

ASIA MEDIA GROUP BERHAD

(Company No: 813137-V)
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 2nd quarter ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR TO	PRECEDING YEAR
	QUARTER	CORRESPONDING	DATE	CORRESPONDING
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	2,415	2,975	4,883	6,530
Operating expenses	(3,540)	(9,510)	(7,515)	(18,813)
Other operating income	97	143	210	285
Profit / (Loss) from operations	(1,028)	(6,392)	(2,422)	(11,998)
Finance cost	(14)	(14)	(28)	(28)
Profit / (Loss) before taxation ("PBT" / "LBT")	(1,042)	(6,406)	(2,450)	(12,026)
Taxation	-	-	-	-
Profit / (Loss) for the period	<u>(1,042)</u>	<u>(6,406)</u>	<u>(2,450)</u>	<u>(12,026)</u>
Profit / (Loss) for the period attributable to:				
Equity holders of the parent	(1,041)	(6,405)	(2,404)	(11,980)
Non-controlling interests	<u>(1)</u>	<u>(1)</u>	<u>(46)</u>	<u>(46)</u>
	<u>(1,042)</u>	<u>(6,406)</u>	<u>(2,450)</u>	<u>(12,026)</u>
Earning before interest, taxation, depreciation and amortisation ("EBITDA")	(420)	(719)	(1,256)	(656)
Earning / (Loss) Per Share (Sen)				
(a) Basic	(0.43)	(0.53)	(1.00)	(1.00)
(b) Fully diluted	N/A	N/A	N/A	N/A

Notes:

(1) Other Income and Expenses highlights

	INDIVIDUAL QUARTER	CUMULATIVE QUARTER
	CURRENT YEAR QUARTER	CURRENT YEAR TO DATE
	30/06/2016	30/06/2016
	RM('000)	RM('000)
Interest income	96	209
Other income (exclude interest income)	1	1
Finance cost	(14)	(28)
Depreciation, amortisation and impairment	(704)	(1,375)

There are no provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets and foreign exchange gain or loss for current quarter and financial year to date.

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(2) The following is a reconciliation of PBT to EBITDA:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2016 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM('000)	CURRENT YEAR TO DATE 30/06/2016 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM('000)
PBT / (LBT)	(1,042)	(6,406)	(2,450)	(12,026)
Amortisation	8	60	16	120
Depreciation	696	5,751	1,359	11,502
Finance costs	14	14	28	28
Interest income	(96)	(138)	(209)	(280)
EBITDA	<u>(420)</u>	<u>(719)</u>	<u>(1,256)</u>	<u>(656)</u>

(3) The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of Asia Media Group Berhad ("Company") and its subsidiaries ("Group") for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2016 RM('000)	30/06/2015 RM('000)	30/06/2016 RM('000)	30/06/2015 RM('000)
Profit / (Loss) for the period	(1,042)	(6,406)	(2,450)	(12,026)
Other comprehensive income / (loss), net of tax	-	-	-	-
Total comprehensive income / (loss)	<u>(1,042)</u>	<u>(6,406)</u>	<u>(2,450)</u>	<u>(12,026)</u>
Total comprehensive income / (loss) attributable to:				
Equity holders of the parent	(1,041)	(6,405)	(2,404)	(11,980)
Non-controlling interest	<u>(1)</u>	<u>(1)</u>	<u>(46)</u>	<u>(46)</u>
	<u>(1,042)</u>	<u>(6,406)</u>	<u>(2,450)</u>	<u>(12,026)</u>

Note:

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 30/06/2016 RM('000)	As at preceding year financial year end (audited) 31/12/2015 RM('000)
PROPERTY, PLANT AND EQUIPMENT	23,516	24,455
DEVELOPMENT COSTS	2	2
INTANGIBLE ASSETS	281	296
CURRENT ASSETS		
Trade Receivables	1,014	492
Other Receivables and Prepaid Expenses	154	101
Cash and Bank Balances	10,042	13,432
	11,210	14,025
CURRENT LIABILITIES		
Trade Payables	362	339
Other Payables and Accrued Expenses	2,100	2,715
Short Term Borrowings	1,500	1,500
Amount Owing to Director	628	1,355
Tax Liabilities	1	1
	4,591	5,910
NET CURRENT ASSETS / (LIABILITIES)	6,619	8,115
	30,418	32,868
FINANCED BY:		
Share Capital	23,947	23,947
Reserves	6,592	8,996
	30,539	32,943
Non-Controlling Interests	(121)	(75)
TOTAL EQUITY	30,418	32,868
NON CURRENT LIABILITIES		
Hire Purchase Creditor	-	-
	30,418	32,868
Net assets per share attributable to ordinary equity holders of the parent (sen)	12.75	13.76

