media prima

MEDIA PRIMA BERHAD *(532975-A)*

(Incorporated in Malaysia)

FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2010

The Board of Directors of Media Prima Berhad ("MPB or Company") is pleased to announce the unaudited results of the Group for the first quarter ended 31 March 2010.

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 2009.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	INDIVIDUAL QUARTER 31.3.2010 RM'000	31.3.2009 (Restated) RM'000	CUMULATIVE QUARTERS 31.3.2010 RM'000	31.3.2009 (Restated) RM'000
Continuing Operations					
Revenue		**323,672**	141,177	**323,672**	141,177
Operating expenses	A8	**(279,837)**	(144,990)	**(279,837)**	(144,990)
Other operating income		**4,827**	1,329	**4,827**	1,329
Profit / (loss) from operations		**48,662**	(2,484)	**48,662**	(2,484)
Finance costs		**(6,861)**	(5,613)	**(6,861)**	(5,613)
Share of associate		**(669)**	(1,262)	**(669)**	(1,262)
Negative Goodwill	A4	**17,535**	-	**17,535**	-
Profit before tax		**58,667**	(9,359)	**58,667**	(9,359)
Taxation	B1	**(11,792)**	(572)	**(11,792)**	(572)
Net profit / (loss) for the period from continuing operations		**46,875**	(9,931)	**46,875**	(9,931)
Subsidiary Held for Sale					
Operational losses		**-**	(19,000)	**-**	(19,000)
Net profit for the period		**46,875**	(28,931)	**46,875**	(28,931)

	NOTE	INDIVIDUAL QUARTER 31.3.2010 RM'000	31.3.2009 (Restated) RM'000	CUMULATIVE QUARTERS 31.3.2010 RM'000	31.3.2009 (Restated) RM'000
Other Comprehensive Income / (expenses):					
Exchange differences on translation of foreign operations		**(650)**	(4,658)	**(650)**	(4,658)
Other Comprehensive Income / (expenses) net of tax		**-**	-	**-**	-
Total Comprehensive Income / (expenses) for the period		**46,225**	(33,589)	**46,225**	(33,589)
Profit attributable to:					
- Owners of the Parent		**45,572**	(23,231)	**45,572**	(23,231)
- Non-Controlling Interest		**1,303**	(5,700)	**1,303**	(5,700)
		46,875	(28,931)	**46,875**	(28,931)
Total comprehensive income attributable to:					
- Owners of the Parent		**45,017**	(27,994)	**45,017**	(27,994)
- Non-Controlling Interest		**1,208**	(5,595)	**1,208**	(5,595)
		46,225	(33,589)	**46,225**	(33,589)
Earnings per share (in sen)					
Before share of losses from a subsidiary acquired exclusively for sale					
- Basic	B15	**4.67**	(1.16)	**4.67**	(1.16)
- Diluted	B15	**4.64**	(1.16)	**4.64**	(1.16)
After share of losses from a subsidiary acquired exclusively for sale					
- Basic	B15	**4.67**	(2.72)	**4.67**	(2.72)
- Diluted	B15	**4.64**	(2.72)	**4.64**	(2.72)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2009.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	AS AT 31.3.2010 RM'000	AS AT 31.12.2009 (restated) RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment		764,397	777,953
Investment properties		55,982	53,481
Other investments		3,691	3,636
Associates		205,509	206,178
Prepaid expenditure		2,181	2,162
Intangible assets		380,539	403,076
Deferred tax assets		38,964	39,286
		1,451,263	1,485,772
Current Assets			
Inventories		112,776	123,141
Receivables, deposits and prepayments		310,646	325,267
Tax recoverable		812	1,430
Deposits, bank and cash balances		256,811	149,924
		681,045	599,762
Non-current assets held for sale		180	180
		681,225	599,942
TOTAL ASSETS		2,132,488	2,085,714
LIABILITIES AND EQUITY			
Non Current Liabilities			
Payables and borrowings	B7	535,282	393,561
Deferred tax liabilities		72,550	70,720
		607,832	464,281
Current Liabilities			
Payables and borrowings	B7	376,176	508,321
Taxation		15,376	13,871
		391,552	522,192
TOTAL LIABILITIES		999,384	986,473
Equity and Reserves			
Share capital		977,237	945,346
Reserves		47,945	12,761
Equity attributable to equity holders of the Company		1,025,182	958,107
Minority interests		107,922	141,134
Total equity		1,133,104	1,099,241
TOTAL LIABILITIES AND EQUITY		2,132,488	2,085,714
Net Assets per share (sen)		104.91	101.35

