



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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2021**

26 August 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
Revenue	A7	292,447	236,278	546,980	474,714
Operating expenses		(250,276)	(223,893)	(469,815)	(463,198)
Other operating income		1,854	2,539	3,310	4,774
Earnings before interest, taxation, depreciation, amortisation and impairment ("EBITDA")		44,025	14,924	80,475	16,290
Depreciation on right-of-use assets		(8,872)	(14,630)	(20,829)	(29,176)
Other depreciation		(11,629)	(12,738)	(23,594)	(26,646)
Amortisation of intangible assets (excluding programme and film rights)		(386)	(763)	(811)	(927)
Finance income		1,409	1,671	2,863	3,877
Finance costs on lease liabilities		(2,311)	(3,281)	(4,759)	(6,399)
Finance costs on financial liabilities		(2,840)	(2,237)	(4,280)	(2,711)
Share of results of associates		(63)	(62)	(114)	(81)
Profit/(loss) before tax	A8	19,333	(17,116)	28,951	(45,773)
Taxation	B1	(6,683)	(917)	(12,142)	(2,232)
Net profit/(loss) and total comprehensive income/(loss) for the financial period		12,650	(18,033)	16,809	(48,005)
Profit/(loss) and total comprehensive income/(loss) attributable to:					
- Owners of the Company		13,415	(20,105)	18,661	(49,645)
- Non-controlling interests		(765)	2,072	(1,852)	1,640
		12,650	(18,033)	16,809	(48,005)
Earnings/(loss) per share (sen)					
- Basic and diluted	B11	1.21	(1.81)	1.68	(4.48)

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 2020.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	AS AT 30.6.2021 RM'000	AS AT 31.12.2020 RM'000
Assets			
Property, plant and equipment		191,364	210,396
Right-of-use assets		136,188	157,017
Investment properties		27,848	28,136
Associates		2,564	2,678
Financial assets at fair value through other comprehensive income		688	688
Intangible assets		388,470	387,139
Deferred tax assets		11,584	11,584
Non-current assets		758,706	797,638
Inventories		20,241	24,097
Trade and other receivables		225,312	220,135
Contract assets		12,261	12,857
Current tax recoverable		5,177	8,354
Deposits, cash and bank balances	A12	339,943	303,783
Current assets		602,934	569,226
Non-current assets held for sale		-	225
Total assets		1,361,640	1,367,089
Liabilities and equity			
Liabilities			
Lease liabilities		128,227	144,790
Borrowings	B4	65,629	79,583
Deferred tax liabilities		37,467	37,501
Non-current liabilities		231,323	261,874
Trade and other payables		308,157	324,948
Contract liabilities		81,300	70,816
Provisions		75,854	48,825
Lease liabilities		33,177	40,291
Borrowings	B4	38,426	45,902
Current tax payable		3,527	1,366
Current liabilities		540,441	532,148
Total liabilities		771,764	794,022
Equity and Reserves			
Share capital		1,524,735	1,524,735
Reserves		(929,160)	(947,821)
Equity attributable to owners of the Company		595,575	576,914
Non-controlling interests		(5,699)	(3,847)
Total equity		589,876	573,067
Total liabilities and equity		1,361,640	1,367,089
Net assets per share attributable to equity holders of the Company (sen)*		53.69	52.01

* Net assets per share is calculated by dividing the net assets (excluding the portion allocated to non-controlling interests) of the Group by the number of ordinary shares in issue at the statement of financial position date.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited annual financial statements for the financial year ended 31 December 2020.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000			
2021						
At 1 January 2021	1,524,735	4	(947,825)	576,914	(3,847)	573,067
Net profit and total comprehensive income for the financial period	-	-	18,661	18,661	(1,852)	16,809
At 30 June 2021	1,524,735	4	(929,164)	595,575	(5,699)	589,876
2020						
At 1 January 2020	1,524,735	4	(926,040)	598,699	(2,546)	596,153
Net loss and total comprehensive loss for the financial period	-	-	(49,645)	(49,645)	1,640	(48,005)
At 30 June 2020	1,524,735	4	(975,685)	549,054	(906)	548,148

