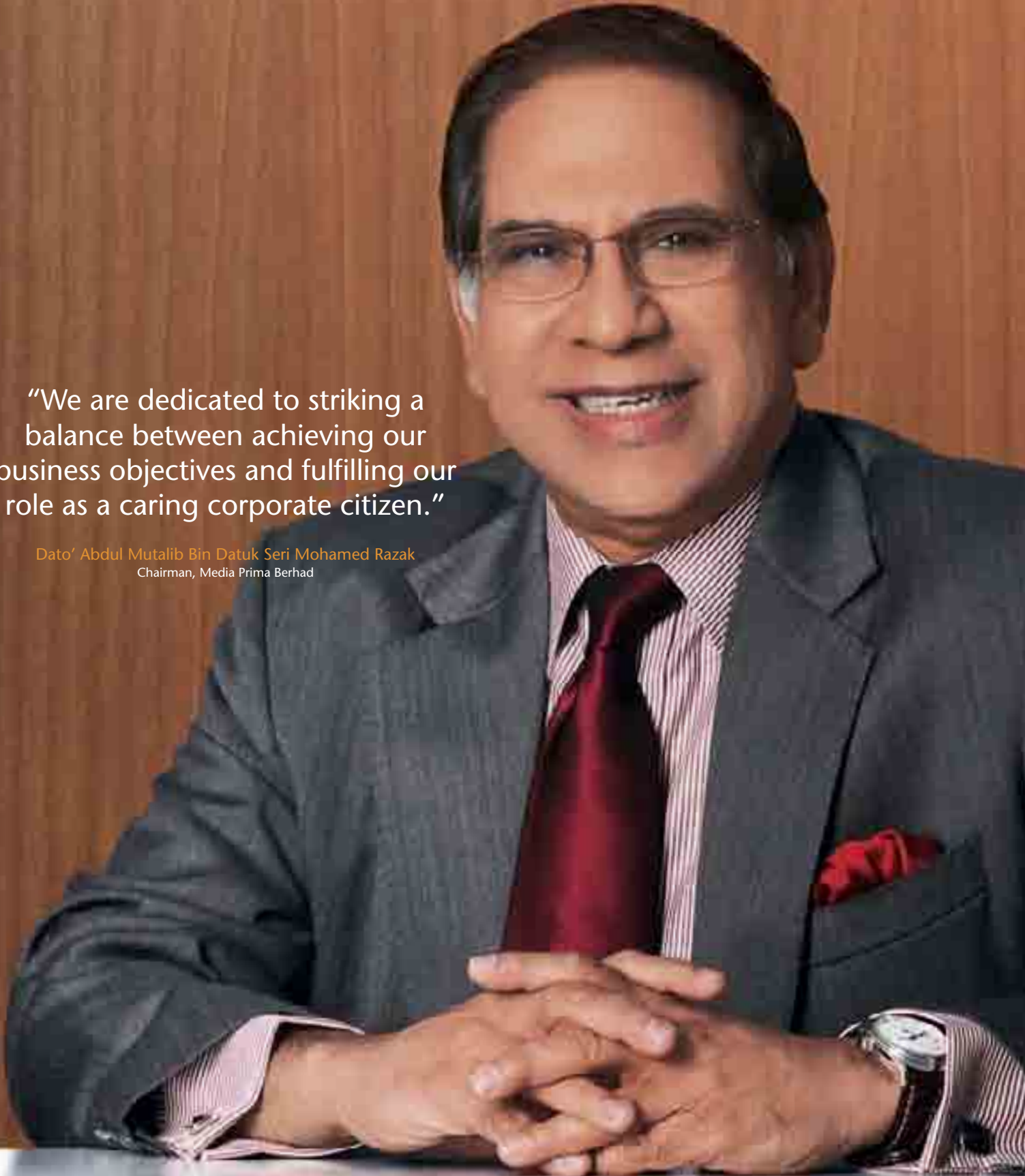


chairman's message

"We are dedicated to striking a balance between achieving our business objectives and fulfilling our role as a caring corporate citizen."

