repayable within 12 months	845	2,510	-	-
	<u>64,434</u>	<u>73,375</u>	<u>63,000</u>	<u>70,000</u>

Available credit facilities of the Group as at 31 December 2008 amounts to RM46.4 million.

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19 HIRE-PURCHASE AND LEASE CREDITORS

This represents future instalments under hire-purchase and lease agreements, repayable as follows:

	2008	Group 2007
	RM'000	RM'000
Finance lease liabilities:		
Minimum lease payments:		
- not later than 1 year	6,370	3,622
- later than 1 year and not later than 5 years	16,371	10,038
	<u>22,741</u>	<u>13,660</u>
Future finance charges on finance leases	(3,068)	(1,935)
	<u>19,673</u>	<u>11,725</u>
Present value of finance lease liabilities		
Present value of finance lease liabilities:		
- not later than 1 year	5,088	2,753
- later than 1 year and not later than 5 years	14,585	8,972
	<u>19,673</u>	<u>11,725</u>
Analysed as:		
Due within 1 year (Note 20)	5,088	2,753
Due after 1 year	14,585	8,972
	<u>19,673</u>	<u>11,725</u>

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default. The finance lease liabilities contain covenants which require a subsidiary to maintain minimum debt service ratio.

As at 31 December 2008, the weighted average effective interest rate applicable to the lease liabilities as at the financial year end is 4% (2007: 3.98%) per annum and interest for the financial year is fixed at 3.03% (2007: 3.84%) per annum for the Group. The entire balance is denominated in Ringgit Malaysia.

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20 TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Non-Current:				
Trade payables	950	-	-	-
Current:				
Trade payables	37,183	40,609	-	-
Programme rights payables	17,532	27,257	5,223	3,730
	<u>54,715</u>	<u>67,866</u>	<u>5,223</u>	<u>3,730</u>
Trade accruals	34,619	29,861	-	-
Other accruals	26,486	69,355	4,911	7,703
Other payables	65,329	97,778	2,421	30,113
Hire-purchase and lease creditors (Note 19)	5,088	2,753	-	-
Deferred income	310	132	-	-
Advanced billings	4,794	3,610	-	-
	<u>191,341</u>	<u>271,355</u>	<u>12,555</u>	<u>41,546</u>
	<u>192,291</u>	<u>271,355</u>	<u>12,555</u>	<u>41,546</u>

The currency profile of trade payables and programme rights payables is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	35,303	62,563	2,558	738
US Dollar	17,311	4,555	2,665	2,992
EURO	686	479	-	-
Hong Kong Dollar	193	79	-	-
Indonesian Rupiah	34	34	-	-
Cedi	519	156	-	-
Singapore Dollar	574	-	-	-
Philippine Peso	93	-	-	-
Great Britain Pound	2	-	-	-
	<u>54,715</u>	<u>67,866</u>	<u>5,223</u>	<u>3,730</u>

Credit terms of trade payables range from 45 days to 90 days (2007: 45 days to 90 days).

Included in other payables of the Group and of the Company at the end of the previous financial year were outstanding purchase considerations for the acquisition of subsidiaries and remaining interest in subsidiaries of RM15,000,000 and RM10,400,000 respectively, which has been fully repaid during the financial year.

Included in non-current payables are advances from shareholders of a subsidiary.

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21 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 balance sheet:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
Deferred tax assets		
- Subject to corporate income tax	19,445	7,692
Deferred tax liabilities		
- Subject to corporate income tax	(20,007)	(16,828)

The movement during the financial year relating to deferred tax is as follows:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
At 1 January	(9,136)	2,234
(Charged)/credited to income statement (Note 7)		
- Property, plant and equipment	(9,029)	(3,526)
- Intangible assets		
- Programme, film rights and royalties	2,039	(2,040)
- Acquired concession rights (Note 28)	1,460	2,433
- Allowances and provisions	(364)	403
- Hire purchase creditors	2,485	479
- Unused tax losses	5,893	2,105
- Unutilised capital allowances	4,626	2,274
- Advance billings	1,464	(215)
- Others	-	225
	8,574	2,138
Credited to equity		
- Property, plant and equipment	-	704
Acquisition of subsidiaries	-	(14,212)
At 31 December	(562)	(9,136)

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21 DEFERRED TAXATION (CONTINUED)

Subject to income tax:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
Deferred tax assets (before offsetting)		
- Intangible assets	3,701	1,662
- Allowances and provisions	489	853
- Hire purchase creditors	2,964	479
- Unused tax losses	7,998	2,105
- Advanced billings	2,949	1,485
- Unutilised capital allowances	9,683	5,057
	<u>27,784</u>	<u>11,641</u>
Offsetting	(8,339)	(3,949)
Deferred tax assets (after offsetting)	<u>19,445</u>	<u>7,692</u>
Deferred tax liabilities (before offsetting)		
- Intangible assets	(8,747)	(10,207)
- Property, plant and equipment	(19,599)	(10,570)
Offsetting	<u>8,339</u>	<u>3,949</u>
Deferred tax liabilities (after offsetting)	<u>(20,007)</u>	<u>(16,828)</u>

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet is as follows:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
Unused tax losses	209,199	236,934
Deductible temporary differences	40,800	68,316
	<u>249,999</u>	<u>305,250</u>
Deferred tax assets not recognised at 25% (2007: 25%)	<u>62,500</u>	<u>76,313</u>

The deductible temporary differences and unused tax losses are available indefinitely for offset against future taxable profits of certain subsidiaries in the Group, subject to agreement with the Inland Revenue Board. Deferred tax assets have not been recognised in respect of the deductible temporary differences and unused tax losses as the respective subsidiaries in the Group have a history of losses, and are dormant.

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22 PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	<u>Freehold land at cost</u>	<u>Building at valuation</u>	<u>Building at cost</u>	<u>Plant and machinery at cost</u>	<u>Broad-casting and transmission equipment at cost</u>	<u>Production equipment at cost</u>	<u>Office equipment, furniture and fittings at cost</u>	<u>Office renovations at cost</u>	<u>Motor vehicles at cost</u>	<u>Leasehold improvements at cost</u>	<u>Assets under construction at cost</u>	<u>Structures at cost</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2008</u>													
<u>Cost/valuation</u>													
At 1.1.2008	10,246	5,751	41,754	1,613	522,784	989	85,454	17,875	16,450	29,068	1,049	65,655	798,888
Additions	294	-	-	80	27,530	305	9,282	2,890	6,115	880	61	3,828	51,265
Disposals	-	-	-	-	(21)	-	(106)	-	(3,938)	-	-	(557)	(4,622)
Write off	-	-	-	-	-	-	(942)	(189)	-	-	-	(180)	(1,311)
Currency translation differences	-	276	204	77	659	-	58	-	171	-	11	-	1,456
At 31.12.2008	10,540	6,027	41,958	1,770	550,952	1,294	93,746	20,576	18,798	29,948	1,121	68,746	845,476

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22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land at cost RM'000	Building at valuation RM'000	Building at cost RM'000	Plant and machinery at cost RM'000	Broad- casting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture and fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improve- ments at cost RM'000	Assets under con- struction at cost RM'000	Structures at cost RM'000	Total RM'000
Group													
2008													
Accumulated depreciation													
At 1.1.2008	-	1,816	10,671	1,605	376,397	677	60,811	14,560	9,260	24,700	17	43,951	544,465
Charge for the financial year	-	86	657	13	19,275	110	7,703	2,752	2,793	344	-	5,374	39,107
Disposals	-	-	-	(4)	(10)	-	(260)	(132)	(649)	-	-	(93)	(1,148)
Write off	-	-	-	-	-	-	(478)	-	-	-	-	(155)	(633)
Currency translation differences	-	47	24	40	325	-	57	-	82	-	-	-	575
At 31.12.2008	-	1,949	11,352	1,654	395,987	787	67,833	17,180	11,486	25,044	17	49,077	582,366

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22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land at cost RM'000	Long term leasehold land at valuation RM'000	Long term leasehold land at cost RM'000	Building at valuation RM'000	Building at cost RM'000	Plant and machinery at cost RM'000	Broad-casting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture and fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improvements at cost RM'000	Assets under construction at cost RM'000	Structures at cost RM'000	Total at cost RM'000
Group															Total RM'000
2007															
Cost/valuation															
At 1.1.2007	10,246	-	-	5,751	41,551	795	503,548	763	69,326	16,162	11,507	29,067	349	-	689,065
Acquisition of subsidiaries	582	-	-	-	647	193	-	-	12,090	712	844	-	806	63,867	79,741
Additions	-	-	-	-	-	869	20,406	226	6,231	1,630	5,197	1	882	1,264	36,706
Disposals	-	-	-	-	-	-	(49)	-	(119)	-	(908)	-	(19)	(27)	(1,122)
Write off	-	-	-	-	-	(177)	-	-	(1,795)	(629)	-	-	(136)	(49)	(2,786)
Reclassified	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
from investment property (Note 23)	-	-	-	-	149	-	-	-	-	-	-	-	-	-	149
Reclassified to investment property (Note 23)	(582)	-	-	-	(593)	-	-	-	-	-	-	-	-	-	(1,175)
Reclassification	-	-	-	-	-	-	183	-	36	-	-	-	(819)	600	-
Currency translation differences	-	-	-	-	-	(67)	(1,304)	-	(315)	-	(190)	-	(14)	-	(1,890)
At 31.12.2007	10,246	-	-	5,751	41,754	1,613	522,784	989	85,454	17,875	16,450	29,068	1,049	65,655	798,688

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22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Long term		Long term		Building		Plant and machinery		Broad-casting and transmission equipment		Production equipment		Office equipment, furniture and fittings		Office renovations		Motor vehicles		Leasehold improvements		Assets under construction		Total	
	Freehold land at cost	Freehold land at valuation	Long term leasehold land at cost	Long term leasehold land at valuation	Building at valuation	Building at cost	Plant and machinery at cost	Plant and machinery at cost	Broad-casting and transmission equipment at cost	Broad-casting and transmission equipment at cost	Production equipment at cost	Production equipment at cost	Office equipment, furniture and fittings at cost	Office equipment, furniture and fittings at cost	Office renovations at cost	Office renovations at cost	Motor vehicles at cost	Motor vehicles at cost	Leasehold improvements at cost	Leasehold improvements at cost	Assets under construction at cost	Assets under construction at cost	at cost	at cost
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2007	-	-	-	-	1,699	9,863	795	357,078	579	50,838	13,777	6,669	22,783	-	-	-	-	-	-	-	-	-	-	464,081
Acquisition of subsidiaries	-	-	-	-	-	205	155	-	-	6,530	643	471	-	-	-	-	-	-	-	-	-	-	-	47,389
Charge for the financial year	-	-	-	-	117	790	837	20,275	98	5,527	682	2,772	1,917	17	4,607	37,639	-	-	-	-	-	-	-	37,639
Disposals	-	-	-	-	-	-	-	(20)	-	(89)	(9)	(516)	-	-	(7)	(641)	-	-	-	-	-	-	-	(641)
Write off	-	-	-	-	-	-	(153)	-	-	(1,761)	(533)	-	-	-	(34)	(2,481)	-	-	-	-	-	-	-	(2,481)
Reclassified from investment property (Note 23)	-	-	-	-	-	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
Reclassified to investment property (Note 23)	-	-	-	-	-	(207)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(207)
Currency translation differences	-	-	-	-	-	-	(29)	(936)	-	(234)	-	(136)	-	-	-	-	-	-	-	-	-	-	-	(1,335)
At 31.12.2007	-	-	-	-	1,816	10,671	1,605	376,397	677	60,811	14,560	9,260	24,700	17	43,951	544,465	-	-	-	-	-	-	-	544,465

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22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land at cost RM'000	Long term leasehold land at valuation RM'000	Long term leasehold land at cost RM'000	Building at valuation RM'000	Building at cost RM'000	Plant and machinery at cost RM'000	Broad- casting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture and fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improve- ments at cost RM'000	Assets under con- struction at cost RM'000	Structures at cost RM'000	Total RM'000
<u>Group</u>															
<u>2007</u>															
<u>Accumulated impairment losses</u>															
At 1.1.2007	3,265	-	-	-	5,618	-	36,407	-	3,975	-	910	-	-	-	50,175
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	175	175
Charge for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	207	207
At 31.12.2007	3,265	-	-	-	5,618	-	36,407	-	3,975	-	910	-	-	382	50,557
<u>Net book value</u>															
At 31.12.2007	6,981	-	-	3,935	25,465	8	109,980	312	20,668	3,315	6,280	4,368	1,032	21,322	203,666

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22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment amounting to RM53.0 million for wholly owned subsidiaries of the Company, ntv7 and TV9, were assessed for impairment. No impairment loss was required for the carrying amount of the property, plant and equipment assessed as at 31 December 2008 as the recoverable amount was in excess of the carrying amount.