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 2020.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOTE	FOR THE PERIOD ENDED 30.6.2021 RM'000	FOR THE PERIOD ENDED 30.6.2020 RM'000
Cash flows from operating activities		
Profit/(loss) for the financial period	16,809	(48,005)
Adjustments for:		
- Non-cash items	119,582	124,296
- Finance costs on lease liabilities	4,759	6,399
- Finance costs on financial liabilities	4,280	2,711
- Finance income	(2,863)	(3,877)
Operating cash flows before changes in working capital	142,567	81,524
Changes in working capital	(44,538)	(131,645)
Cash flows from operations	98,029	(50,121)
Income tax (paid)/refunded	(7,671)	5,892
Net cash flows generated from/(used in) operating activities	90,358	(44,229)
Cash flows from investing activities		
Property, plant and equipment:		
- Additions	(3,740)	(2,464)
- Proceeds from disposals	209	32
Intangible assets (excluding programme and film rights):		
- Additions	-	(27)
Finance income received	2,848	3,151
Net cash flows (used in)/generated from investing activities	(683)	692
Cash flows from financing activities		
Finance cost paid on financial liabilities	(2,217)	(2,028)
Finance cost paid on lease liabilities	(4,759)	(6,399)
Drawdown of borrowings	2,248	202,540
Repayment of borrowings	(25,974)	(28,874)
Increase in restricted bank balances	(4,375)	(52,178)
Payment of principal element of lease liabilities	(22,813)	(15,692)
Net cash flows (used in)/generated from financing activities	(57,890)	97,369
Net movement in cash and cash equivalents	31,785	53,832
Cash and cash equivalents at beginning of the financial period	291,303	256,944
Cash and cash equivalents at end of the financial period	323,088	310,776

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 2020.

NOTES TO THE INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2020, which were prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

The Group will be adopting the following MFRSs when they become effective in the respective financial periods.

Description		Effective for annual periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to MFRS 1	Reference to cumulative translation differences	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS 9	Fees in the 10% test for the derecognition of financial liabilities	1 January 2022
Amendments to MFRS 101	Classification of liabilities as current or non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The above amendments to published standards are not expected to have a significant effect on the Group.

NOTES TO THE INTERIM FINANCIAL REPORT

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 was not qualified.

A3. SEASONAL OR CYCLICAL FACTORS

The operations of the Group's major business segments are generally affected by the major festive seasons.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the financial period ended 30 June 2021.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the second quarter ended 30 June 2021.

NOTES TO THE INTERIM FINANCIAL REPORT

A6. SEGMENTAL REPORTING

The Group determines and presents its operating segments based on information reported internally to the Group Managing Director and the Board of Directors. The Group predominantly operates in Malaysia and consequently, there is no disclosure on geographical segment being made. During the financial period, the operating segments of the Group have been redefined by the Board of Directors.

	Omnia RM'000	Broad- casting RM'000	Out-of- Home RM'000	Publish- ing RM'000	Digital Media RM'000	Content Creation RM'000	Home Shopping RM'000	Corporate RM'000	Elimination RM'000	Total RM'000
Period ended 30 June 2021										
Revenue from external customers	292,804	7,182	49,493	30,154	1,099	14,500	151,748	-	-	546,980
Inter-segment revenue	-	205,647	-	35,920	40,576	915	-	34,087	(317,145)	-
	292,804	212,829	49,493	66,074	41,675	15,415	151,748	34,087	(317,145)	546,980
Reportable segment Profit/(loss) after tax before non-controlling interest	66	26,867	(4,212)	743	2,932	8,140	4,460	11,831	(34,018)	16,809
Period ended 30 June 2020										
Revenue from external customers	91,564	80,540	62,088	54,820	31,028	1,910	152,764	-	-	474,714
Inter-segment revenue	-	68,355	374	14,013	6,669	39,221	-	49,753	(178,385)	-
	91,564	148,895	62,462	68,833	37,697	41,131	152,764	49,753	(178,385)	474,714
Reportable segment (loss)/profit after tax before non-controlling interest	(3,592)	(8,997)	844	(26,181)	5,730	(4,969)	6,285	(41,637)	24,512	(48,005)

NOTES TO THE INTERIM FINANCIAL REPORT

A7. REVENUE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
Advertising revenue	188,789	131,950	341,131	280,650
Newspaper sales	10,198	9,044	20,317	25,913
Newspaper printing and distribution	4,696	1,203	9,752	4,199
Content production	447	111	563	1,247
Content sales	12,144	2,791	20,736	4,980
Sales of home shopping goods	75,190	88,332	151,748	152,764
License income	84	437	215	1,086
Seminar services, events, books, magazines and other ancillary revenue	121	1,621	382	2,262
	291,669	235,489	544,844	473,101
Revenue from other sources:				
Rental income from investment properties and outdoor cellular antenna space	778	789	2,136	1,613
	292,447	236,278	546,980	474,714

A8. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is stated after (charging)/crediting:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Net impairment loss				
on financial instruments	(1,367)	(2,943)	(1,653)	(3,455)
Net foreign exchange gain/(loss)	3	(96)	(46)	(211)
Inventories written back/(written-down)	27	(146)	26	(146)
Gain/(loss) on disposal of property, plant and equipment	170	(10)	444	(10)

A9. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT

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

NOTES TO THE INTERIM FINANCIAL REPORT

A10. CONTINGENT LIABILITIES

The Group is a defendant in 17 legal suits (as at 31.12.2020: 19 suits) with contingent liabilities amounting to approximately RM3.6 million (as at 31.12.2020: RM5.6 million). The legal suits mainly consist of claims on defamation.