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2009.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company							
	Issued and fully paid ordinary shares of RM1 each		Non – distributable					
	Number of shares '000	Nominal Value RM'000	Share Premium RM'000	Revaluation and other reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2010:								
At 1 January 2010	**945,346**	**945,346**	**244,797**	**178,006**	**(410,042)**	**958,107**	**141,134**	**1,099,241**
Effects of applying FRS 139	**-**	**-**	**-**	**-**	**454**	**454**	**-**	**454**
Restated balance	**945,346**	**945,346**	**244,797**	**178,006**	**(409,588)**	**958,561**	**141,134**	**1,099,695**
Exercise of Employee Share Option Scheme ("ESOS")	**2,051**	**2,051**	**1,079**	**-**	**-**	**3,130**	**-**	**3,130**
Acquisition of a new subsidiary:								
- Unissued shares at 31 December 2009 now issued	**20,550**	**20,550**	**13,768**	**(34,318)**	**-**	**-**	**-**	**-**
- Shares issued during the period	**9,290**	**9,290**	**6,504**	**-**	**-**	**15,794**	**(34,420)**	**(18,626)**
- Warrants issued	**-**	**-**	**-**	**836**	**-**	**836**	**-**	**836**
Warrants issued via issuance of redeemable bonds	**-**	**-**	**-**	**1,844**	**-**	**1,844**	**-**	**1,844**
Cancellation of expired ESOS during the year	**-**	**-**	**-**	**(620)**	**620**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**(555)**	**45,572**	**45,017**	**1,208**	**46,225**
At 31 March 2010	**977,237**	**977,237**	**266,148**	**145,193**	**(363,396)**	**1,025,182**	**107,922**	**1,133,104**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (restated) AS AT 31 MARCH 2009

2009:								
At 1 January 2009	853,811	853,811	188,118	33,900	(524,527)	551,302	(11,533)	539,769
Total comprehensive income for the period	-	-	-	(4,763)	(23,231)	(27,994)	(5,595)	(33,589)
At 31 March 2009	853,811	853,811	188,118	29,137	(547,758)	523,308	(17,128)	506,180