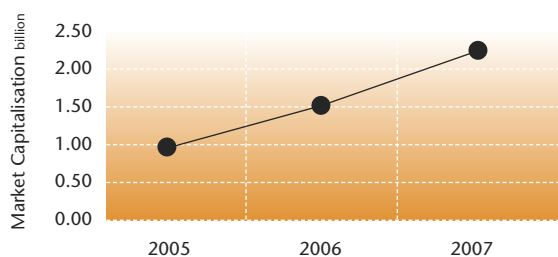
Dato' Abdul Mutalib Bin Datuk Seri Mohamed Razak
Chairman, Media Prima Berhad



Dear Stakeholders,

Ever since the existing Board of Directors and Management took over the operations of the Group in 2002 and the listing on the Main Board of Bursa Malaysia back in 2003, Media Prima Berhad ('Media Prima' or the 'Group') has achieved year on year growth of more than 15% in terms of revenue and over 20% in terms of bottom line. Meanwhile, our stock market value has rocketed from less than RM1 billion in 2005 to nearly RM2.3 billion as at 31 December 2007.

Market Capitalisation



But, as well as delivering excellent returns for our investors, we remain totally committed to creating value for our employees, our customers, our business associates and society as a whole.

Though a number of issues have combined during the year to make the global economy unpredictable, Malaysia has largely escaped the repercussions, and has gained from the rise in oil and commodity prices. After a soft beginning in the first half, the Malaysian economy gathered momentum in the last six months of 2007, to achieve annual GDP growth of 6.3%.

Within our media industry, competition remained intense throughout the year – especially for a Group like Media Prima whose revenue is predominantly advertising revenue based. We are happy to note that advertising expenditure rose significantly in 2007, boosted by the nation's 50th independence celebrations, Visit Malaysia Year, and the healthy GDP growth.

Against this background, on behalf of the Board of Directors of Media Prima, I am pleased to present the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2007.

ANOTHER EXCEPTIONAL RESULT

For the twelve months ended 31 December 2007, Media Prima posted exceptional financial results. For the first time, profit after tax surpassed the RM100 million mark to hit RM117.4 million, representing an increase of more than 41% on the RM83.0 million recorded in 2006.



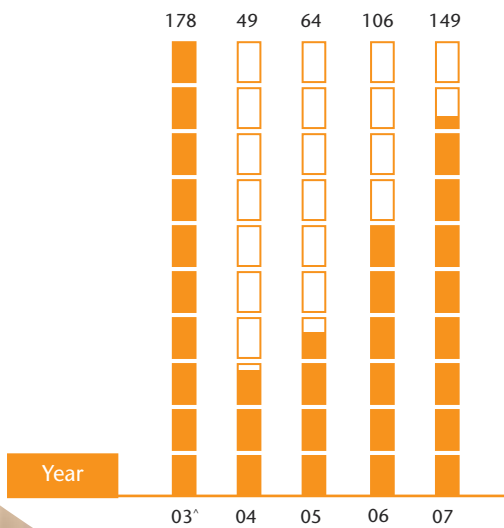




Profit before tax also increased by 41% to RM149.1 million compared to RM105.7 million for the previous year.

Our strong profit growth was the result of an excellent performance by all of our subsidiary media assets covering television, radio and outdoor, coupled with improved operational results by our associate company, New Straits Times Press (Malaysia) Bhd (NSTP).