Note:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	<-----Attributable to Owner of the Company----->							
	<-----Non-Distributable----->			Distributable		Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Warrant Reserve	Reserve -				
	RM('000)	RM('000)	RM('000)	Retained Earnings	Reserve -	RM('000)	RM('000)	RM('000)
6 months period ended 30 June 2016								
Balance as at 1 January 2016	23,947	826	3,520	4,650	32,943	(75)	32,868	
Total comprehensive income / (loss) for the period	-	-	-	(2,404)	(2,404)	(46)	(2,450)	
Balance as at 30 June 2016	<u>23,947</u>	<u>826</u>	<u>3,520</u>	<u>2,246</u>	<u>30,539</u>	<u>(121)</u>	<u>30,418</u>	
6 months period ended 30 June 2015								
Balance as at 1 January 2015	119,732	826	3,520	14,448	138,526	(21)	138,505	
Total comprehensive income / (loss) for the period	-	-	-	(11,980)	(11,980)	(46)	(12,026)	
Balance as at 30 June 2015	<u>119,732</u>	<u>826</u>	<u>3,520</u>	<u>2,468</u>	<u>126,546</u>	<u>(67)</u>	<u>126,479</u>	

Note:

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

ASIA MEDIA GROUP BERHAD

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Quarterly report on consolidated results for the 2nd quarter ended 30 June 2016

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	6 months ended 30/06/2016	6 months ended 30/06/2015
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(2,450)	(12,026)
Adjustments for:		
Amortisation of development cost	1	2
Amortisation of intangible assets	15	118
Depreciation of property, plant and equipment	1,359	11,502
Impairment loss on property, plant and equipment	1	-
Gain on disposal of property, plant and equipment	(1)	(5)
Finance cost	28	28
Interest income	(209)	(280)
Operating profit / (loss) before working capital changes	<u>(1,256)</u>	<u>(661)</u>
Changes in working capital:		
Net change in current assets	(575)	10,181
Net change in current liabilities	(1,319)	(574)
Cash generated from operations	<u>(3,150)</u>	<u>8,946</u>
Finance cost paid	(28)	(28)
Interest received	209	280
Net cash from / (used in) operating activities	<u>(2,969)</u>	<u>9,198</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(422)	(11,103)
Proceeds from disposal of property, plant and equipment	1	5
Acquisition of investment in subsidiary, net of cash acquired	-	(41)
Net cash used in investing activities	<u>(421)</u>	<u>(11,139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Uplift of fixed deposits	-	183
Net cash from financing activities	<u>-</u>	<u>183</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,390)	(1,758)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	13,432	16,261
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>10,042</u>	<u>14,503</u>

Note:

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

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NOTES

A NOTES TO THE INTERIM FINANCIAL REPORT

A 1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The quarterly financial report ended 30 June 2016 is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015. The explanatory notes attached to the quarterly financial report provide an explanation on 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 2015.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2015. The Group adopted the Malaysian Financial Reporting Standards Framework ("MFRS Framework") relevant to the Group as explained below:

Convergence of the FRS Framework in Malaysia with the IFRS Framework issued by the IASB

On 19 November 2011, Malaysian Accounting Standard Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer ("Transitioning Entities").

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening undistributed income.

The adoption of the MFRSs does not have any significant impact on the interim financial statements of the Group and the Company.

A2 Audit report of preceding annual financial statements

The auditors' report on the preceding year's audited financial statements of the Group was not subject to any qualification.

A3 Seasonal or cyclical factors

The Group's business operations were not subject to any seasonal or cyclical changes.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A5 Material changes in estimates

There were no changes in estimates of amounts reported that have a material effect in the current financial quarter under review.

A6 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A7 Dividend paid

There were no dividends paid during the current financial quarter under review.

A8 Segment information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30/06/2016	QUARTER	30/06/2016	PERIOD
	RM('000)	30/06/2015	30/06/2015	RM('000)
		RM('000)		RM('000)
REVENUE				
Air Time	2,415	114	4,883	219
Programme Sponsorship	-	1,232	-	2,719
Creative & Production	-	1,629	-	3,592
	<u>2,415</u>	<u>2,975</u>	<u>4,883</u>	<u>6,530</u>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30/06/2016	QUARTER	30/06/2016	PERIOD
	RM('000)	30/06/2015	30/06/2015	RM('000)
		RM('000)		RM('000)
PROFIT / (LOSS) BEFORE TAXATION				
Air Time	641	(157)	840	(280)
Programme Sponsorship	(1,132)	(2,112)	(2,264)	(4,293)
Creative & Production	(648)	(4,280)	(1,236)	(7,738)
	<u>(1,139)</u>	<u>(6,549)</u>	<u>(2,660)</u>	<u>(12,311)</u>
Other operating income	97	143	210	285
	<u>(1,042)</u>	<u>(6,406)</u>	<u>(2,450)</u>	<u>(12,026)</u>

Indirect costs attributable to Air Time, Programme Sponsorship and Creative & Production segments are based on revenue contributed by each segment in the current financial quarter under review.

A9 Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment.

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter ended 30 June 2016 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A12 Contingent liabilities

There were no contingent liabilities as at the end of the current financial quarter under review.

A13 Capital commitments

There were no capital commitments as at the end of the current financial quarter under review.