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2009.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE QUARTER ENDED 31.3.2010 RM'000	FOR THE QUARTER ENDED 31.3.2009 RM'000
Cash flow from operating activities			
Receipts from customers		**359,031**	196,932
Payments to employees and suppliers of goods and services		**(299,120)**	(161,973)
Income tax paid		**(7,898)**	(10,201)
Net cash inflow / (outflow) arising from operating activities:			
- Continuing operation		**52,013**	24,758
- Subsidiary acquired exclusively for sale		**-**	(24,498)
Net cash flow from operating activities		**52,013**	260
Cash flow from investing activities			
Purchase of property, plant & equipment		**(12,157)**	(11,806)
Part payment of purchase consideration of subsidiaries		**-**	(6,014)
Acquisition of subsidiaries, net of cash acquired *		**(255)**	-
Interests received		**22**	153
Dividend received		**50**	-
Proceeds from disposal of unquoted investment		**-**	1
Proceeds from disposal of property, plant and equipment		**-**	47
Net cash outflow arising from investing activities:			
- Continuing operation		**(12,340)**	(17,619)
- Subsidiary acquired exclusively for sale		**-**	(460)
Net cash flow from investing activities		**(12,340)**	(18,079)
Cash flow from financing activities			
Proceeds from issuance of shares		**3,130**	-
Repayments of hire purchase		**(1,819)**	(1,243)
Interests paid		**(670)**	(8,272)
Repayments of term loan		**(91)**	(628)
Increase in restricted fixed deposits		**(49)**	(267)
Drawdown of Commercial Papers ("CP")		**-**	43,000
Repayment of CP		**(30,000)**	-
Repayment of bridging loan		**(53,560)**	-
Drawdown of Bankers' Acceptance ("BA")		**6,594**	-
Proceeds from issuance of bonds with detachable warrants		**143,747**	-
Net cash flow from financing activities arising from continuing operations		**67,282**	32,590
Net increase in cash and cash equivalents		**106,955**	14,771
Foreign exchange differences on opening balances		**(152)**	(3,620)
Cash and cash equivalents at beginning of period		**143,140**	44,079
Cash and cash equivalents at end of period	A12	**249,943**	55,230

* Acquisition of subsidiaries, net of cash acquired consists of:	
Purchase consideration settled in cash	**255**
Less: Cash and cash equivalents of subsidiaries acquired	**-**
	255

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2009.

<u>NOTES TO THE FINANCIAL RESULTS</u>

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 2009.

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 2009 except for the adoption of the following new standards and amendments to published standards that are effective for the financial periods beginning 1 January 2010. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the following standards as set out below:

(a) FRS 101 (revised): Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in one statement.

The Group had applied the amendment to the standard retrospectively. Certain comparatives of the statement of comprehensive income and the statement of changes in equity of the Group as at 31 March 2009 have been restated as set out in Note A13.

(b) Amendments to FRS 117: Leases

Prior to the adoption of the Amendments to FRS 117, leasehold lands were treated as operating leases. The up-front payments made represent prepaid land lease payment and was amortised on a straight-line basis over the remaining lease term. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. Accordingly, the Group has changed the classification of long term leasehold lands from operating leases to finance leases in the current period. The Group had applied the amendment to the standard retrospectively. Certain comparatives of the statement of financial position as at 31 March 2009 have been restated as set out in Note A13.

(c) FRS 139: Financial Instruments – Recognition and Measurement

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. Set out below are the major changes in classifications of financial assets of the Group:

(i) Fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(ii) Loans and receivables

Non-current receivables, previously measured at invoice amount and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

The Group has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognising and re-measuring all financial assets and financial liabilities as at 1 January 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings and other reserves as appropriate. Comparatives are not restated. The effects of the changes are disclosed in Note A13.

(d) FRS 8: Operating Segments

Prior to the adoption of FRS 8, the Group's segment reporting was based on a secondary reporting format of geographical segments. With the adoption of FRS 8, the Group's segment reporting has been changed to operating segments based on the segment information provided to the Managing Director and the Board of Directors. This change has resulted in Group reporting based on primary reporting format of the business. The comparatives of the preceding year corresponding period are re-presented to conform to the current period presentation, as disclosed in Note A7.

(e) 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.

A2. AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 December 2009 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

Conditional Take-over Offer of The New Straits Times Press (Malaysia) Berhad ("NSTP")

On 16 November 2009, MPB announced a conditional take-over offer to acquire all the remaining ordinary shares of RM1.00 each in NSTP not already owned by MPB ("Offer Shares"), at an offer price of RM2.00 per Offer Share, to be satisfied by the issuance of one (1) ordinary share of RM1.00 each in MPB at an issue price of RM2.00 each for every one (1) Offer Share accepted and one (1) free new warrant in MPB for every five (5) Offer Shares accepted ("Original Offer"). Subsequently on 12 November 2009, MPB announced its intention to revise certain terms of the Original Offer, whereby, the offer price for each Offer Share has been increased from RM2.00 to RM2.40.