The key assumptions used in the value in use calculation as at 31 December 2008 are as detailed out in Note 25, except that the compound annual growth rate ('CAGR') used is 7.40% for ntv7 and 11.60% for TV9. The terminal growth rate is not used as the value in use is calculated using the projected cash flows of the property, plant and equipment for eight (8) years from 2009 to 2016, being the remaining useful lives of the property, plant and equipment.

The Group's review includes an impact assessment of changes in key assumptions.

Based on the sensitivity analysis performed for ntv7, the Directors have concluded that no reasonable change in the base case assumptions would cause the carrying amount of the cash generating units to exceed their recoverable amount.

In respect of TV9, a change to the key assumption on the projected revenue growth used in the discounted cash flow model could significantly affect the recoverable amount of the property, plant and equipment. It is estimated that should the revenue growth fall below the CAGR of 10.72%, over the remaining 8 years, the recoverable amount of the property, plant and equipment of TV9 will be lower than its carrying amount.

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22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>Company</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
<u>Office equipment, furniture & fittings</u>		
<u>Cost</u>		
At 1 January	72	32
Additions	187	40
	<u>259</u>	<u>72</u>
<u>Accumulated depreciation</u>		
At 1 January	15	8
Charge for the financial year	51	7
	<u>66</u>	<u>15</u>
<u>Net book value</u>		
At 31 December	<u>193</u>	<u>57</u>

- (a) The value of property, plant and equipment of the Group includes the following assets acquired under hire-purchase and finance lease agreements:

<u>Group</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
	RM'000	RM'000	RM'000
<u>2008</u>			
Broadcasting, transmission and production equipment	26,196	3,854	22,342
Motor vehicles	504	301	203
	<u>26,700</u>	<u>4,155</u>	<u>22,545</u>
<u>2007</u>			
Broadcasting, transmission and production equipment	14,653	1,908	12,745
Motor vehicles	522	152	370
	<u>15,175</u>	<u>2,060</u>	<u>13,115</u>

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23 INVESTMENT PROPERTIES

	<u>Note</u>	<u>Freehold</u> <u>land</u> RM'000	<u>Buildings</u> RM'000	<u>Cinema</u> RM'000	<u>Total</u> RM'000
<u>Group</u>					
<u>2008</u>					
<u>Cost</u>					
At 1 January 2008		1,619	14,935	2,382	18,936
Disposal		(582)	(592)	-	(1,174)
At 31 December 2008		<u>1,037</u>	<u>14,343</u>	<u>2,382</u>	<u>17,762</u>
<u>Accumulated depreciation</u>					
At 1 January 2008		-	2,070	605	2,675
Charge for the financial year		-	225	46	271
Disposal		-	(210)	-	(210)
At 31 December 2008		<u>-</u>	<u>2,085</u>	<u>651</u>	<u>2,736</u>
<u>Accumulated impairment losses</u>					
At 1 January 2008		36	1,098	78	1,212
Charge for the financial year		132	-	-	132
At 31 December 2008		<u>168</u>	<u>1,098</u>	<u>78</u>	<u>1,344</u>
<u>Net book value</u>					
At 31 December 2008		<u>869</u>	<u>11,160</u>	<u>1,653</u>	<u>13,682</u>

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23 INVESTMENT PROPERTIES (CONTINUED)

	<u>Note</u>	<u>Freehold land RM'000</u>	<u>Buildings RM'000</u>	<u>Cinema RM'000</u>	<u>Total RM'000</u>
<u>Group</u>					
<u>2007</u>					
<u>Cost</u>					
At 1 January 2007		1,037	14,935	2,382	18,354
Disposal		-	(444)	-	(444)
Reclassified to property, plant and equipment	22	-	(149)	-	(149)
Reclassified from property, plant and equipment	22	582	593	-	1,175
At 31 December 2007		<u>1,619</u>	<u>14,935</u>	<u>2,382</u>	<u>18,936</u>
<u>Accumulated depreciation</u>					
At 1 January 2007		-	1,738	558	2,296
Charge for the financial year		-	227	47	274
Disposal		-	(82)	-	(82)
Reclassified to property plant and equipment	22	-	(20)	-	(20)
Reclassified from property plant and equipment	22	-	207	-	207
At 31 December 2007		<u>-</u>	<u>2,070</u>	<u>605</u>	<u>2,675</u>
<u>Accumulated impairment losses</u>					
At 1 January 2007		482	4,987	228	5,697
Impairment losses					
- Charge for the financial year		20	5	-	25
- Reversal during the financial year		(466)	(3,894)	(150)	(4,510)
At 31 December 2007		<u>36</u>	<u>1,098</u>	<u>78</u>	<u>1,212</u>
<u>Net book value</u>					
At 31 December 2007		<u>1,583</u>	<u>11,767</u>	<u>1,699</u>	<u>15,049</u>

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23 INVESTMENT PROPERTIES (CONTINUED)

The above properties are not occupied by the Group and are used to earn rentals or for capital appreciation.

The Group recognised an impairment loss of RM132,000 (2007: RM24,900) during the financial year in respect of buildings and freehold land, for which the recoverable amount using the selling price based on independent professional valuation reports was lower than the carrying amount.

The Group has also recognised a reversal of impairment loss of RM Nil (2007: RM4,510,000) during the financial year in respect of buildings and freehold land, for which the recoverable amount using the selling price based on independent professional valuation reports was higher than the carrying amount.

The fair value of the properties was estimated at RM15.3 million (2007: RM15.2 million) based on valuations by independent professionally qualified valuers. Valuations were based on current prices in an active market for all properties except for properties in certain locations where this information is not available. For these properties, the fair value was estimated by reference to open market value of properties in the vicinity.

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM55,849 (2007: RM524,702).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM176,013 (2007: RM88,671).

24 PREPAID LEASE RENTALS

	<u>Note</u>	<u>2008</u> RM'000	<u>Group</u> <u>2007</u> RM'000
<u>Cost</u>			
At 1 January		11,014	4,829
Additions		-	6,995
Currency translation differences		312	(810)
At 1 December		<u>11,326</u>	<u>11,014</u>
<u>Accumulated amortisation</u>			
At 1 January		1,808	1,219
Charge for the financial year		334	827
Currency translation differences		22	(238)
At 31 December		<u>2,164</u>	<u>1,808</u>
<u>Net book value</u>			
At 31 December		<u>9,162</u>	<u>9,206</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24 PREPAID LEASE RENTALS (CONTINUED)

- (a) Long term leasehold land and buildings of a subsidiary were last revalued by the Directors on 20 September 1996 based on valuations carried out by professional valuers to reflect the market value for existing use. The book values of the leasehold land and buildings were adjusted to the revalued amounts and the resultant surpluses were credited to the revaluation reserve.
- (b) The net book value of revalued long term leasehold land and buildings of the Group that would have been included in the financial statements, had these assets been carried at cost less accumulated depreciation, is nil (2007: RM1,715,000).

25 SUBSIDIARIES

	<u>Company</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Unquoted shares, at cost	614,829	614,280

The details of the subsidiaries are as follows:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Interest in equity</u>	
			<u>2008</u>	<u>2007</u>
			%	%
Sistem Televisyen Malaysia Berhad ("STMB")	Malaysia	Commercial television broadcasting	100	100
Ch-9 Media Sdn Bhd ("TV9")	Malaysia	Commercial television broadcasting	100	100
Natseven TV Sdn Bhd ("ntv7")	Malaysia	Commercial television broadcasting	100	100
Synchrosound Studio Sdn Bhd	Malaysia	Commercial radio broadcasting	100	100
Big Tree Outdoor Sdn Bhd	Malaysia	Provision of advertising space and related services, investment holding and management services	100	100
UPD Sdn Bhd	Malaysia	Outdoor advertising	100	100
The Right Channel Sdn Bhd	Malaysia	Outdoor advertising	100	100
Merit Idea Sdn Bhd	Malaysia	Investment holding	100	100
Perintis Layar Sdn Bhd	Malaysia	Investment holding	100	100

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25 SUBSIDIARIES (CONTINUED)

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Interest in equity</u>	
			<u>2008</u> %	<u>2007</u> %
Primeworks Studios Sdn Bhd (formerly known as Grand Brilliance Sdn Bhd ("GBSB"))	Malaysia	Production of motion picture films, acquiring ready made films from local producers and production houses and investment holding	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
Amity Valley Sdn Bhd	Malaysia	Investment holding	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
mmStudios Sdn Bhd (formerly known as Newslink Asia Sdn Bhd)	Malaysia	Dormant	100	100
Able Communications Sdn Bhd	Malaysia	Dormant	100	100
Encorp Media Technology Sdn Bhd	Malaysia	Dormant	100	100
Star Crest Sdn Bhd	Malaysia	Dormant	100	-
Lazim Juta Sdn Bhd	Malaysia	Investment holding	100	-
<u>Held by Merit Idea Sdn Bhd</u>				
Metropolitan TV Sdn Bhd ("8tv")	Malaysia	Commercial television broadcasting	100	100

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25 SUBSIDIARIES (CONTINUED)

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Interest in equity</u>	
			<u>2008</u> %	<u>2007</u> %
<u>Held by Perintis Layar Sdn Bhd</u>				
Max-Airplay Sdn Bhd	Malaysia	Commercial radio broadcasting	75	75
<u>Held by Big Tree Outdoor Sdn Bhd</u>				
Big Tree Productions Sdn Bhd	Malaysia	Undertaking outdoor advertising business and carrying out related production works	100	100
Uniteers Outdoor Advertising Sdn Bhd	Malaysia	Advertising contracting and agents, sale of advertising space	100	100
Gotcha Sdn Bhd	Malaysia	Undertaking outdoor advertising business and carrying out related production works	100	100
Eureka Outdoor Sdn Bhd	Malaysia	Dormant	100	100
Anchor Heights Sdn Bhd	Malaysia	Dormant	100	100
Uni- Talent Gateway Sdn Bhd	Malaysia	Dormant	100	100
<u>Held by Alternate Records Sdn Bhd</u>				
Booty Studio Productions Sdn Bhd	Malaysia	Dormant	60	60
<u>Held by Primeworks Studios Sdn Bhd (formerly known as Grand Brilliance Sdn Bhd)</u>				
Alt Media Sdn Bhd	Malaysia	New media businesses and related activities	100	100
<u>Held by UPD Sdn Bhd</u>				
Utusan Sinar Media Sdn Bhd	Malaysia	Dormant	100	100

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25 SUBSIDIARIES (CONTINUED)

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Interest in equity</u>	
			<u>2008</u> %	<u>2007</u> %
<u>Held by The Right Channel Sdn Bhd</u>				
MMC-AD Sdn Bhd	Malaysia	Undertaking outdoor advertising business	100	100
Media Master Industries (M) Sdn Bhd)	Malaysia	Dormant	100	100
<u>Held by Amity Valley Sdn Bhd</u>				
Gama Media International (BVI) Ltd	British Virgin Islands	Investment holding	100	100
<u>Held by Gama Media International (BVI) Ltd</u>				
Gama Film Company Limited ^	Republic of Ghana	Film production, pre and post production, audio/video recording and duplication, video exhibition and distribution	70	70
TV3 Network Limited ^	Republic of Ghana	Media and communication businesses, managerial services and operation of free-to-air television service	90	90
Cableview Network Limited ^	Republic of Ghana	Dormant	70	70
Gama Media Systems Limited ^	Republic of Ghana	Dormant	70	70
<u>Held by Lazim Juta Sdn Bhd</u>				
Strategic Media Asset Management Co. Ltd. (formerly known as MPB Asset Mgmt Co. Ltd.)	Labuan	Dormant	100	-

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25 **SUBSIDIARIES (CONTINUED)**

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Interest in equity</u>	
			<u>2008</u>	<u>2007</u>
			%	%
<u>Held by mmStudios Sdn Bhd</u> <u>(formerly known Newslink</u> <u>Asia Sdn Bhd)</u>				
MPB Primedia Inc. ^	Philippines	Provision of airtime consultancy services	70	-

^ Audited by a firm other than PricewaterhouseCoopers, Malaysia

The Company undertook the test for impairment of its investment in ntv7 and TV9. No impairment loss was required for the carrying amount of investments in ntv7 and TV9 assessed as at 31 December 2008 as their recoverable amount was in excess of their carrying amount.