Apart from the foregoing, the Directors are not aware of any other proceedings pending against the Group or of any facts likely to give rise to any proceedings which might materially affect the financial position or business operations of the Group.

A11. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 30 June 2021 are as follows:

	RM'000
Approved but not contracted for:	
- Property, plant and equipment	27,973
- Intangible assets	64,680
Approved and contracted for:	
- Property, plant and equipment	420
- Intangible assets	12,426

A12. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	As at 30.6.2021 RM'000	As at 30.6.2020 RM'000
Cash and bank balances	274,739	263,393
Deposits with licensed banks	65,204	99,761
Deposits, cash and bank balances	339,943	363,154
<i>Less: Restricted deposits</i>		
Deposits with licensed banks	(16,855)	(52,378)
Cash and cash equivalents	323,088	310,776

NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions for the period ended 30 June 2021 are as follows:

	For the period ended 30.6.2021 RM'000	For the period ended 30.6.2020 RM'000
Associate companies:		
- Purchase of services	895	1,008
Companies related by virtue of a common major shareholder with a significant influence over the Company:		
- Revenue from contracts	10,990	5,383
- Purchase of goods and services	(13,915)	(10,338)

ADDITIONAL LISTING REQUIREMENT INFORMATION

B1. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
In respect of the current period:				
- Current income tax	6,700	918	12,176	2,241
- Deferred taxation	(17)	(1)	(34)	(9)
	6,683	917	12,142	2,232

The difference in the Group's effective tax rate for the current quarter and period and the statutory corporate tax rate of 24% is partly due to several loss-making companies within the Group which reduces the Group's profit before tax.

B2. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

As at 30 June 2021, the Group does not have any financial liabilities measured at fair value through profit or loss.

B3. MATERIAL LITIGATION

The status of material litigation is disclosed in Note A10 of this interim financial report.

B4. BORROWINGS

	As at 30.6.2021 RM'000	As at 30.6.2020 RM'000
<u>Non-current</u>		
Secured:		
- Term loan	65,629	140,798
<u>Current</u>		
Secured:		
- Term loan	32,500	13,375
Unsecured:		
- Banker's acceptance	5,926	24,845
	38,426	38,220
Total borrowings	104,055	179,018

The Group's borrowings are denominated in Ringgit Malaysia.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B5. REVIEW OF PERFORMANCE FOR THE CURRENT QUARTER AGAINST THE COMPARATIVE QUARTER

	Quarter ended 30.6.2021 RM'000	Quarter ended 30.6.2020 RM'000
Revenue	292,447	236,278
Profit/(loss) after tax	12,650	(18,033)
Profit/(loss) after tax excluding Exceptional Item	12,650	(6,737)

Revenue grew by 24% from RM236.3 million in 2QFY20 to RM292.4 million in 2QFY21 contributed by higher advertising revenue which grew by 43% against the corresponding quarter, partially driven by the festive period during the quarter under review.

The Group posted a 2QFY21 profit after tax of RM12.7 million compared to a loss after tax of RM18.0 million in 2QFY20, mainly driven by higher revenue generated.

The performance of respective platforms for the current quarter ended 30 June 2021 as compared to the comparative quarter ended 30 June 2020 are as follows:

- (a) Omnia - Recorded an increase in revenue by 78% against the comparative quarter, contributed by the higher advertising revenue in the current quarter.
- (b) Broadcasting - Revenue increased significantly by 75% in 2QFY21 compared to 2QFY20 led by stronger television advertising revenue in the current quarter.
- (c) Publishing – Revenue increased by 47% in 2QFY21 against the comparative quarter attributed to higher advertising and printing revenue in the current quarter.
- (d) Digital Media – Recorded a 10% increase in revenue for 2QFY21 against the corresponding quarter.
- (e) Out-of-Home - Decline in revenue by 2% against the comparative quarter due to lower display advertising revenue.
- (f) Home Shopping - Current quarter revenue decreased by 15% against the comparative period.
- (g) Content Creation - Revenue decreased by 68% against the comparative quarter as programme production services were transferred to the Broadcasting segment in 3QFY20 resulted in lower intersegment revenue.