As at 31 December 2009, MPB had acquired 42.77% of shares from other NSTP shareholders, bringing MPB's equity holding in NSTP as at the reporting date to 86.06%. The transaction resulted in a negative goodwill of RM216.1 million. The offer ended on 4 January 2010 with additional acceptance received bringing MPB's share in NSTP to 89.62% as at 31 March 2010 resulting in an additional negative goodwill of RM17.5 million during the quarter.

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

There was no dividend paid during the period under review.

A7. SEGMENTAL REPORTING

In the prior year's audited consolidated financial statements, the basis of segmentation was on a secondary format of geographical segment. In the current quarter ended 31 March 2010, with the adoption of FRS 8 and acquisition of additional interest in NSTP, the basis of segmentation has been changed to operating segments based on information reported internally to the Group Managing Director and the Board of Directors and by geographical segment. The segment information for the current quarter is as follows:

Quarter ended 31/03/2010	Television Network RM'000	Radio Network RM'000	Outdoor Media RM'000	Print Media RM'000	Others RM'000	Elimination RM'000	Continuing operation RM'000	Discontinued operation RM'000	Consolidated RM'000
Revenues from external customers	127,218	12,323	29,995	144,897	9,239	-	323,672	-	323,672
Intersegment revenues	1,870	-	281	-	2,281	(4,432)	-	-	-
Total Revenue									323,672
Reportable segment profit / (loss) after tax before MI	20,977	4,503	6,371	10,592	(13,321)	17,753	46,875	-	46,875

Quarter ended 31/03/2009	Television Network RM'000	Radio Network RM'000	Outdoor Media RM'000	Print Media RM'000	Others RM'000	Elimination RM'000	Continuing operation RM'000	Discontinued operation RM'000	Consolidated RM'000
Revenues from external customers	96,477	10,836	21,962	-	11,902	-	141,177	-	141,177
Intersegment revenues	-	-	900	-	2,051	(2,951)	-	-	-
Total Revenue									141,177
Reportable segment (loss) / profit after tax before MI	(6,111)	3,625	6,830	-	(10,660)	(3,615)	(9,931)	(19,000)	(28,931)

The Group is also 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 AFTER TAX BEFORE MI**	**LOSSES FROM SUBSIDIARY ACQUIRED EXCLUSIVELY FOR SALE**	**TOTAL ASSETS[2]**
	31.3.2010	**31.3.2010**	**31.3.2010**	**31.3.2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	**319,195**	**46,469**	**-**	**2,068,275**
Republic of Ghana	**4,477**	**406**	**-**	**24,437**
Philippines	**-**	**-**	**-**	**-**
	323,672	**46,875**	**-**	**2,092,712**

	REVENUE[1]	LOSS AFTER TAX BEFORE MI	LOSSES FROM SUBSIDIARY ACQUIRED EXCLUSIVELY FOR SALE	TOTAL ASSETS[2]
	31.3.2009	31.3.2009	31.3.2009	31.3.2009
	RM'000	RM'000	RM'000	RM'000
Malaysia	136,706	(9,273)	-	1,087,534
Republic of Ghana	4,471	(658)	-	32,756
Philippines	-	-	(19,000)	58,554
	141,177	(9,931)	(19,000)	1,178,844

[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 RM24.14 million *(2009: RM11.69 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:

- The Group is a defendant in three (3) legal actions with contingent liability amounting to approximately RM20 million.

The Directors are of the opinion, after taking appropriate legal advice, that the outcome of such action will not give rise to any significant loss.