(a) **Key assumptions used in the VIU calculations**

Value-in-use for TV9 and ntv7 are determined by discounting the future cash flows to be generated from continuing use based on the following assumptions:

- i) Cash flows are derived based on the projections for a period of five (5) years. The projections reflect management's expectation of revenue growth, operating costs and margins for the cash-generating unit based on current assessment of market share, expectations of market growth and industry growth.
- ii) The pre-tax discount rate used for cash flows discounting purpose is 10.29% (2007: 9.06%) based on the estimate of weighted average cost of capital (post tax) applicable for the Group.
- iii) Growth rate for TV9 is estimated based on the growth in advertising revenue, both in spot-buys and sponsorships, arising from the re-positioning of, and re-branding exercise undertaken by TV9 targeting towards the younger Malay Urban market. The growth also takes into account of the comparatively low level of revenue currently recorded by TV9. The growth in content costs takes into account the costs of syndicated and in-house produced content that serves the new target market and the re-branded station. Revenue compound annual growth rate ('CAGR') of 15.75% over the 5 years and terminal growth rate of 2% are the key assumptions used for the purpose of VIU calculation.

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NOTES TO THE FINANCIAL STATEMENTS
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25 SUBSIDIARIES (CONTINUED)

(a) Key assumptions used in the VIU calculations (continued)

- iv) Growth rate for ntv7 is estimated based on the growth in advertising revenue, both in spot-buys and sponsorships, arising from the projected continued improvement in the take-up of advertising and sponsorship slots by advertisers. The growth in content costs takes into account the costs of syndicated and in-house produced content that serves the station's target market, in addition to the industry's growth trends. Revenue CAGR of 8.86% over the 5 year period and terminal growth rate of 2% are the key assumptions used for the purpose of VIU calculation.
- v) The growth in overhead costs is determined based on industry trends and past performance of the stations within the Group.
- vi) Profit margins are projected based on the industry trends, together with the trends observed in other stations within the Group.

(b) Impact of possible change in key assumptions

The Group's review includes an impact assessment of changes in key assumptions.

Based on the sensitivity analysis performed for ntv7, the Directors have concluded that no reasonable change in the base case assumptions would cause the carrying amount of the investment to exceed the recoverable amount.

For the investment in TV9, a change to the key assumption on the projected revenue growth used in the discounted cash flow model could significantly affect the carrying amount of the investment in TV9. It is estimated that revenue CAGR of below 14.83% over the 5 years, would result in the recoverable amount of the investment in TV9 to be lower than the carrying amount.

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26 ASSOCIATES

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	49	49	-	-
Share of post acquisition results, net of dividends received	(49)	(49)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Quoted shares, at cost	399,651	399,651	399,651	399,651
Share of post acquisition results, net of dividends received	36,556	21,594	-	-
Goodwill on acquisition written off	(88,763)	(88,763)	-	-
	<u>347,444</u>	<u>332,482</u>	<u>399,651</u>	<u>399,651</u>
Total	<u>347,444</u>	<u>332,482</u>	<u>399,651</u>	<u>399,651</u>
Market value of quoted shares	<u>91,685</u>	<u>187,131</u>	<u>91,685</u>	<u>187,131</u>

The Group's share of revenue, profit, assets and liabilities of the associates are as follows:

	<u>Group</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Revenue	250,284	241,930
Net profit for the financial year	<u>20,529</u>	<u>14,044</u>
Non-current assets	309,963	316,228
Current assets	101,434	116,073
Current liabilities	(55,447)	(95,380)
Non-current liabilities	(8,506)	(4,439)
Share of net assets	<u>347,444</u>	<u>332,482</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

26 ASSOCIATES (CONTINUED)

Details of the associates, all of which are incorporated in Malaysia, are as follows:

<u>Name of company</u>	<u>Principal activities</u>	<u>Interest in equity</u>	
		<u>2008</u>	<u>2007</u>
		%	%
The New Straits Times Press (Malaysia) Berhad	Publishing and sale of newspaper and investment holding	43.29	43.29
Sistem Network Nusantara Sdn Bhd	Dormant	49.00	49.00

Contingent liabilities relating to associates are shown in Note 41 (d) to the financial statements.

The Company undertook a test for impairment of its investment in New Straits Times Press (Malaysia) Berhad ("NSTP"). No impairment loss was required for the carrying amount of investment in NSTP assessed as at 31 December 2008 as their recoverable amount was in excess of the carrying amount.

(a) Key assumptions used in the VIU calculations

Value-in-use for the investment in NSTP is determined by discounting the future cash flows to be generated based on the following assumptions:

- i) Cash flows are derived based on projections for a period of five (5) years. The projections reflect management's expectation of revenue growth, operating costs and margins for the cash-generating unit based on current assessment of market share, expectations of market growth and industry growth. The estimated terminal growth rate used is 2%.
- ii) The pre-tax discount rate used for cash flows discounting purpose is 13.0% based on the estimate of weighted average cost of capital applicable for the investment.
- iii) The foreign currency rate of USD:RM is estimated to be ranging from 3.63 to 3.10 over the 5 year projection period based on foreign exchange trends.

(b) Impact of possible change in key assumptions

The Group's review includes an impact assessment of changes in key assumptions.

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26 ASSOCIATES (CONTINUED)

It is estimated that where there is an increase in foreign currency rate of USD:RM by 8%, the carrying amount will equal the recoverable amount.

27 INVESTMENTS

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
At cost:		
Shares in corporations, quoted in Malaysia	291	291
Less: Allowance for diminution in value	(177)	(127)
	<u>114</u>	<u>164</u>
Units in property and unit trusts, quoted in Malaysia	5,210	5,210
Less: Allowance for diminution in value	(3,089)	(1,976)
	<u>2,121</u>	<u>3,234</u>
Shares in corporations, unquoted	88	381
Less: Allowance for diminution in value	-	(245)
	<u>88</u>	<u>136</u>
Club membership, unquoted	70	70
	<u>2,393</u>	<u>3,604</u>
At market value:		
Quoted shares	84	190
Quoted property and unit trusts	2,121	3,235
	<u><u>2,121</u></u>	<u><u>3,235</u></u>

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28 INTANGIBLE ASSETS

				Group
	Programmes and film rights RM'000	Goodwill RM'000	Acquired concession rights and outdoor advertising rights RM'000	Total RM'000
At 1 January 2008	51,418	94,525	60,192	206,135
Additions during the financial year	189,251	-	-	189,251
	240,669	94,525	60,192	395,386
Gross amortisation during the financial year	(208,103)	-	(6,710)	(214,813)
Write off during the financial year	(1,489)	-	-	(1,489)
At 31 December 2008	31,077	94,525	53,482	179,084
At 1 January 2007	38,736	-	-	38,736
Additions during the financial year	192,376	-	-	192,376
Acquisition of subsidiaries (Note 39)	-	94,525	67,015	161,540
	231,112	94,525	67,015	392,652
Gross amortisation during the financial year	(179,650)	-	(6,823)	(186,473)
Write off during the financial year	(44)	-	-	(44)
At 31 December 2007	51,418	94,525	60,192	206,135

Deferred tax liabilities arising from the amortisation of the acquired concession rights of RM1,460,000 (2007: RM2,433,000) have been credited to the income statement (Note 21), resulting in net amortisation of RM5,250,000 (2007: RM4,390,000).

Included in intangible assets arising from the acquisitions during the financial year were acquired rights which have indefinite useful lives, totalling RM22,113,000 (2007: RM22,113,000). These assets are deemed to have indefinite useful lives as they are renewable with minimum costs 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 intangible assets are tested for impairment. Based on the test performed as described below, the Directors concluded that the VIU is higher than the carrying amount of the intangible assets.

Impairment tests for goodwill

The carrying amounts of goodwill allocated to the Group's cash-generating units ("CGUs") are as follows:

	2008 RM'000	Group 2007 RM'000
TV	72,812	72,812
Radio	3,979	3,979
Outdoor	17,734	17,734
	94,525	94,525

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28 INTANGIBLE ASSETS (CONTINUED)

The Group undertakes an annual test for impairment of its cash-generating units. No impairment loss was required for the carrying amount of the remaining goodwill assessed as at 31 December 2008 as their recoverable amounts were in excess of their carrying amounts.

The recoverable amount of the TV, Radio and Outdoor CGU, is determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by the Directors covering a ten-year period. These forecasts and projections reflect management's expectation of revenue growth, operating costs and margins for each cash-generating unit based on past experience and future outlook.

Discount rates applied to the cash flow forecasts are derived from the Group's weighted average cost of capital at the date of the assessment of the respective cash-generating units.

The key assumptions used for the value-in-use calculations are as follows:

	<u>2008</u>			<u>2007</u>		
	<u>TV</u>	<u>Radio</u>	<u>Outdoor</u>	<u>TV</u>	<u>Radio</u>	<u>Outdoor</u>
	%	%	%	%	%	%
Revenue growth	5.46	10.00	2.00	7.00	15.00	7.00
Pre-tax discount rate	10.29	10.29	10.29	9.06	9.06	9.06
Terminal growth rate	2.00	2.00	2.00	5.00	5.00	5.00

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Directors concluded that no reasonable change in the base case assumptions would cause the carrying amounts of the cash generating unit to exceed their recoverable amounts.

29 ASSETS HELD-FOR-SALE

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
Property classified as assets held-for-sale:		
- Leasehold land	-	14,927
- Leasehold building	-	45,674
		<u>60,601</u>
Less: Loss on measurement at fair value less cost to sell	-	(1,941)
		<u>58,660</u>
Fair value less cost to sell	-	
		<u>58,660</u>

In the previous financial year, a subsidiary entered into a sale and purchase agreement for the disposal of a piece of leasehold land together with a six storey building. This satisfied the criteria set out in FRS 5 "Non-current Assets Held for Sale and Presentation of Discontinued Operations" and hence, the property was classified as "asset held-for-sale". The difference between the carrying value of the investment property and the fair value less cost to sell, amounting to RM1,941,000, was recognised as a loss in the income statement in the previous financial year.

The disposal was completed during the financial year ended 31 December 2008.