A14 Significant related party transactions

There were no significant related party transactions as at the end of the current financial quarter under review.

A15 Cash and cash equivalents

	As at 30/06/2016
	RM('000)
Fixed deposits placed with licenced banks	-
Cash and bank balances	<u>10,042</u>
	10,042
Less: Fixed deposit pledged to licensed banks	-
	<u>10,042</u>

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

For the current quarter ended 30 June 2016, the Group recorded revenue of RM2.415 million and a loss before tax of RM1.042 million compared to RM2.975 million in revenue and a loss before tax of RM6.406 million for the preceding year corresponding quarter ended 30 June 2015. The reduce in revenue was mainly attributable to the decrease in customers' demand for the financial period ended ("FPE") 30 June 2016. The reduction in losses due to better cost control by the Company as well as lower depreciation charges in current quarter ended 30 June 2016.

There is an overall reduction in all three revenue segment includes Air Time segment, Programme Sponsorship segment and Creative and Production segment in the current quarter as compared to preceding year corresponding quarter, due to lower customers demand.

B2 Variation of results against preceding quarter

For the quarter ended 30 June 2016, the Group recorded a loss before tax of RM1.042 million compared to a loss before tax of RM1.408 million for the preceding quarter ended 31 March 2016. This was mainly due to lower sales volume generated and higher direct cost incurred by the Group in the current quarter.

B3 Prospects

Based on the above and barring any unforeseen circumstances, the Board of Directors is of the opinion that the prospects for the Group for the next quarter will be challenging due to existing competitive business environment.

B4 Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee during the financial quarter under review.

B5 Taxation

The taxation for the current financial quarter under review and year to date is as follow:-

	Current Year Quarter 30/06/2016 RM('000)	Current Year To Date 30/06/2016 RM('000)
Taxation based on short term deposit interest received	-	-

Asia Media Sdn Bhd has been awarded Multimedia Super Corridor status. Accordingly, there is no tax charge on the business income for the financial quarter under review as Asia Media Sdn Bhd has been granted pioneer status under the Promotion of Investments (Amendment) Act, 1986.

B6 Group's borrowings and debt securities

	As at 30/06/2016 RM('000)
Secured:	
<u>Short term borrowings</u>	
Revolving Financing-i	1,500
Hire purchase	-
	1,500
<u>Long term borrowings</u>	
Hire purchase	-
Total borrowings	1,500

B7 Off balance sheet financial instruments

There were no off balance financial instruments as at the date of this report.

B8 Material litigations

Shah Alam High Court Civil Suit No. 22NCVC-186-03/2015: Rapid Rail Sdn. Bhd. ("Plaintiff") v Asia Media Sdn. Bhd. ("Defendant")

On 27th March 2015, the Plaintiff filed the Writ and Statement of Claim against the Defendant seeking, inter alia:

- (i) Payment of Minimum Guaranteed Sum ("MGS" amounting to RM 1,215,000.00 for Year 5 of the Licence Agreement;
- (ii) Payment of cumulative MGS for the extended period amounting to RM607,500.00; and
- (iii) Costs and interests.

By the Defence and Counterclaim dated 14th May 2015, the Defendant counter claimed against the Plaintiff for breach of the License Agreement and pleaded the defence of set-off.

On 3rd July 2015, the Plaintiff filed the Summary Judgement application and the High court allowed the Plaintiff's summary judgement application against the Defendant for the sum of RM1,215,000 in 17th September 2015. This Judgement is presently stayed pending the disposal of the trial in respect of the Defendant's counterclaim.

Trial took place on 14th June 2016, and 11th to 13th July 2016.

The Defendant filed an application to amend its Counterclaim, and the same will be heard on 30th August 2016. This application will be disposed of before directions are given regarding post-trial submissions.

B9 Dividends

No dividend has been declared during the current financial quarter under review.

B10 Earnings per share

- (a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2016 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM('000)	CURRENT YEAR TO DATE 30/06/2016 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM('000)
Earning / (Loss) attributable to ordinary equity holders of the parent	(1,041)	(6,405)	(2,404)	(11,980)
Weighted average number of ordinary shares in issue ('000)	239,464	1,197,317	239,464	1,197,317
Basic earnings / (losses) per share (sen)	(0.43)	(0.53)	(1.00)	(1.00)

- (b) Diluted earnings per share

The fully diluted earnings per share have not been presented as there is no diluted effect for the shares.

B11 Realised and Unrealised Retained Earnings

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	As at 30/06/2016 RM('000)	As at 31/12/2015 (audited) RM('000)
Retained earnings/(losses) of the Company and its subsidiaries		
- Realised	(197,507)	(195,058)
- Unrealised	(1,823)	(1,823)
	(199,330)	(196,881)
Add: Consolidation adjustments	201,576	201,531
Total retained earnings as per Consolidated Statements of Financial Position	2,246	4,650

B12 Authorisation for issue

This quarterly report was authorised for issue by the Board of Directors on 29th Aug 2016.