ADDITIONAL LISTING REQUIREMENT INFORMATION

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

	Period ended 30.6.2021 RM'000	Period ended 30.6.2020 RM'000
Revenue	546,980	474,714
Profit/(loss) after tax	16,809	(48,005)
Profit/(loss) after tax excluding Exceptional Item	16,809	(36,709)

The Group's revenue grew by 15% in the financial period ended 30 June 2021 ("1HFY21") mainly attributed to higher adex spending during the current financial period.

As a result of higher revenue, the Group posted a profit after tax RM16.8 million in the current financial period compared to the RM48.0 million loss after tax in the comparative period.

The performance of respective platforms for the financial period ended 30 June 2021 as compared to the comparative financial period are as follows:

- (a) Omnia - Revenue grew by more than 100% against the comparative period as a result of first full half year operation in 1HFY21 as compared to a three months operation in 1HFY20.
- (b) Broadcasting - Revenue increased by 43% against the comparative period on the back of higher adex spending during the current period.
- (c) Digital Media – Digital segment saw its revenue grow by 11% against the previous period.
- (d) Home Shopping - Despite the easing of the MCO during the current financial period, consumers' spending habit towards home shopping remains. As a result, the revenue for the current financial period only reduced marginally by 1% compared to the comparative financial period.
- (e) Publishing – Slight decrease in revenue by 4% mainly due to lower newspaper sales, offset by higher newspaper printing and distribution revenue in the period under review.
- (f) Out-of-Home - Revenue declined by 21% against the corresponding period attributed to several deferments in clients' contracts during the current period partly due to the extended Movement Control Order ("MCO").
- (g) Content Creation - Revenue declined by 63% against the comparative period as programme production services were transferred to the Broadcasting segment in 3QFY20 resulted in lower revenue intersegment revenue.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B7. COMPARISON OF PERFORMANCE FOR THE CURRENT QUARTER AGAINST THE IMMEDIATE PRECEDING QUARTER

	Quarter ended 30.6.2021 RM'000	Quarter ended 31.3.2021 RM'000
Revenue	292,447	254,533
Profit before tax	19,333	9,618

Revenue increased by 15% in 2QFY21 against the immediate preceding quarter (1QFY21), attributed to the higher adex spending, partially driven by the Hari Raya festive period during the quarter under review. The Group also recorded a higher profit before tax of RM19.3 million in 2QFY21 compared to a profit before tax of RM9.6 million in 1QFY21 on the back of higher revenue.

B8. PROSPECTS FOR 2021

Despite the continued challenges linked to the nationwide lockdown due to resurgence of Covid-19 cases, the Group is positive that the uptrend in advertising expenditure shall continue for the remaining quarters of the year as the Government ramps up the National Covid-19 Immunisation Programme, and opens up the economy further under the National Recovery Plan.

The Group is also optimistic about the success of its sales arm, Omnia, which drove higher advertising revenue for most platforms. The Group's half-year's result demonstrated Omnia's ability to provide advertising sales solutions to clients rather than pure advertising sales.

After several years of losses, our publishing segment has shown a positive turnaround with a profitable first half. We remain committed to sustain NSTP's improved performance through continuous cost optimisation and sourcing for more printing contract opportunities.

Moving forward, the Group shall continue to closely monitor its cost structure while continuing to find ways to leverage the strengths of its media platforms to meet evolving consumer trends.

Barring any prolonged and unforeseen impact from the Covid-19 pandemic, the Group is committed to maintain its strong momentum in the remaining months of the year.

B9. PROFIT FORECAST/PROFIT GUARANTEE

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

B10. DIVIDEND

No dividends have been declared by the Board of Directors for the second quarter ended 30 June 2021.

ADDITIONAL LISTING REQUIREMENT INFORMATION

B11. EARNINGS/(LOSS) PER SHARE

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
Profit/(loss) attributable to owners of the Company (RM'000)	13,415	(20,105)	18,661	(49,645)
Weighted average number of ordinary shares in issue ('000)	1,109,199	1,109,199	1,109,199	1,109,199
Basic and diluted earnings/(loss) per share (sen)	1.21	(1.81)	1.68	(4.48)

The Group does not have in issue any financial instruments or other contracts that may entitle its holders to ordinary shares and potentially dilute its earnings/(loss) per share.

BY ORDER OF THE BOARD

TAN SAY CHOON

(MAICSA 7057849 / SSM PRACTISING CERTIFICATE NO. 202008003070)

GROUP COMPANY SECRETARY

Kuala Lumpur

26 August 2021

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

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