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30 INVENTORIES

	<u>Group</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Consumable spares	-	426
Musical albums	35	13
	<u>35</u>	<u>439</u>

31 TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Trade receivables	266,140	263,420	-	-
Less: Allowance for doubtful debts	(42,950)	(40,143)	-	-
	<u>223,190</u>	<u>223,277</u>	<u>-</u>	<u>-</u>
Less: Advanced billings	(5,501)	(4,066)	-	-
	<u>217,689</u>	<u>219,211</u>	<u>-</u>	<u>-</u>
Deposits	10,110	7,714	2,506	69
Prepayments	31,084	17,628	5,297	4,942
Other receivables	187,607	176,030	3,718	12
	<u>228,801</u>	<u>201,372</u>	<u>11,521</u>	<u>5,023</u>
Less: Allowance for doubtful debts	(166,310)	(166,147)	-	-
	<u>62,491</u>	<u>35,225</u>	<u>11,521</u>	<u>5,023</u>
	<u>280,180</u>	<u>254,436</u>	<u>11,521</u>	<u>5,023</u>

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31 TRADE AND OTHER RECEIVABLES (CONTINUED)

The currency exposure profile of trade receivables is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	247,998	248,412	-	-
US Dollar	1,838	1,016	-	-
Cedi	15,228	13,756	-	-
Singaporean Dollar	850	147	-	-
Brunei Dollar	226	89	-	-
	<u>266,140</u>	<u>263,420</u>	<u>-</u>	<u>-</u>

Credit terms of trade receivables are 60 to 90 days (2007: 90 days).

32 AMOUNTS DUE FROM SUBSIDIARIES

	<u>Company</u>	
	<u>2008</u>	<u>2007</u>
	RM'000	RM'000
Amounts due from subsidiaries	<u>443,352</u>	<u>471,587</u>

The amounts due from subsidiaries are denominated in Ringgit Malaysia, unsecured, interest free and have no fixed terms of repayment. Included in amounts due from subsidiaries is a loan denominated in Ringgit Malaysia of RM Nil (2007: RM99 million) which bears interest at Nil% (2007: 5.00%) per annum.

33 DEPOSITS, CASH AND BANK BALANCES

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	<u>39,961</u>	<u>53,923</u>	<u>5,719</u>	<u>12,724</u>
Deposits with licensed financial institutions:				
- Deposits with licensed banks	7,887	30,259	977	959
- Deposits with licensed finance companies	1,048	1,016	-	-
- Deposits with discount houses	2,187	43,160	96	21,122
	<u>11,122</u>	<u>74,435</u>	<u>1,073</u>	<u>22,081</u>
Deposits, cash and bank balances (Note 35)	<u>51,083</u>	<u>128,358</u>	<u>6,792</u>	<u>34,805</u>

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33 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The currency exposure profile of deposits, cash and bank balances is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	50,621	128,358	6,792	34,805
Cedi	462	-	-	-
	<u>51,083</u>	<u>128,358</u>	<u>6,792</u>	<u>34,805</u>

During the financial year, the interest rates for the deposits ranged from 3.00% to 3.70% (2007: 3.00% to 3.70%) per annum for the Group and for the Company. As at 31 December 2008, the effective interest rates for the deposits ranged from 3.00% to 3.70% (2007: 3.00% to 3.70%) per annum for the Group and for the Company.

Fixed deposits with licensed financial institutions have a maturity period ranging between 30 days to 365 days (2007: 30 days to 365 days).

Bank balances are deposits held at call with banks and earn no interest.

34 AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate is denominated in Ringgit Malaysia, unsecured, interest free and has no fixed terms of repayment.

35 CASH AND CASH EQUIVALENTS

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Deposits, cash and bank balances (Note 33)	51,083	128,358	6,792	34,805
Cash from subsidiary acquired exclusively for sale	82			
Less:				
Restricted deposits:				
- Deposits with a licensed bank	(5,412)	(25)	-	-
- Deposits with a licensed finance company	-	(1,016)	-	-
	<u>45,753</u>	<u>127,317</u>	<u>6,792</u>	<u>34,805</u>
Less: Bank overdrafts (Note 18)	(1,674)	(705)	-	-
	<u>44,079</u>	<u>126,612</u>	<u>6,792</u>	<u>34,805</u>

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35 CASH AND CASH EQUIVALENTS (CONTINUED)

Bank balances at the end of the financial year include the following deposits which are not available for use by the Group and the Company:

- (a) Deposits with a licensed bank, amounting to RM5,412,352 (2007: RM25,000), which have been placed with the licensed bank for bank guarantee facilities extended to the Group;
- (b) Deposits with a licensed finance company, amounting to RM Nil (2007: RM1,016,103), which have been placed with a licensed finance company pending the completion of the installation of certain equipment of the Group.

36 ACQUISITION AND INCORPORATION OF SUBSIDIARIES

During the financial year, the Group acquired/incorporated the following companies:

- (a) Lazim Juta Sdn Bhd ("LJSB")

On 16 April 2008, the Company had acquired 2 ordinary shares of RM1.00 each in LJSB representing 100% of the issued and paid-up share capital of LJSB. LJSB is currently dormant.

- (b) Star Crest Sdn Bhd ("SCSB")

On 2 September 2008, the Company had acquired 2 ordinary shares of RM1.00 each in SC representing 100% of the issued and paid-up share capital of SCSB. SCSB is currently dormant.

- (c) MPB Primedia Inc.

On 25 March 2008, MPB Primedia was incorporated as a subsidiary of mmStudios Sdn Bhd, for the purpose of setting up a Media Fund in Philippines, details of which are disclosed in Note 43 of the financial statements.

- (d) Strategic Media Assets Management Co. Ltd.

On 21 April 2008, a new offshore subsidiary of LJSB, Strategic Media Assets Management Co. Ltd. was incorporated under the Offshore Companies Act 1990 with a paid up capital of USD100.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

37 CASH FLOWS GENERATED FROM OPERATIONS

	<u>Group</u>		<u>Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial year from:				
Continuing operations	117,703	117,440	56,639	93,080
Subsidiary acquired exclusively for sale	(45,257)	-	-	-
	<u>72,446</u>	<u>117,440</u>	<u>56,639</u>	<u>93,080</u>
Adjustments for:				
Programmes, film rights and album production cost				
- Amortisation	208,103	179,650	-	-
- Write off	1,489	44	-	-
Prepaid expenditure written off	284	284	-	-
Property, plant and equipment				
- Depreciation	39,107	37,639	51	7
- Gain on disposals	279	(199)	-	-
- Write off	678	305	-	-
Investment properties				
- Depreciation	271	274	-	-
- (Gain)/loss on disposal	(3,730)	83	-	-
Amortisation of prepaid lease rentals	334	827	-	-
Amortisation of intangibles	6,710	6,823	-	-
Impairment losses/(write back) of impairment losses on assets	132	(4,278)	-	-
Interest expenses	20,308	24,209	18,318	15,972
Amortisation of transaction fees – UREB	-	1,238	-	1,238
Allowance for diminution in value/(reversal of) allowance for diminution in value of quoted investments	1,163	(912)	-	-
Net unrealised exchange loss/(gain)	34	(547)	-	-
Share of results of an associate	(20,529)	(14,044)	-	-
Dividend income	(146)	(53)	(97,940)	(146,494)
Interest income	(1,493)	(2,338)	(115)	(6,327)
Taxation	41,561	31,655	25,597	37,936
Options granted during the year	-	1,266	-	71
Allowance for doubtful debts	4,010	-	-	-
Bad debts written off	1,422	-	-	-
Amortisation of BGMTN transaction cost	1,639	-	1,639	-
Loss on disposal of investment	38	-	-	-
	<u>374,110</u>	<u>379,366</u>	<u>4,189</u>	<u>(4,517)</u>
Changes in working capital:				
Inventories	404	865	-	-
Receivables	(33,538)	(54,619)	(6,498)	(1,998)
Payables	(222,492)	(176,150)	11,708	42,831
Subsidiaries	-	-	28,236	(123,200)
Associates	(3,803)	5,999	-	-
Cash flows generated from/(used in) operations	<u>114,681</u>	<u>155,461</u>	<u>37,635</u>	<u>(86,884)</u>

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

38 SIGNIFICANT NON-CASH TRANSACTIONS

The significant non-cash transactions during the financial year are as follows:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
Property, plant and equipment obtained through:		
- contra arrangements with customers	3,573	1,704
- hire-purchase arrangements	11,544	2,253
	<u>15,117</u>	<u>3,957</u>

39 SIGNIFICANT RELATED PARTY TRANSACTIONS

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 directors (executive/non-executive) of the Company and includes senior management.

Key management compensation is as follows:

	<u>2008</u>	<u>Group</u> <u>2007</u>	<u>2008</u>	<u>Company</u> <u>2007</u>
	RM'000	RM'000	RM'000	RM'000
Key management:				
- Fees	525	490	290	272
- Basic salaries and bonus	7,727	5,276	2,636	1,961
- Allowance	1,074	1,496	435	732
- Defined contribution retirement plan	1,360	1,031	484	396
	<u>10,686</u>	<u>8,293</u>	<u>3,845</u>	<u>3,361</u>
Estimated monetary value of benefits-in-kind	<u>252</u>	<u>248</u>	<u>88</u>	<u>16</u>

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel of the Group and of the Company have been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (see Note 10) as follows:

			Number of options over ordinary shares of RM1.00 each			
<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price RM/share</u>	<u>At 1 January 2008 '000</u>	<u>Granted '000</u>	<u>Exercised '000</u>	<u>At 31 December 2008 '000</u>
<u>Financial year ended 31 December 2008</u>						
11 January 2005	10 January 2010	1.55	820	-	-	820
14 December 2005	10 January 2010	1.46	450	-	-	450
			<u>1,270</u>	<u>-</u>	<u>-</u>	<u>1,270</u>

			Number of options over ordinary shares of RM1.00 each			
<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price RM/share</u>	<u>At 1 January 2007 '000</u>	<u>Granted '000</u>	<u>Exercised '000</u>	<u>At 31 December 2007 '000</u>
<u>Financial year ended 31 December 2007</u>						
11 January 2005	10 January 2010	1.55	2,210	-	(1,390)	820
14 December 2005	10 January 2010	1.46	2,180	-	(1,730)	450
			<u>4,390</u>	<u>-</u>	<u>(3,120)</u>	<u>1,270</u>

Included in the key management compensation is Directors' remuneration as disclosed in Note 6 to the financial statements.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions which were carried out on terms and conditions attainable in transactions with unrelated parties.

<u>Name of company</u>	<u>Relationship</u>		
The New Straits Times Press (Malaysia) Berhad ("NSTP")	An associate of the Company		
Sistem Televisyen Malaysia Berhad	A subsidiary of the Company		
Metropolitan TV Sdn Bhd	A subsidiary of the Company		
Natseven TV Sdn Bhd	A subsidiary of the Company		
Ch-9 Media Sdn Bhd	A subsidiary of the Company		
Big Tree Outdoor Sdn Bhd	A subsidiary of the Company		
UPD Sdn. Bhd.	A subsidiary of the Company		
		<u>Company</u>	
		<u>2008</u>	<u>2007</u>
		RM'000	RM'000
(a) Fees receivable in relation to provision of procurement services to:			
- Sistem Televisyen Malaysia Berhad		5,560	5,109
- Metropolitan TV Sdn Bhd		2,353	2,126
- Natseven TV Sdn Bhd		1,540	1,497
- Ch-9 Media Sdn Bhd		1,412	1,988
(b) Interest receivable in relation to advances given to:			
- Sistem Televisyen Malaysia Berhad		-	4,950
(c) Dividends received/receivable net of tax from:			
- Sistem Televisyen Malaysia Berhad		47,808	80,366
- Big Tree Outdoor Sdn Bhd		15,000	19,710
- NSTP		5,568	6,864
- UPD Sdn. Bhd.		4,100	-
(d) Loan due from			
- Sistem Televisyen Malaysia Berhad		-	99,000

The Group and its associate, NSTP, have an arrangement whereby all sales and placement of advertisements between the two Groups of entities are made in slots/space usually reserved for in-house advertisements and promotions. The fair values of these sales and placement of advertisements are not material in relation to the financial statements.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

40 COMMITMENTS

(a) Capital commitments

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
Capital commitments, approved but not contracted for		
- Property, plant and equipment	55,103	50,445
- Programmes and film rights	289,103	193,553
	<u>344,206</u>	<u>243,998</u>
Share of an associate's capital commitments	<u>14,315</u>	<u>25,228</u>