A11. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 31 March 2010 are as follows:

	RM'000
Approved but not contracted:	
- Property, plant & equipment	64,392
Approved and contracted for:	
- Property, plant & equipment	11,432
	75,824

A12. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	As at 31.3.2010 RM'000	As at 31.3.2009 RM'000
Cash and bank balances	**112,416**	31,359
Deposits with licensed financial institutions:		
Deposits with licensed banks	**136,047**	26,245
Deposits with finance companies	**1,106**	1,076
Deposits with licensed discount houses	**7,242**	2,140
	144,395	29,461
Deposits, cash and bank balances	**256,811**	60,820
Cash from subsidiary acquired exclusively for sale	**-**	1,069
Less:		
Bank Overdraft	**(1,434)**	(981)
Less:		
Restricted deposits:		
Deposits with licensed banks	**(3,050)**	(5,678)
Less:		
Trust monies held in relation to public donations:		
Deposits with licensed banks	**(2,384)**	-
Cash and cash equivalents	**249,943**	55,230

A13. CHANGE IN ACCOUNTING POLICIES

The effects of on the adoption of the new accounting policies described in Note A1 above to the comparatives are as follows:

For the period ended 31 March 2009:	As previously stated	Effects of adoption	Restated
	RM'000	RM'000	RM'000
Statement of comprehensive income			
- Effect on adoption of FRS 101			
Loss for the period	(28,931)	-	(28,931)
Exchange differences on translation of foreign operations	-	(4,658)	(4,658)
Total comprehensive income	-	-	(33,589)
As at 31 December 2009:			
Statement of financial position			
- Effect on adoption of FRS 117			
Property, plant and equipment	748,025	29,928	777,953
Prepaid lease rentals	29,928	(29,928)	-
As at 1 January 2010:			
Statement of changes in equity			
- Effect on adoption of FRS 139			
Retained earnings	(410,042)	454	(409,588)

ADDITIONAL INFORMATION AS REQUIRED BY THE BMSB's LISTING REQUIREMENTS

B1. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.3.2010	31.3.2009	**31.3.2010**	31.3.2009
	RM'000	RM'000	**RM'000**	RM'000
In respect of the current period:				
Current income tax:				
- Malaysian Tax	**11,955**	-	**11,955**	-
- Foreign Tax	**-**	-	**-**	-
	11,955	-	**11,955**	-
Deferred tax	**(160)**	572	**(160)**	572
(Over)/Under provision of taxation in prior year	**(3)**	-	**(3)**	-
	11,792	572	**11,792**	572

The Group's effective tax rate is lower than the statutory rate due to the non-taxable negative goodwill arising from NSTP's acquisition recognised during the year.

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 31.3.2010 RM'000	AS AT 31.12.2009 RM'000
At cost	**5,501**	5,501
At carrying value	**2,789**	2,734
At market value	**2,789**	2,723

B4. DEBT SECURITIES

The Group issued 4.95% redeemable fixed rate bonds at a total nominal value of RM150 million with 50 million detachable warrants on 23 March 2010. The bonds mature five years from the issue date at their nominal value of RM150 million. The value of the liability component (RM141.9 million) and the warrant component (RM1.8 million), net of transaction costs of RM1.5 million, were determined at issuance of the bond. The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on maturity of the bond. The residual amount, representing the value of the warrant component, is included in shareholders' equity in warrant reserves.

B5. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 31 March 2010, the Group does not have any financial liabilities measured at fair value through profit or loss.

B6. STATUS OF CORPORATE PROPOSALS

Conditional Take-over Offer of NSTP

On 16 November 2009, MPB announced a conditional take-over offer to acquire all the remaining ordinary shares of RM1.00 each in NSTP not already owned by MPB ("Offer Shares"), at an offer price of RM2.00 per Offer Share, to be satisfied by the issuance of one (1) ordinary share of RM1.00 each in MPB at an issue price of RM2.00 each for every one (1) Offer Share accepted and one (1) free new warrant in MPB for every five (5) Offer Shares accepted ("Original Offer").

Subsequently on 12 November 2009, MPB announced its intention to revise certain terms of the Original Offer, whereby, the offer price for each Offer Share has been increased from RM2.00 to RM2.40. The Board of MPB has decided to revise the offer price after taking into consideration the views of the various stakeholders of NSTP and prevailing market sentiment.