Group Profit Before Taxation RM' Million

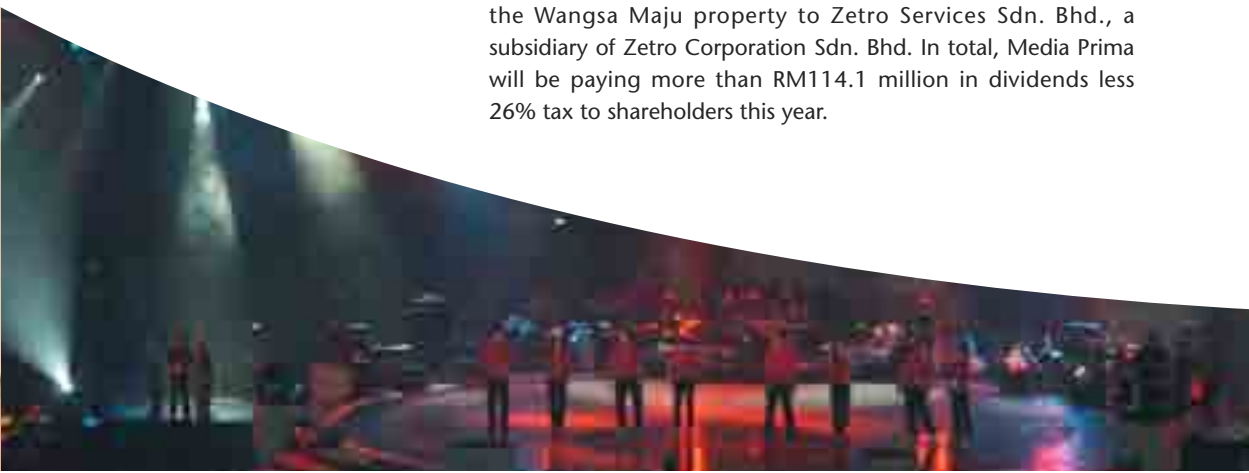


* 16 months ended 31 December 2003

At the same time, revenue grew by more than 29% from 2006 to reach RM691.3 million on the back of higher advertising spend, and the year also witnessed growing contributions from TV9, our radio networks and our outdoor division. I am pleased to highlight that revenue in 2007 has virtually tripled the amount recorded in 2002 of RM244.4 million, reflecting the success of the Board's strategy to aggressively expand revenue via organic growth as well as acquisitions.

Given this tremendous performance, the Board is delighted to recommend a higher gross dividend of 9.3 sen per share to be approved by the shareholders at the coming Annual General Meeting. This represents a dividend payout ratio of 50% which meets the target set under the dividend policy announced by the Board to shareholders two years ago.

This dividend is in addition to the special dividend of 9.0 sen arising from the proceeds received recently from the disposal of the Wangsa Maju property to Zetro Services Sdn. Bhd., a subsidiary of Zetro Corporation Sdn. Bhd. In total, Media Prima will be paying more than RM114.1 million in dividends less 26% tax to shareholders this year.



chairman's message cont'd

GROWING THE BUSINESS

During the year, Media Prima expanded the Group's activities into out of home advertising business via the completion of our acquisition of three companies in the first quarter of 2007 – Big Tree Outdoor Sdn. Bhd., the leading outdoor advertising outfit for a total consideration of about RM159.1 million, UPD Sdn. Bhd. and The Right Channel Sdn. Bhd.

We have managed to swiftly consolidate the operations of these companies under a single management team from Big Tree which enabled us to strongly grow the revenue of the business and reduce costs through economies of scale. The acquisition has proven to be immediately earnings accretive and we expect our outdoor business to contribute positively to the future value of the Group.

Media Prima went on to consolidate its ownership of 8TV by buying the remaining 20% stake in Metropolitan TV Sdn. Bhd., the license owner and operator of 8TV. We can now fully benefit from 8TV's future profits and cashflows, which are looking very promising given the excellent prospects offered by increasing advertising revenue.

Rounding off the year, we launched our new online media strategy with revamped television networks web portals that provide free access to recently aired television programmes, as well as establishing a new entertainment and lifestyle portal, *gua.com.my*.

Future offerings will include pay per download and subscription based television content delivered through the web, leveraging on our huge library of television content which includes lifestyle, entertainment and documentaries.

To further improve earnings and enhance shareholder value, we have also completed our ongoing capital management exercise aimed at generating interest savings and lowering our cost of funds over the medium term.

This involved a two-pronged strategy. We consolidated the debts at ntv7 into group level via a 5 year, RM70 million term loan refinancing facility with Affin Islamic Bank Berhad and we issued up to RM350.0 million nominal value bank guaranteed private debt securities via Aseambankers Malaysia Berhad. Consequently we expect the Group's cost of debt to decline from an average of 6.5% to 5% going forward.

ENHANCING GOVERNANCE

The Group is committed to open and transparent business practices based on strong ethical values. As promised in our previous Annual Report, in 2007 we dedicated further efforts to improving our stewardship and governance processes to surpass expectations for the benefit of all our stakeholders. I am pleased to record that the progress we have made has been recognised by a series of awards.



In May, Media Prima was voted the best managed Malaysian company in the mid-cap category in a 2007 poll for Asia's best managed companies. The poll was conducted by Finance Asia, the leading, Hong Kong-based financial publishing company. Media Prima was also ranked fifth in the country for best investor relations.

In November, Media Prima was ranked seventh out of 500 public listed companies in an annual survey by the Minority Shareholders Watchdog Group. This was an impressive leap forward by the Group, which had ranked 30th the previous year.

In January 2008, Asiamoney magazine's 2007 Corporate Governance Polls rated Media Prima as the Malaysian company best for Overall Corporate Governance, best for Disclosure and Transparency, and best for Investor Relations.



These awards are especially meaningful given that, only five years ago, the Group was heavily in debt and operational performance was weak. We are happy that the investing community has acknowledged our achievement in terms of not just our financial performance but also governance and investor relations.

ACHIEVING RECOGNITION

In addition to the corporate governance awards noted above, Media Prima was deeply honoured to receive an array of other awards and recognitions during the year, chief among which were the following.