(b) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	<u>2008</u>	<u>Group</u> <u>2007</u>
	RM'000	RM'000
- Not later than 1 year	10,994	11,100
- Later than 1 year and not later than 5 years	9,217	19,032
- Later than 5 years	-	1,164
	<u>20,211</u>	<u>31,296</u>

The operating lease commitments relate to the rental of the Company's registered office and principal place of business and offices leased by subsidiary companies.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

41 CONTINGENT LIABILITIES

(a) Material litigation

- (i) A claim of RM100 million (2007: RM100 million) for defamation action was brought against STMB for words mentioned and visual broadcasting during its news programme in 1998. The High Court on 28 June 2007, dismissed the Plaintiff's claim. The Plaintiff appealed, which is now pending. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
- (ii) A claim of RM24 million (2007: RM24 million) for an alleged breach of contract for the marketing of STMB's Tamil belt programme was brought against STMB in 2002. The parties have settled the matter out of court upon mutually agreed terms in 2008.
- (iii) Three claims totalling RM270 million (2007: RM270 million) for defamation action was brought against STMB for visual images and statements made during its news programme broadcasted in 2007. The Directors are of the opinion, based on legal advice, that the claims have no merit and are unlikely to succeed.
- (iv) A claim of RM100 million (2007: RM100 million) for defamation action was brought against a subsidiary, ntv7, for visual images and statements made during its programme in 2004. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
- (v) Two new claims totalling RM11 million for defamation brought against a subsidiary, STMB for words mentioned during its news programme and other programme broadcasted in 2008. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
- (b) The Group is a defendant in various other legal actions with contingent liabilities amounting to approximately RM13 million (2007: RM3.6 million). The Directors are of the opinion, after taking appropriate legal advice, that the outcome of such actions will not give rise to any significant loss.
- (c) In June 2008, Inland Revenue Board issued Notices of Assessment (NA) under Section 90(3) of the Act for Year of Assessments (YA) 2004 to 2006 in respect of a subsidiary, Synchrosound Studio Sdn Bhd, the total tax liability for these YAs amounting to RM13.3 million in total. The Directors are of the opinion that the amounts raised in the NA is excessive following detailed submission sent.
- (d) There are several libel suits which involve claims against NSTP, an associate, of which the outcome and compensation, if any, are not determinable. No provision has been made in the financial statements of the associate as at 31 December 2008 as the Directors of the associate are of the opinion that the claims have no merit. The Directors of the associate do not expect the outcome of these claims to have a material impact on the financial position of the associate.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

42 SEGMENTAL ANALYSIS

(a) Primary reporting format – business segment

The Group operates primarily within one business segment, namely commercial television broadcasting and related services.

Other operations of the Group consist of the activities set out in Note 1 to the financial statements, none of which are of a sufficient size to be reported separately.

(b) Secondary reporting format – geographical segment

The Group operates in two main geographical areas as shown below:

	Revenue RM'000	Losses from subsidiary acquired exclusively for sale RM'000	Capital expenditure RM'000	Total segment assets* RM'000
<u>2008</u>				
Malaysia	754,820	-	49,084	1,062,388
Republic of Ghana	26,470	-	2,181	36,693
Philippines	-	(45,257)	-	42,402
	<u>781,290</u>	<u>(45,257)</u>	<u>51,265</u>	<u>1,141,483</u>
<u>2007</u>				
Malaysia	666,958	-	35,046	1,186,778
Republic of Ghana	23,238	-	8,655	27,988
	<u>690,196</u>	<u>-</u>	<u>43,701</u>	<u>1,214,766</u>

* Excludes deferred tax assets and tax recoverable

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

43 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 25 March 2008, the Company announced the intention of the setting up of a Media Fund ("the Fund"). The Fund, with an expected size of USD100 million, is being established for the purpose of making private equity investment in the media sector within the ASEAN emerging markets including Indonesia, the Philippines, Vietnam and Malaysia. The initial financial close of the Fund is expected to take place by the end of the second quarter of 2009.

Pursuant to the announcement, on the same day, mmStudios Sdn Bhd (formerly known as Newslink Asia Sdn Bhd) ("MSSB"), the Company's wholly owned subsidiary entered into a Shareholders' Agreement with SBC Markwendell, Inc ("SBC") and MPB Primedia, Inc. ("MPI") for the subscription by both MSSB and SBC of their respective portions of common shares in MPI, whereby MSSB will hold 70% of the issued and paid up capital of MPI and SBC the balance 30%.

Pending the setting up of the Fund, MSSB and MPI have entered into a Shareholders' Agreement as described above, with the intention that the Shareholders' Agreement be novated and/or MSSB interest in MPI be transferred to the Fund after the Fund has been set up.

As the investment in MPI is intended to be held temporarily and is anticipated to be transferred to the Fund within the next twelve months, under FRS5 "Non-Current Assets Held For Sale", this investment is classified as "subsidiary acquired exclusively for sale". Consequently, the losses arising from MPI's share of the losses is included in the results of the Group:

	RM'000
MPI's losses for the period ended 31 December 2008	45,257
Minority interests (SBC)	(13,577)
	<hr/>
The Group's share of losses	31,680
	<hr/>

SBC has given an undertaking and commitment that the losses incurred by MPI for the period ended 31 December 2008 to the extent of their thirty percent (30%) shareholding will be borne by SBC and that they are able to provide the additional investment to cover these losses.

44 MATERIAL EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company had on 29 September 2008 entered into a conditional share sale agreement with Zulkifli Bin Amin Noordin to acquire 80% of the issued and paid-up share capital of Radio Wanita Sdn Bhd, which is principally engaged in the operation of a radio broadcasting station for a cash consideration of RM12.2 million (subject to deduction of agreed liabilities). The acquisition was completed on 19 January 2009.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

45 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is assumed to be the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Quoted market prices, when available, are used as a measure of fair values. However, for a significant portion of the Group's and Company's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented are estimates derived using the net present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

The carrying values of financial assets and financial liabilities of the Group and the Company at the balance sheet date approximated their fair values, except as set out below:

	<u>2008</u>		<u>2007</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Group</u>				
Investments				
- Quoted shares ^	114	84	164	190
- Quoted property and unit trusts ^	2,121	2,121	3,234	3,235
Irredeemable convertible unsecured loan stocks ^	-	-	9,275	15,488
Bank guaranteed medium term notes *	163,990	170,000	162,351	170,000
Term loans (unsecured) (non-current) *	49,589	51,974	56,865	63,815
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Company</u>				
Irredeemable convertible unsecured loan stocks ^	-	-	9,275	15,488
Bank guaranteed medium term notes *	163,990	170,000	162,351	170,000
Term loans (unsecured) (non-current) *	49,000	51,241	56,000	62,949
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

^ The fair value of these financial instruments has been estimated using quoted market prices at balance sheet date.

* 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.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

46 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including:

- foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates
- fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates
- 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
- 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
- credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss
- 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 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.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency exchange risk

The Group operates internationally and is exposed to currency risk as a result of the foreign currency transactions entered into by companies in currencies other than their functional currency.

The exposure of the Group to currency fluctuations of Ringgit Malaysia to the US Dollar is constantly monitored by management. The exposure of the Group to other currency fluctuations are minimal.

(b) Fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debt.

(c) Price risk

For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into physical supply agreements, where necessary, to achieve these levels.

(d) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

The Group has no significant concentrations of credit risk except that the majority of its deposits are placed with major financial institutions in Malaysia.

The Group trades with a large number of customers who are nationally and internationally dispersed but within the commercial television and radio broadcasting industry. Due to these factors, management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

(e) Liquidity risk and cash flow interest rate risk

The Group manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding requirements are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

47 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 18 March 2009.

MEDIA PRIMA BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Dato' Abdul Mutalib bin Datuk Seri Mohamed Razak and Abdul Rahman Ahmad, 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 65 to 153 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 March 2009



DATO' ABDUL MUTALIB BIN
DATUK SERI MOHAMED RAZAK
CHAIRMAN



ABDUL RAHMAN AHMAD
GROUP MANAGING DIRECTOR

STATUTORY DECLARATION
PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, Amil Izham Hamzah, 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 65 to 153 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.



AMIL IZHAM HAMZAH

Subscribed and solemnly declared by the above named Amil Izham Hamzah, at Petaling Jaya, Malaysia on 18 March 2009, before me.

COMMISSIONER FOR OATHS





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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDIA PRIMA BERHAD

(Incorporated in Malaysia)

(Company No: 532975 A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Media Prima Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 65 to 153.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the financial year then ended.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MEDIA PRIMA BERHAD (CONTINUED)**
(Incorporated in Malaysia)
(Company No: 532975 A)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 25 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A stylized, handwritten signature of PricewaterhouseCoopers in black ink.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A stylized, handwritten signature of Thayaparan A/L S. Sangarapillai in black ink.

THAYAPARAN A/L S. SANGARAPILLAI
(No. 2085/09/10 (J))
Chartered Accountant

Kuala Lumpur
18 March 2009

UNAUDITED RESULTS OF MPB FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2009


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

FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2009

The Board of Directors of Media Prima Berhad ("MPB or Company") is pleased to announce the unaudited results of the Group for the second quarter ended 30 June 2009.

This interim report is prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the "Bursa Malaysia Securities Berhad" (BMSB) Listing Requirements, and should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2008.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	NOTE	CURRENT	PRECEDING	CURRENT	PRECEDING
		30.06.2009	30.06.2008	30.06.2009	30.06.2008
		RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>					
Revenue		178,002	198,542	319,179	358,128
Operating expenses	A8	(155,166)	(165,580)	(300,156)	(307,792)
Other operating income		2,379	4,610	3,708	8,512
Profit from operations		25,215	37,572	22,731	58,848
Finance costs		(5,858)	(4,906)	(11,471)	(9,403)
Share of associate		4,580	4,748	3,318	10,454
Profit before tax		23,937	37,414	14,578	59,899
Taxation	B1	(5,976)	(6,698)	(6,548)	(12,119)
Net profit for the period from continuing operations		17,961	30,716	8,030	47,780
<u>Subsidiary Held for Sale</u>					
Losses from a subsidiary acquired exclusively for sale	A4	(13,578)	-	(32,578)	-
Net profit / (loss) for the period		4,383	30,716	(24,548)	47,780
Minority interests attributable to subsidiary acquired exclusively for sale		4,073	-	9,773	-
Net profit / (loss) attributable to equity holders of the Company		8,456	30,716	(14,775)	47,780
Earnings per share					
Before share of losses from a subsidiary acquired exclusively for sale					
- Basic	B13	2.10	3.61	0.94	5.62
- Diluted	B13	2.10	3.58	0.94	5.57
After share of losses from a subsidiary acquired exclusively for sale					
- Basic	B13	0.99	3.61	(1.73)	5.62
- Diluted	B13	0.99	3.58	(1.73)	5.57

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2008.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	NOTE	AS AT 30.06.2009 RM'000	AS AT 31.12.2008 RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment		219,903	212,553
Investment properties		13,538	13,682
Other investments		2,393	2,393
Associates		345,120	347,444
Prepaid expenditure		2,783	2,622
Intangible assets		194,163	179,084
Deferred tax assets		19,375	19,445
Prepaid lease rentals		9,137	9,162
		<u>806,412</u>	<u>786,385</u>
Current Assets			
Inventories		67	35
Receivables, deposits and prepayments		242,815	281,023
Tax recoverable		4,101	3,814
Deposits, bank and cash balances		<u>55,262</u>	<u>51,083</u>
		302,245	335,955
Assets of subsidiary acquired exclusively for sale		<u>50,614</u>	<u>42,402</u>
		<u>352,859</u>	<u>378,357</u>
TOTAL ASSETS		<u>1,159,271</u>	<u>1,164,742</u>
LIABILITIES AND EQUITY			
Non Current Liabilities			
Payables and borrowings	B5	338,786	229,114
Deferred tax liabilities		<u>19,716</u>	<u>20,007</u>
		<u>358,502</u>	<u>249,121</u>
Current Liabilities			
Payables and borrowings	B5	272,030	349,142
Taxation		<u>7,120</u>	<u>18,283</u>
		279,150	367,425
Liabilities of subsidiary acquired exclusively for sale		<u>12,820</u>	<u>8,427</u>
		<u>291,970</u>	<u>375,852</u>
TOTAL LIABILITIES		<u>650,472</u>	<u>624,973</u>
Equity and Reserves			
Share capital		853,811	853,811
Reserves		<u>(323,219)</u>	<u>(302,509)</u>
Equity attributable to equity holders of the Company		530,592	551,302
Minority interests		<u>(21,793)</u>	<u>(11,533)</u>
Total equity		<u>508,799</u>	<u>539,769</u>
TOTAL LIABILITIES AND EQUITY		<u>1,159,271</u>	<u>1,164,742</u>
Net Assets per share (sen)		62.14	64.57