As at 31 December 2009, MPB owns 86.06% of the voting shares in NSTP. The transaction was completed on 4 January 2010. As at the closure date of the transaction, MPB owns 89.62% of voting shares in NSTP.

Acquisition of Kurnia Outdoor Sdn Bhd and Jupiter Outdoor Networks Sdn Bhd (collectively known as "Kurnia")

On 13 November 2009, MPB announced the acquisition of 100% issued and paid-up capital of Kurnia for an aggregate purchase consideration of RM42.076 million and an additional of up to RM4.291 million which is dependent on the achievement of certain profitability targets for the financial year ended 31 December 2009 and financial years ending 31 December 2010 and 2011. As at 31 December 2009, MPB completed 80% of the transaction. On 19 April 2010, MPB acquired a further 9% stake in Kurnia for the purchase consideration of RM4.1 million and bonus consideration of RM1.8 million for achieving a certain percentage of the agreed profit target for financial year ended 31 December 2009.

B7. PAYABLES AND BORROWINGS

The Group's payables and borrowings classified as short term and long term are as follows:

		31.3.2010 RM'000	31.12.2009 RM'000
Current	Unsecured:		
	- Term loans	**19,229**	19,229
	- Bridging loan	**-**	53,560
	- Revolving credit	**33,000**	33,000
	- Commercial Papers	**-**	30,000
	- Hire Purchase creditor	**4,663**	6,154
	- Trade and other payables	**251,971**	300,054
	- Banker's acceptance	**65,766**	59,172
	- Bank overdrafts	**1,434**	1,399
	- Amount due to an associated company	**113**	5,753
		376,176	508,321
Non Current	Secured:		
	- Term loans	**22**	119
	Unsecured:		
	- Term loans	**215,000**	215,000
	- Hire Purchase creditor	**11,878**	11,876
	- Other payables	**893**	936
	- Bond with detachable warrant	**141,903**	-
	- Medium Term Notes	**165,586**	165,630
		535,260	393,442
		535,282	393,561
	Total payables and borrowings	**911,458**	901,882

Included in the Group's payables and borrowings is a term loan amounting to USD6,895 (RM22,496) and bank overdraft of USD341,829 (RM1,115,218).

B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments issued by the Group as at the date of this report.

B9. 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.

B10. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS

MPB Group increased its revenue by 48% compared to the fourth quarter 2009 mainly due to the consolidation of the newly acquired subsidiary, NSTP. The group registered first quarter 2010 revenue of RM323.7 million compared to RM218.5 million registered in fourth quarter 2009. Excluding NSTP, the Group registered an 18% decrease in revenue compared to fourth quarter 2009 due to the seasonal trend where advertising spend on the first quarter is traditionally lower compared to year end.

During the current quarter the Group recognised a one-off negative goodwill amounting to RM17.5 million in its income statement as a result of the further acquisition of 3.56% of voting shares in NSTP. Operating expenses increased by 24% against the preceding quarter's results due to the consolidation as well.

The increase in revenue, coupled with recognition of the negative goodwill, resulted in Profit Before Taxation ("PBT") of RM58.7 million for the current quarter, lower than the fourth quarter 2009's PBT which had included RM216.1 million negative goodwill. However, excluding the negative goodwill and other extraordinary expenses incurred in the fourth quarter 2009, the group's PBT recorded a slight growth in the first quarter 2010.

The Group recorded Profit After Tax and Minority Interests ("PATAMI") of RM45.6 million in the first quarter 2010.

B11. 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"), One FM Sdn Bhd (formerly known as Radio Wanita Sdn Bhd) 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 Kurnia and newspaper publication, NSTP.