TV3 was named one of Malaysia's Most Valuable Brands by the Association of Accredited Advertising Agents Malaysia (4As). The valuation exercise was conducted by world-renowned Interbrand, and the award was presented to TV3 by the Deputy Prime Minister, Datuk Seri Najib Tun Razak.

Meanwhile, Media Prima Television Networks received three nominations at the Asian Television Awards 2007 in Singapore - one of the most prestigious events in the Asian broadcast industry.

Together, New Straits Times Sdn. Bhd. and TV3 bagged the Special Award for the media reporting category at the 'Prime Minister's CSR Awards' show for their efforts to highlight corporate social responsibility issues.



chairman's message cont'd

SERVING THE COMMUNITY

As a media owner that serves the community and the nation, we are acutely aware that we bear a unique social responsibility. We have the ability to influence the hearts and minds of Malaysians, and we are committed to utilising our media platforms to promote positive values and racial harmony.

We devote significant resources to supporting socially responsible causes. For instance, TV3's *Bersamamu* and ntv7's *Nation Care Charity Show* have been effective in promoting the need to help the less fortunate, while 8tv has been at the forefront of furthering education via alliances with local colleges in line with its positioning as a youth-oriented brand. Meanwhile, we make sure that our news coverage frequently highlights environmental issues such as pollution and global warming.

At the Group level, we are participating in the *PINTAR* (Promoting Intelligence, Nurturing Talents, Advocating Responsibility) Project which is an initiative mooted by the Finance Ministry involving 25 government-linked companies and 132 schools. This three year project, launched on 17 December 2006, is aimed at helping to raise awareness of the importance of education and improving the academic standards of under-privileged children and under-performing schools.

More information about our CSR initiatives is given on pages 120 to 131.

FOSTERING TALENT

As a media Group, we recognise the importance of continually infusing and fostering talent. We operate a programme of talent-pool development, complemented by a pro-active internship initiative, management training programmes and succession planning. We are also placing ever-increasing emphasis on the wellbeing of our management and staff. In particular, we have started to roll out a series of initiatives to promote a healthy lifestyle.

LOOKING FORWARD

Malaysia's GDP growth is forecast to remain healthy - the Government's continued effort to attract foreign and private investments, and the positive economic effects arising from the 9th Malaysia Plan should boost consumer and client confidence. Therefore, although the global outlook is uncertain, we are cautiously optimistic that advertising spending in Malaysia will continue to grow - albeit that competition within the industry will intensify. Whatever the economic conditions, we will be resolute in pursuing our strategy of growing faster than the market.

Our main growth driver will remain the television networks but we expect our radio networks and outdoor operations to play an increasingly important role as revenue and earnings contributors. We also see new media as a catalyst for us to expand our revenue base into non advertising based revenue as we find opportunities to exploit our library of more than 40,000 hours of content.



In terms of regional expansion, we are interested in any investment that will increase shareholder value. Meanwhile, we will focus on operational collaborations with like-minded media groups within the region. At home, we will also persist with our efforts to seek revenue from non-traditional advertisers, and to encourage a higher percentage of advertisers to choose electronic media as their primary vehicle for advertising. This would bring Malaysia into line with the rest of the region, where the greater effectiveness of electronic advertising has already been recognised.

EXPRESSING APPRECIATION

At this coming Annual General Meeting, Dato' Dr. Mohd Shahari Ahmad Jabar will retire from the Board, and I would like to take this opportunity to thank him for the tremendous contribution he made during his term of office, not just as a Board director, but as Chairman of our Audit Committee.

Dato Dr. Mohd Shahari was highly instrumental in helping to drive the Board's efforts to improve governance and management especially during the challenging early days of the transformation period and we shall miss his presence.

I am also delighted to welcome a new independent non-executive director, Dato' Abdul Kadir Mohd Deen, who joined the Board on 29 May 2007. I am confident that his expertise as a former diplomat will contribute significantly to the ongoing growth and development of the Group.

At the end of a year of exceptional progress, I would like to offer my profound gratitude to our customers, investors and business partners for their unwavering support and commitment. I also wish to express our deep appreciation for the unstinting help and guidance we received from the Government, especially our regulators, the Ministry of Energy, Water & Communications and the Malaysian Communications & Multimedia Commission.

As well, I am pleased to express my appreciation of the wisdom and foresight displayed by my colleagues on the Board of Directors and by our entire management team. Finally, on behalf of my colleagues on the Board, I extend heartfelt thanks to all our employees on whose dedication, hard work and sheer enthusiasm our ongoing success is built.

Dato' Abdul Mutalib Bin Datuk Seri Mohamed Razak
Chairman, Media Prima Berhad