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2008.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2009

	← Atributable to Equity Holders of the Company →						
	Issued and fully paid ordinary shares of RM1 each		Non – distributable Revaluation				Total equity RM'000
	Number of shares '000	Nominal Value RM'000	Share Premium RM'000	and other reserves RM'000	Accumulated losses RM'000	Total RM'000	
2009:							
At 1 January 2009	853,811	853,811	188,118	33,900	(524,527)	551,302	539,769
Currency translation differences recognised directly in equity	-	-	-	(5,935)	-	(5,935)	(5,905)
Acquisition of a new subsidiary	-	-	-	-	-	-	-
Net profit for the financial period from continuing operations	-	-	-	-	8,030	8,030	8,030
Losses from a subsidiary acquired exclusively for sale	-	-	-	-	(22,805)	(22,805)	(32,578)
At 30 June 2009	853,811	853,811	188,118	27,965	(539,302)	530,592	508,799
2008:							
At 1 January 2008	842,183	842,183	183,250	30,132	(495,952)	559,613	561,535
Conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	2,016	2,016	1,008	-	-	3,024	3,024
Exercise of warrants	2,344	2,344	469	(234)	-	2,579	2,579
Exercise of Employee Share Option Scheme ("ESOS")	607	607	243	-	-	850	850
Dividend paid	-	-	-	-	(56,298)	(56,298)	(56,298)
Net profit for the financial period	-	-	-	-	47,780	47,780	47,780
At 30 June 2008	847,150	847,150	184,970	29,898	(504,470)	557,548	559,470

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2008.

UNAUDITED CONDENSED CASH FLOW STATEMENT

	NOTE	FOR THE PERIOD ENDED 30.06.2009 RM'000	FOR THE PERIOD ENDED 30.06.2008 RM'000
Cash flow from operating activities			
Receipts from customers		385,552	405,372
Payments to employees and suppliers of goods and services		(314,460)	(351,088)
Income tax paid		(19,276)	(19,597)
		<hr/>	<hr/>
Net cash inflow / (outflow) arising from operating activities:			
- Continuing operation		51,816	34,687
- Subsidiary acquired exclusively for sale		(37,533)	-
<i>Net cash flow from operating activities</i>		<hr/>	<hr/>
		14,283	34,687
Cash flow from investing activities			
Purchase of property, plant & equipment		(24,907)	(29,637)
Part proceeds from disposal of property reclassified as asset held for sale		-	54,000
Part payment of purchase consideration and settlement of advances for subsidiaries		(8,487)	(16,500)
Payment to scheme creditors		-	(5,625)
Interests received		133	852
Dividend received		5,690	5,567
Proceeds from disposal of property, plant and equipment		-	2,937
		<hr/>	<hr/>
Net cash (outflow) / inflow arising from investing activities:			
- Continuing operation		(27,571)	11,594
- Subsidiary acquired exclusively for sale		(653)	(32,904)
<i>Net cash flow from investing activities</i>		<hr/>	<hr/>
		(28,224)	(21,310)
Cash flow from financing activities			
Proceeds from issuance of shares		-	3,428
Repayments of hire purchase		(3,395)	(1,499)
Interests paid		(10,079)	(8,283)
Drawdown of term loan		100,000	-
Repayments of term loan		(7,837)	(1,255)
Decrease / (increase) in restricted fixed deposits		2,222	(5,927)
Dividend paid		-	(56,297)
Drawdown of Commercial Papers ("CP")		43,000	-
Repayment of CP		(100,000)	-
		<hr/>	<hr/>
<i>Net cash flow from financing activities arising from continuing operations</i>		<hr/>	<hr/>
		23,911	(69,833)
Net Increase/(decrease) in cash & cash equivalents		9,970	(56,456)
Foreign exchange differences on opening balances		(3,034)	-
Cash and cash equivalents at beginning of period		<hr/>	<hr/>
		44,079	126,612
Cash and cash equivalents at end of period	A12	<hr/>	<hr/>
		51,015	70,156

The unaudited Condensed Cash Flow Statement should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2008.

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

FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2009

NOTES TO THE FINANCIAL RESULTS

A1. BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Group have been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the "Bursa Malaysia Securities Berhad" (BMSB) Listing Requirements, and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2008.

The accounting policies, method of computation and basis of consolidation applied in the unaudited condensed interim financial statements are consistent with those used for the annual audited financial statements for the financial year ended 31 December 2008 except for the adoption of the following new standards and amendments to published standards that are effective for the financial periods beginning 1 January 2009 or later periods:

- FRS 7 "Financial Instruments: Disclosures" (effective for accounting period beginning on or after 1 January 2010). This standard removes duplicative disclosures and simplified the disclosures on concentrations of risk, credit risk, liquidity risk and market risk in IAS 32.
- FRS 8 "Operating Segments" (effective for accounting period beginning on or after 1 July 2009). This standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers.
- FRS 139 "Financial Instruments: Recognition and Measurement" (effective for accounting periods beginning on or after 1 January 2010). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is only permitted only under strict circumstances.

The Group will apply the above standards and amendments to the published standards when it becomes effective. With the exception of FRS 139, the application of the above standards and amendments to published standards is not expected to result in any significant impact on the financial results and financial position of the Group in the year of initial application. As allowed under the transitional provision of FRS 139, the Group is exempted from having to disclose the possible impact of the application of this standard on the financial statements of the Group in the year of initial application.

There were no other changes in estimates that have had a material effect on the current quarter results.

The results of Media Prima Berhad's ("MPB") associated company, The New Straits Times Press (Malaysia) Berhad ("NSTP"), have been equity accounted.

A2. AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 December 2008 were not subject to any qualification.

A3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The business of the Group is not subject to material seasonal or cyclical fluctuations.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASHFLOWS**Subsidiary acquired exclusively for sale**

On 25 March 2008, mm Studios Sdn Bhd (formerly known as Newslink Asia Sdn Bhd) ("MSSB"), MPB's wholly owned subsidiary entered into a Shareholders' Agreement with SBC Markwendell, Inc ("SBC") and MPB Primedia, Inc. ("MPI") for the subscription by both MSSB and SBC of their respective portions of common shares in MPI, whereby MSSB will hold 70% of the issued and paid up capital of MPI and SBC the balance 30%.

This investment represents the intended seed asset for the private-equity media fund ("the Fund") to be set-up by MPB as part of its regional strategy as disclosed in note B4.

Pending the setting up of the Fund, MSSB and MPI have entered into a Shareholders' Agreement as described above, with the intention that the Shareholders' Agreement be novated and/or MSSB interest in MPI be transferred to the Fund after the Fund has been set up.

On the basis that the investment in MPI is intended to be held temporarily and is anticipated to be transferred to the Fund within the next twelve months, under FRS5 "Non-Current Assets Held For Sale", this investment is classified as "subsidiary acquired exclusively for sale". Consequently, the losses arising from MPB's share of the losses is included in the results of the Group:

	RM'000
MPI's losses for the period ended 30 June 2009	32,578
Minority Interests (SBC)	(9,773)
MPB's share of losses	<u>22,805</u>

A5. MATERIAL CHANGE IN ESTIMATES

There was no material change in accounting estimates used in the preparation of the financial statements in the current financial quarter as compared to the previous financial quarters or previous financial year.

A6. DIVIDENDS PAID

On 28 July 2009, the Company paid a final dividend in respect of the financial year ended 31 December 2008 of 6.7 sen per share on 853,811,042 ordinary shares less income tax of 25%, amounting to RM42.9 million to shareholders registered on the Company's Register of Members at the close of business on 30 June 2009.

A7. SEGMENTAL REPORTING

The Group is organised on a worldwide basis based on three geographical locations:

- ◊ Malaysia
- ◊ Republic of Ghana
- ◊ Philippines

Analysis by geographical location is as follows:

	REVENUE ¹	PROFIT / (LOSS)	LOSSES FROM SUBSIDIARY ACQUIRED EXCLUSIVELY FOR	TOTAL ASSETS ²
	30.06.2009	BEFORE TAX 30.06.2009	SALE 30.06.2009	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Malaysia	309,430	15,555	-	1,053,709
Republic of Ghana	9,749	(977)	-	31,472
Philippines	-	-	(32,578)	50,614
	<u>319,179</u>	<u>14,578</u>	<u>(32,578)</u>	<u>1,135,795</u>

	REVENUE ¹	PROFIT	LOSSES FROM SUBSIDIARY ACQUIRED EXCLUSIVELY FOR	TOTAL ASSETS ²
	30.06.2008	BEFORE TAX 30.06.2008	SALE 30.06.2008	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Malaysia	347,037	58,033	-	1,120,763
Republic of Ghana	11,091	1,866	-	32,918
	<u>358,128</u>	<u>59,899</u>	<u>-</u>	<u>1,153,681</u>

¹ Advertising revenue

² Excludes deferred tax assets and tax recoverable

The Group operates primarily within one industry, being electronic and print media.

A8. OPERATING EXPENSES

Included within operating expenses for the period under review are depreciation and amortisation charges of RM23.74 million (2008: RM20.2 million).

A9. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT

The group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There were no changes to valuation of property, plant and equipment brought forward from the previous financial year.

A10. CONTINGENT LIABILITIES

As at the date of this report, the following is the additional Group contingent liability since the last quarter announcement:

- One new claim for an unspecified amount of damages for defamation brought against a subsidiary, Sistem Televisyen Malaysia Berhad ("TV3") for words mentioned during its television programme in 2008.

The Directors are of the opinion, based on legal advice, that the claims lack merit and are unlikely to succeed.

A11. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 30 June 2009 are as follows:

	RM'000
Approved but not contracted:	
- Property, plant & equipment	<u>30,196</u>

A12. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	As at 30.6.2009 RM'000	As at 30.6.2008 RM'000
Cash and bank balances	29,273	56,121
Deposits with licensed financial institutions:		
Deposits with licensed banks	22,756	14,386
Deposits with finance companies	1,076	-
Deposits with licensed discount houses	2,157	8,259
	<u>25,989</u>	<u>22,645</u>
Deposits, cash and bank balances	55,262	78,766
Cash from subsidiary acquired exclusively for sale	580	-
Less:		
Bank Overdraft	<u>(1,637)</u>	<u>(1,642)</u>
Less:		
Restricted deposits:		
Deposits with licensed banks	<u>(3,190)</u>	<u>(6,968)</u>
Cash and cash equivalents	<u>51,015</u>	<u>70,156</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	30.06.2009	30.06.2008	30.06.2009	36.06.2008
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Current income tax:				
- Malaysian Tax	6,731	6,698	6,731	12,119
- Foreign Tax	-	-	-	-
Deferred tax	(1,095)	-	(523)	-
Under provision of taxation in prior year	340	-	340	-
	<u>5,976</u>	<u>6,698</u>	<u>6,548</u>	<u>12,119</u>

B2. SALE OF UNQUOTED INVESTMENT AND/OR PROPERTIES

There is no sale of unquoted investment or properties included in the financial period under review.