When compared to the performance in first quarter 2009, the Group's revenue more than doubled recording a growth by more than 100%. The growth is mainly attributable to the consolidation of NSTP Group's results. The improvement in the nation's Gross Domestic Product that has translated into higher advertisement spending, coupled with the group's continuous and rigorous effort in increasing revenue also contributed to the increase in revenue.

As at the reporting date, the Group has recognised additional negative goodwill amounting to RM17.5 million from the acquisition of NSTP. The acquisition of NSTP group and the disposal of MPB Primedia Inc ("MPI") last November 2009 have resulted in an increase in the first quarter 2010's Profit After Tax and Minority Interest ("PATAMI") by more than 100% compared to the first quarter 2009 which had included share of losses from MPI of RM13.3 million.

Excluding the negative goodwill, the Group recorded PATAMI of RM28.0 million for the first quarter 2010.

B12. PROSPECTS FOR 2010

As the economy continues to show signs of recovery, the group is cautiously optimistic on an improved outlook for both consumers and advertisers. The Group, is, however cognisant of the challenges such recovery brings. For the financial year 2010, the Group is 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.

The Group will continue its efforts in realising the value of its recent investment in NSTP and Kurnia. The efforts include improving the revenue generating capacity of both companies, together with improving the operating efficiencies and synergy within the Group's stable of media assets.

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.

B13. PROFIT FORECAST/PROFIT GUARANTEE

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

B14. DIVIDEND

On 24 February 2010, the Directors had recommended the payment of a final single-tier dividend of 5.6 sen per ordinary share for the financial year ended 31 December 2009, to be paid on 14 July 2010 to shareholders registered on the Company's Register of Members at the close of business on 30 June 2010. The shareholders at the Annual General Meeting of the Company held on 15 April 2010 have approved the payment of the final dividend.

B15. EARNINGS PER SHARE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	31.3.2010	31.3.2009	**31.3.2010**	31.3.2009
Profit/(loss) attributable to ordinary equity holders of the Company (RM'000):				
- Before share of losses from a subsidiary acquired exclusively for sale	**45,572**	(9,931)	**45,572**	(9,931)
- After share of losses from a subsidiary acquired exclusively for sale	**45,572**	(23,231)	**45,572**	(23,231)
Weighted average number of ordinary shares in issue adjusted with the potential ordinary shares of the mandatorily convertible instruments ('000)	**976,808**	853,811	**976,808**	853,811
Basic earnings per share (sen):				
- Before share of losses from a subsidiary acquired exclusively for sale	**4.67**	(1.16)	**4.67**	(1.16)
- After share of losses from a subsidiary acquired exclusively for sale	**4.67**	(2.72)	**4.67**	(2.72)
Profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	**45,572**	(9,931)	**45,572**	(9,931)
Elimination of interest expense on ICULS, net of tax effect (RM'000)	**-**	-	**-**	-
Net profit/(loss) used to determine diluted earnings per share (RM000):				
- Before share of losses from a subsidiary acquired exclusively for sale	**45,572**	(9,931)	**45,572**	(9,931)
- After share of losses from a subsidiary acquired exclusively for sale	**45,572**	(23,231)	**45,572**	(23,231)
Weighted average number of ordinary shares in issue ('000)	**976,808**	853,811	**976,808**	853,811
Adjustments for Warrants	**5,686**	-	**5,686**	-
Adjustments for ESOS	**-**	*-	**-**	*-
	982,494	853,811	**982,494**	853,811
Diluted earnings per share (sen):				
- Before share of losses from a subsidiary acquired exclusively for sale	**4.64**	(1.16)	**4.64**	(1.16)
- After share of losses from a subsidiary acquired exclusively for sale	**4.64**	(2.72)	**4.64**	(2.72)

* The ESOS were not assumed to be exercised because they were antidilutive in the particular period.

BY ORDER OF THE BOARD

TAN SAY CHOON (MAICSA 7057849)

COMPANY SECRETARY

Petaling

18 May 2010