B3. QUOTED SECURITIES

- a. There are no purchases and disposals of quoted securities during the financial year.
- b. Investment in quoted securities is as follows:

	AS AT 30.06.2009 RM'000	AS AT 31.12.2008 RM'000
At cost	5,501	5,501
At carrying value	2,236	2,236
At market value	2,421	2,205

B4. STATUS OF CORPORATE PROPOSALS**Establishment of a Media Fund**

On 25 March 2008, MPB announced the intention of the setting up of a Media Fund ("the Fund"). The Fund, with an expected size of USD100 million, is being established for the purpose of making private equity investment in the media sector within the ASEAN emerging markets including Indonesia, the Philippines, Vietnam and Malaysia. The initial financial close of the Fund is aimed to take place by the end of the third quarter of 2009.

Should this does not materialise, MPB intends to find alternative strategic investor to take over the intended seed asset.

B5. PAYABLES AND BORROWINGS

The Group's payables and borrowings classified as short term and long term are as follows:

	30.06.2009 RM'000	31.12.2008 RM'000
Current		
Secured:		
- Term loans	-	845
Unsecured:		
- Term loans	-	14,000
- Commercial Papers	80,000	137,000
- Hire Purchase creditor	2,806	5,088
- Trade and other payables	187,587	186,253
- Bank overdrafts	1,637	1,674
- Amount due to an associated company	-	4,282
	272,030	348,297
	272,030	349,142
Non Current		
Unsecured:		
- Term loans	156,336	49,589
- Hire Purchase creditor	16,764	14,585
- Other payables	964	950
- Medium Term Notes	164,722	163,990
	338,786	229,114
Total payables and borrowings	610,816	578,256

Included in the Group's payables and borrowings is a term loan amounting to USD95,447 (RM335,829).

B6. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments issued by the Group as at the date of this report.

B7. MATERIAL LITIGATION

Apart from the material litigation disclosed under note A10, there is no other material litigation in the current quarter since the last announcement.

B8. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS

MPB Group performed significantly better during the second quarter of 2009, registering revenue of RM178.0 million, a 26% increase from the RM141.2 million registered in the first quarter of 2009. This is due to increased advertising spending given the improving business environment in Malaysia. The increase in revenue, coupled with stringent cost control measures and improved operational results in its associate company, NSTP, have enabled MPB Group to record Profit Before Taxation ("PBT") from continuing operations of RM23.9 million in the current quarter, compared to a loss of RM9.4 million in the first quarter 2009.

During the quarter, MPB has also booked its share of losses (net of minority interest) from its Philippines operations which amounts to RM9.5 million. This asset is expected to be transferred to the Fund upon the Fund's initial close as mentioned in notes A4 and B4. Even including the share of these losses, the Group returned to profitability by recording RM8.5 million net profit in the second quarter compared to losses of RM23.2 million for the first quarter.

B9. REVIEW OF PERFORMANCE

MPB Group's results and revenue activities are mainly driven by the performance of Television Networks, consisting of Sistem Televisyen Malaysia Berhad ("TV3"), Metropolitan TV Sdn Bhd ("8TV"), Natseven TV Sdn Bhd ("ntv7") and Ch-9 Media Sdn Bhd ("TV9"), Radio Networks comprising of Synchrosound Studio Sdn Bhd ("Hotfm"), Radio Wanita Sdn Bhd ("onefm") and Max-Airplay Sdn Bhd ("Flyfm"), the Outdoor Division comprising Big Tree Outdoor Sdn Bhd ("BTO"), UPD Sdn Bhd ("UPD") and The Right Channel Sdn Bhd ("TRC") and MPB's associate company, NSTP.

The revenue for the first half year declined by 11% due to lower advertising revenue especially in Television Networks given the difficult economic conditions although the decline in the second quarter has narrowed. On a positive note, the growth in Radio Networks' revenue, remained strong, increasing by 21% compared to same period last year.

Given the overall contraction in Group revenue by 11% and the nature of the media business being a relatively fixed costs business, the Group's net profit from continuing operations contracted by 83% to RM8.0 million in the current period against RM47.8 million in the previous corresponding period.

B10. CURRENT YEAR PROSPECTS

Despite signs of recovery, the media environment is expected to continue to be challenging due to the global economic uncertainty. The Group is, however, committed to maintaining its industry leadership position and its earnings through continued investment in quality programming and branding. Concurrently, the Group will continue to exercise prudent financial and risk management and is stepping up its cost management efforts.

Furthermore, the Group will also continuously look at investment opportunities to enhance its business activities and earnings potential. Accordingly the Board remains confident that the Group will continue to be operationally profitable for the current year.

B11. PROFIT FORECAST/PROFIT GUARANTEE

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

B12. DIVIDEND

The Directors do not recommend any dividend for the current financial period.

B13. EARNINGS PER SHARE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Profit/(loss) attributable to ordinary equity holders of the Company (RM'000):				
- Before share of losses from a subsidiary acquired exclusively for sale	17,961	30,716	8,030	47,780
- After share of losses from a subsidiary acquired exclusively for sale	8,456	30,716	(14,775)	47,780
Weighted average number of ordinary shares in issue adjusted with the potential ordinary shares of the mandatorily convertible instruments ('000)	853,811	850,172	853,811	850,172
Basic earnings per share (sen):				
- Before share of losses from a subsidiary acquired exclusively for sale	2.10	3.61	0.94	5.62
- After share of losses from a subsidiary acquired exclusively for sale	0.99	3.61	(1.73)	5.62
Profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	17,961	30,716	8,030	47,780
Elimination of interest expense on iCULS, net of tax effect (RM'000)	-	32	-	97
Net profit/(loss) used to determine diluted earnings per share (RM'000):				
- Before share of losses from a subsidiary acquired exclusively for sale	17,961	30,748	8,030	47,877
- After share of losses from a subsidiary acquired exclusively for sale	8,456	30,748	(14,775)	47,877
Weighted average number of ordinary shares in issue ('000)	853,811	850,172	853,811	850,172
Adjustments for Warrants	-	1,024	-	1,024
Adjustments for ESOS	-	8,750	-	8,750
	853,811	859,946	853,811	859,946
Diluted earnings per share (sen):				
- Before share of losses from a subsidiary acquired exclusively for sale	2.10	3.58	0.94	5.57
- After share of losses from a subsidiary acquired exclusively for sale	0.99	3.58	(1.73)	5.57

* The ESOS were not assumed to be exercised because they were antidilutive in the current period.

BY ORDER OF THE BOARD

ROSELINDA HASHIM (LS 0008976)
TAN SAY CHOON (MAICSA 7057849)
COMPANY SECRETARIES

Petaling
28 August 2009

DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

media prima

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28 October 2009

To: The Shareholders of Media Prima Berhad ("MPB")

Dear Sir/Madam,

On behalf of the Board of Directors of MPB, I report after due enquiries that during the period from 31 December 2008 (being the date to which the last audited accounts of MPB have been made up) to the date hereof, being a date not earlier than 14 days before the issue date of this Prospectus:

- (i) the business of MPB and its subsidiaries ("**MPB Group**") has, in the opinion of the Directors of MPB, been satisfactorily maintained;
- (ii) in the opinion of the Directors if MPB, no circumstance has arisen since the last audited financial statements of the MPB Group which has adversely affected the trading or the value of the assets of the MPB Group;
- (iii) the current assets of the MPB Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities by reason of any guarantees or indemnities given by the MPB Group;
- (v) since the last audited financial statements of the MPB Group, the Directors of MPB are not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the MPB Group;
- (vi) there have been no material changes in the published reserves or any unusual factors affecting the profits of the MPB Group since the last audited financial statements of the MPB Group; and
- (vii) as disclosed above and up to the date of this letter, no other reports are required in relation to items (i) to (vi) above.

Yours faithfully
for and on behalf of the Board of Directors of
MEDIA PRIMA BERHAD


DATO' AMRIN AWALUDDIN
Group Managing Director

FURTHER INFORMATION

1. SHARE CAPITAL

- (i) No Consideration Warrants will be allotted or issued on the basis of this Prospectus.
- (ii) There is only one class of shares in our Company, namely ordinary shares of RM1.00 each in MPB, which ranks equally with one another.
- (iii) Save as disclosed below, there is no other option to subscribe for any securities that has been granted or agreed to be granted, as at the LPD.
 - (a) As at the LPD, the Company has 7,198,800 ESOS Options outstanding which were granted to the Directors and eligible employees of MPB pursuant to MPB's employee share options scheme ("**ESOS Scheme**"). The ESOS Scheme was established on 11 January 2005 and will expire on 10 January 2010. The exercise prices of the ESOS Options are RM1.46, RM1.55 and RM2.23 per option.
 - (b) Pursuant to the Offer, the Proposed Bonus Issue and the Proposed Bonds with Detachable Warrants Issue, the Company may issue up to 99,242,751 MPB Warrants. Details of the MPB Warrants are set out in Section 2.3 of this Prospectus.

2. ARTICLES OF ASSOCIATION

The provisions in our Company's Articles of Association dealing with the remuneration of Directors are as follows (capitalised terms mentioned are as defined in our Company's Articles of Association):

Article 89 – Remuneration of Directors

- (a) The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for a proportion of fee related to the period during which he held office.
- (b) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.
- (c) Fee payable to Directors shall not be increased except pursuant to a resolution passed to a General Meeting where notice of the proposed increase has been given in the notice convening the General Meeting.

Article 92 – Remuneration for Extra Services

Any Director who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise (but not a commission on or percentage of turnover) as the Directors may determine. Any such extra remuneration payable to non-executive Directors shall be by way of a fixed sum or otherwise but shall not include a commission on or percentage of turnover of profits.

Article 97– Managing Directors’ Remuneration

A Director holding any such office as aforesaid shall receive such remuneration as the Directors may determine but shall not under any circumstances be remunerated by a commission on or a percentage of turnover of the Company.

3. MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiaries have entered into any material contracts (not being contracts in the ordinary course of business) within 2 years immediately preceding the LPD.

- (i) On 29 September 2008, MPB entered into a share purchase agreement with Zulkifli bin Amin Noordin for the purchase of 3,200,000 ordinary shares of RM1 each in One FM Radio for a cash consideration of RM12,160,000;
- (ii) On 19 January 2009, MPB entered into a shareholders’ agreement with Zulkifli bin Amin Noordin to regulate the structure and organisation of One FM Radio and the relationship of the parties as shareholders of One FM Radio;
- (iii) On 25 March 2008, mmStudios Sdn Bhd (“**mmStudios**”) (a wholly owned subsidiary of MPB) entered into a shareholders’ agreement with SBC Markwendell Inc. (“**SBC**”) and MPB Primedia, Inc. (“**Primedia**”):
 - (a) for the subscription of 25,196 shares in Primedia by mmStudios for a cash consideration of PHP2,519,600;
 - (b) the subscription of 16,798 shares in Primedia by SBC for a cash consideration of PHP1,679,800;
 - (c) to regulate the structure and organisation of Primedia; and
 - (d) to regulate the relationship of the parties as shareholders of Primedia.
- (iv) On 19 October 2009, mmStudios entered into a sale and purchase agreement with MediaQuest Holdings, Inc (“**MediaQuest**”) to:
 - (a) sell, assign, transfer and convey unto MediaQuest the shares in Primedia for the consideration sum PHP980,500; and
 - (b) sell, assign, transfer and convey unto MediaQuest the shareholder advances made directly and indirectly by mmStudios to Primedia in the aggregate principal amount of PHP1,725,826,160 as at 30 September 2009 for the consideration sum of USD15,979,000.

MediaQuest contemplates that it will satisfy the purchase price by remitting the respective amount of the consideration sum into the bank account designated by mmStudios.

4. MATERIAL LITIGATIONS

Save as disclosed below, as at the LPD, neither we nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business, and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect our financial position or business.

4.1 MPB or its subsidiaries as defendant

- (i) On 17 December 1997, Duta Galaksi Sdn Bhd (as plaintiff) initiated a suit against Animated & Production Techniques Sdn Bhd (“APT”), a subsidiary of MPB (as defendant), for the purported violation of the plaintiff’s rights as the sole and exclusive holder of the production and distribution rights of the music video for “A..R. Rahman Live in Concert” staged in Shah Alam. It was alleged that the defendant had, through the production of videos for local and worldwide distribution of the same, violated the said right.

The claim for damages is for RM4,084,050 plus interest.

On 21 March 2005, the plaintiff’s claim was struck out by the High Court of Malaysia (“High Court”). The plaintiff filed an application to reinstate the claim before the High Court. The High Court dismissed the plaintiff’s application for reinstatement and the plaintiff has appealed against this decision. The Board of APT has been advised by their solicitors that it is not possible to assess the probable outcome of the plaintiff’s appeal.

- (ii) On 2 January 2001, Badrul Zaman bin P.S. Md Zakariah (“BZ”) initiated a suit against Jabatan Penyiaran Radio dan Televisyen Malaysia, Datuk Aseh Che Mat, Kerajaan Malaysia and STMB (collectively as defendants) for alleged defamation in a television broadcast. BZ has alleged that a news report of two persons of Indian nationality and one of Bangladeshi nationality being detained in remand by the Immigration Department for fraudulently renewing passports and a visual of BZ walking and being handcuffed, affected his business and reputation.

The claim is for damages of RM100,000,000 against each of the defendants, aggravated damages, special damages and an injunction from repeating similar broadcasts and interest on judgment sum.

BZ’s claim has been dismissed with costs on 28 June 2007. On 27 July 2007, BZ appealed. BZ has filed the record of appeal and the chronology of events to proceed with the appeal. The Board of STMB has been advised by their solicitors that the defendants are likely to succeed in the appeal.

- (iii) On 26 December 2003, Ganad Media Sdn Bhd (“GMSB”) filed a claim against Metramac Corporation Sdn Bhd (“Metramac”) and Big Tree Outdoor Sdn Bhd (“BTO”) (collectively, the defendants). GMSB claims that it has obtained a Temporary Occupation License from the Petaling District Land Office for a piece of land identified as Plot A, Kilometer 14 Lebuhraya Kuala Lumpur/ Seremban 1600 KP (“Land”) and is alleging that Metramac and BTO, as defendants, have trespassed the said Land. GMSB further alleged that both the defendants obtained unjust enrichment by trespassing on the said Land. As a result of this, GMSB suffered losses. BTO has filed a defence and counter-claim, to which GMSB has filed its defence. Metramac has further filed an application to bring the Petaling Land Administrator as a third party and the said application was duly allowed by the High Court. The Petaling Land Administrator has filed its defence.

GMSB is claiming a declaration that it is entitled to uninterrupted possession of the said Land together with all its fixtures and fittings. GMSB further seeks declarations that the defendants have infringed the statutory right of GMSB pursuant to Section 68 of the National Land Code 1965 and trespassed into the said Land during the tenure of the temporary occupation license granted to GMSB.

GMSB is also seeking for an injunction to restrain Metramac and BTO, as defendants, from trespassing into the said Land and losses amounting to RM385,416.66. In the alternative, GMSB claims all profits and/or gains made by the defendants in the said Land.

The matter is now fixed for case management on 9 March 2010. The solicitors are of the opinion that BTO has a good and valid defence to oppose GMSB's claim.

- (iv) Koperasi Kakitangan Malaysia Airports Berhad ("**KKMAB**") filed a claim against STMB, Datuk Kamarul Zaman bin Haji Zainal and Puspavathy Ramaloo (collectively, the defendants). KKMAB initiated this suit against the defendants for allegedly falsely and maliciously broadcasting or causing to be broadcasted and published certain matters concerning KKMAB and KKMAB's profession, business, occupation and/or calling in relation to the KKMAB's conduct on the news bulletin known as "Buletin Utama" on diverse dates in March 2007. The news coverage was on the alleged misconduct of a developer of a housing project known as "Desa Gemilang" in Gombak.

KKMAB is claiming for damages of RM160,000,000 from the defendants including aggravated and/or exemplary damages.

The defendants served their defence on 9 May 2007 on KKMAB. On 15 June 2007, the defendants were served with KKMAB's reply to the defence. The matter is currently at case management stage and will proceed to trial. The solicitors of STMB are of the opinion that there are good prospects of succeeding on the defence, especially the defence of justification.

- (v) On 30 September 2007, Teras Gandingan Sdn Bhd ("**TGSB**") and Ismail Bin Abdullah ("**IBA**") filed a claim against YB Dato' Seri Dr Jamaluddin Bin Dato Haji Jarjis ("**Dato' Seri Jamaluddin**", as first defendant) and STMB (as second defendant). TGSB and IBA initiated this suit against the defendants for allegedly falsely and maliciously broadcasting or causing to be broadcasted and published certain matters concerning TGSB and IBA, and TGSB and IBA's profession, business, occupation and/or calling in relation to the TGSB and IBA's conduct on the news bulletin known as "Buletin Utama" on 28 October 2006. The news coverage related to the alleged misconduct of an appointed contractor to do renovation works on a mosque in the district of Rompin, Pahang.

TGSB and IBA are claiming damages of RM10,000,000 from the defendants including aggravated and/or exemplary damages. STMB filed its defence on 26 November 2007. On 20 April 2009, the court was informed that Dato' Seri Jamaluddin was in the midst of negotiating a settlement with TGSB and IBA's solicitors. The matter is at case management stage and next case management session is fixed for 8 April 2010. The Board of STMB has been advised by their solicitors that there are good prospects of succeeding on the second defendant's defence.

- (vi) On 3 December 2007, Tan Sri Dato' Seri Halim Bin Mohammad (as first plaintiff), Mariana Binti Halim, Hisham Bin Halim, Othman Bin Samat and HM Aerospace Sdn Bhd (as fifth plaintiff) (collectively, the plaintiffs) filed a claim against STMB. The plaintiffs initiated this suit against STMB for allegedly falsely and maliciously broadcasting or cause to be broadcasted and published certain matters concerning the plaintiffs and the plaintiff's profession, business, occupation and/or calling on the news bulletin known as "Buletin Utama" on 7 June 2007. The news coverage was in relation to a legal suit that was filed by a third party against the first plaintiff and the fifth plaintiff.

The plaintiffs are claiming damages of RM100,000,000 from STMB including aggravated damages. STMB filed its defence on 18 January 2008. On 21 October 2009, the parties attended court for case management and were directed to file their respective pleadings, common documents, witness statements and case summaries. The next case management session is fixed on 29 January 2010. The Board of STMB has been advised by their solicitors that there are fair prospects of succeeding on its defence.

- (vii) On 13 January 2009, Jurey Latiff Bin Mohd Rosli ("JL") filed a claim against STMB. JL initiated this suit against STMB for allegedly falsely and maliciously broadcasting or cause to be broadcasted and published certain matters concerning JL and JL's profession, business, occupation and/or calling on the television programme known as "Melodi" ("**Programme**") on 21 September 2008. The coverage was in relation to a segment where the host of the Programme reported to viewers the content of an email that he had received.

JL is claiming damages of RM10,000,000 from STMB including aggravated damages. STMB filed its defence on 10 February 2009. The matter is at case management stage and the next case management session is fixed on 16 November 2009. The Board of STMB has been advised by their solicitors that there are fair prospects of succeeding on its defence.

- (viii) On 28 November 2008, S. Manivelan A/L M Supramaniam (trading as VMS Puchong Metral Trading) ("**VMS**") filed a claim against Tenaga Nasional Berhad ("**TNB**") and STMB (collectively, defendants). VMS initiated this suit against the defendants for allegedly falsely and maliciously broadcasting or causing to be broadcasted and published certain matters concerning VMS and VMS' profession, business, occupation and/or calling on the documentary programme known as "999" on 1 March 2007. The coverage was in relation to a report that certain transformers belonging to TNB had been stolen and that suspects had been apprehended. However those apprehended were not named nor were they identified in any way.

VMS is claiming damages of RM5,000,000 from TNB and another RM5,000,000 from STMB including aggravated and exemplary damages. STMB has filed its defence together with an application to strike out VMS' claim. The hearing fixed for 7 October 2009 was adjourned to enable VMS to file a reply to the affidavit of STMB's legal manager, towards striking out the application. The parties are waiting for the court to determine the next hearing date. The Board of STMB has been advised by their solicitors that there are fair prospects of succeeding on its defence.

4.2 MPB or its subsidiaries as plaintiff

On 18 April 2005, a suit was initiated by UPD Sdn Bhd (“**UPD**”) against Kesas Sdn Bhd (“**Kesas**”) for a claim amounting to approximately RM59,180,000 for the unlawful termination of two (2) billboard advertising agreements dated 15 August 1998 and 1 November 1999 respectively (“**Advertising Agreements**”).

Kesas raised the defence that the Advertising Agreements were terminated as UPD was in breach of its obligations under the Advertising Agreements. Kesas counterclaimed against UPD for breach of contract on the basis that it was induced by UPD’s false, inaccurate and/or negligent representations and/or warranties to enter into the Advertising Agreements. Kesas claimed that these representations and/or warranties formed a collateral contract between Kesas and UPD. Kesas claimed that UPD’s failure to fulfil such representations and warranties constituted a breach of contract, causing it to suffer loss and damages. Kesas has requested damages on the counterclaim be assessed by the court.

The matter is now fixed for case management on 6 November 2009. The Board of UPD has been advised by their solicitors that there is a reasonable chance of success in respect of the claim and that Kesas’ chances of success on the counterclaim are questionable.

5. GENERAL

- (i) The nature of the business of our Company is set out in Section 1 of Appendix I of this Prospectus. Other than as disclosed in Section 5 of Appendix I, there are no corporations which are deemed to be related to our Company by virtue of Section 6 of the Act as at the LPD.
- (ii) The total estimated expenses of or in connection with the Offer (including the Warrants Listing) is approximately RM1.5 million, which will be borne by our Company.
- (iii) Save as disclosed in this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:
 - (a) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits;
 - (b) known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the liquidity of our Group increasing or decreasing in any material way;
 - (c) material commitments for capital expenditure of our Group;
 - (d) unusual, infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from our operations; or
 - (e) known trends or uncertainties that have had, or that our Group reasonably expects will have, a material favourable or unfavourable impact on revenues or operating income.
- (iv) There are no existing or proposed service contracts between our Group and our Directors and key management excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year from the date of this Prospectus.

6. CONSENTS

Our Principal Adviser, Solicitors for the Warrants Listing, Share Registrar, Company Secretary and Principal Banker have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references thereto in the form and context in which they appear in this Prospectus.

Messrs PricewaterhouseCoopers, our Auditors and Reporting Accountants, have given and have not subsequently withdrawn their written consent to the inclusion in this Prospectus of their name, the proforma consolidated balance sheets of MPB as at 31 December 2008 and the Reporting Accountants' Letter thereon, the Auditors' Report on the audited consolidated financial statements of MPB for the financial year ended 31 December 2008 and all references thereto, in the form and context in which they appear in this Prospectus.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our Registered Office at Sri Pentas, No 3, Persiaran Bandar Utama, Bandar Utama, 47800, Petaling, Selangor Darul Ehsan, Malaysia during office hours on Mondays to Fridays (except public holidays) for a period of 12 months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of our Company;
- (ii) the draft Deed Poll;
- (iii) Directors' Report as set out in Appendix V of this Prospectus;
- (iv) the material contracts referred to in Section 3 of Appendix VI of this Prospectus;
- (v) the cause papers for the material litigations referred to in Section 4 of Appendix VI of this Prospectus;
- (vi) the consent letters referred to in Section 6 of Appendix VI of this Prospectus;
- (vii) our audited consolidated financial statements for the past two (2) FYE 31 December 2007 and 2008, and our unaudited consolidated financial statements for the 6-month period ended 30 June 2009; and
- (viii) the proforma consolidated balance sheets of our Company as at 31 December 2008 and the Reporting Accountants' Letter referred to in Appendix II of this Prospectus.

8. RESPONSIBILITY STATEMENTS

Our Directors have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information in this Prospectus. They confirm, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

CIMB, being the Principal Adviser, for the Warrants Listing, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Warrants and its listing.