

# **Berjaya Media Berhad**

Company No: 290601-T

Date: 24 September 2018

Subject: **UNAUDITED QUARTERLY (Q1) INTERIM FINANCIAL REPORT FOR  
THE PERIOD ENDED 31 JULY 2018**

	Page
Table of contents	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Unaudited Interim Financial Report	5 - 7
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR")	8 - 10

**BERJAYA MEDIA BERHAD****(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended	
		31/07/2018 RM'000	31/07/2017 RM'000
GROUP REVENUE		7,368	10,124
Operating expenses		(10,130)	(11,605)
Other operating income		75	83
<b>LOSS FROM OPERATIONS</b>		<b>(2,689)</b>	<b>(1,398)</b>
Investment related income		45	67
Investment related expense		-	(92)
Finance costs		(97)	(50)
<b>LOSS BEFORE TAX</b>		<b>(2,741)</b>	<b>(1,473)</b>
<b>INCOME TAX EXPENSE</b>		<b>(9)</b>	<b>(13)</b>
<b>LOSS AFTER TAX</b>		<b>(2,750)</b>	<b>(1,486)</b>
<b>OTHER COMPREHENSIVE ITEMS</b>			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Net changes on available-for-sale ("AFS") financial assets			
- Changes in fair value of AFS investments		-	(909)
- Transferred to profit or loss due to impairment of AFS investments		-	92
<u>Item that will not be reclassified subsequently to profit or loss</u>			
- Changes in fair value of quoted investment at fair value through other comprehensive income ("FVTOCI")		213	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(2,537)</b>	<b>(2,303)</b>
<b>ATTRIBUTABLE TO:</b>			
- Equity holders of the parent		(2,750)	(1,486)
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
- Equity holders of the parent		(2,537)	(2,303)
<b>LOSS PER SHARE (SEN)</b>			
-Basic, for the period	B9	(1.17)	(0.63)
-Diluted, for the period	B9	N/A	N/A

N/A : Not Applicable

The annexed notes form an integral part of this interim financial report.

**BERJAYA MEDIA BERHAD****(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/07/2018 RM'000	Group As at 30/04/2018 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	1,946	2,088
Other investment	16,765	16,552
	<u>18,711</u>	<u>18,640</u>
<b>Current Assets</b>		
Inventories	3,906	4,644
Trade and other receivables	4,805	6,979
Tax recoverable	-	24
Cash and bank balances	2,229	2,724
	<u>10,940</u>	<u>14,371</u>
<b>TOTAL ASSETS</b>	<u><u>29,651</u></u>	<u><u>33,011</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	191,538	191,538
Fair value adjustment reserve	-	(53)
FVTOCI reserve	(31,273)	-
Accumulated losses	(144,478)	(173,161)
<b>Equity funds</b>	<u>15,787</u>	<u>18,324</u>
<b>Current Liabilities</b>		
Short term borrowings	6,664	7,226
Trade and other payables	7,186	7,452
Tax payable	14	9
	<u>13,864</u>	<u>14,687</u>
<b>Total Liabilities</b>	<u>13,864</u>	<u>14,687</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>29,651</u></u>	<u><u>33,011</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.07	0.08
Number of ordinary shares (unit'000)	235,085	235,085

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**BERJAYA MEDIA BERHAD****(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent				
	Share capital RM'000	Non-distributable reserves		Accumulated losses RM'000	Total equity RM'000
		Fair value adjustment reserve RM'000	FVTOCI reserve RM'000		
At 1 May 2018 (as reported)	191,538	(53)	-	(173,161)	18,324
Effect of adoption of MFRS 9	-	53	(31,486)	31,433	-
At 1 May 2018 (as restated)	191,538	-	(31,486)	(141,728)	18,324
Total comprehensive income	-	-	213	(2,750)	(2,537)
At 31 July 2018	<u>191,538</u>	<u>-</u>	<u>(31,273)</u>	<u>(144,478)</u>	<u>15,787</u>
At 1 May 2017	191,538	1,123	-	(160,661)	32,000
Total comprehensive income	-	(817)	-	(1,486)	(2,303)
At 31 July 2017	<u>191,538</u>	<u>306</u>	<u>-</u>	<u>(162,147)</u>	<u>29,697</u>

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**BERJAYA MEDIA BERHAD****(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2018	31/07/2017
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from operations	8,777	11,680
Payment to suppliers	(4,116)	(5,041)
Payments for operating expenses	(4,523)	(6,566)
Net tax refund	20	29
Net cash generated from operating activities	<u>158</u>	<u>102</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(211)
Interest received	6	28
Net cash generated from/(used in) investing activities	<u>6</u>	<u>(183)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowing	2,361	1,894
Repayment of bank borrowing	(2,932)	(1,353)
Interest paid	(97)	(50)
Net cash (used in)/generated from financing activities	<u>(668)</u>	<u>491</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(504)</u>	<u>410</u>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<u>7</u>	<u>5,669</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u><u>(497)</u></u>	<u><u>6,079</u></u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	1	1,827
Cash on hand and at banks	2,228	4,252
Bank overdraft (included under short term borrowings)	(2,726)	-
	<u>(497)</u>	<u>6,079</u>

The annexed notes form an integral part of this interim financial report.

**BERJAYA MEDIA BERHAD****(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

## NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The interim financial report is not audited and has been prepared in compliance with Malaysian Accounting Standards Board ("MFRS") 134 - Interim Financial Reporting by Malaysian Accounting Standards Board ("MASB") and International Accounting Standards ("IAS") 34 - Interim Financial Reporting, the Companies Act 2016 in Malaysia and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 April 2018.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 May 2018.

The initial application of the MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption except for the followings:

**MFRS 9: Financial Instruments**

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

**i. Classification and measurements**

The Group does not expect a significant impact on its statements of financial position or equity on applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

**ii. Impairment**

The Group has applied the simplified approach to calculate expected credit losses which uses a lifetime expected loss allowance on all trade receivables. Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics.

The Group has applied MFRS 9 retrospectively on the initial application date of 1 May 2018 and has elected not to restate comparative.

The financial impact from initial adoption of MFRS 9 as at 1 May 2018 are as follows:

<b>Group</b>	<b>As previously reported</b>	<b>Effect of adoption of</b>	<b>As restated</b>
	<b>RM'000</b>	<b>MFRS 9</b>	<b>RM'000</b>
<b><u>Statement of Financial Position</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fair value adjustment reserve	(53)	53	-
FVTOCI reserve	-	(31,486)	(31,486)
Accumulated losses	(173,161)	31,433	(141,728)

**BERJAYA MEDIA BERHAD**

**(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

NOTES TO THE INTERIM FINANCIAL REPORT

**MFRS 15: Revenue from Contracts with Customers**

MFRS 15 established a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 superseded previous revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has adopted the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach. The adoption of MFRS 15 did not have any significant effects on the interim financial report upon their initial application.

**A2 Seasonal or cyclical factors**

The business of the Group is generally affected by the festive season and global newsprint prices.

**A3 Unusual items**

There was no unusual item for the current period under review.

**A4 Changes in estimates**

There were no changes in amount of estimates reported previously that have a material effect in the current period under review.

**A5 Issuance and repayment of debt and equity securities**

In the current period under review, there were no issuance and repayment of debt and equity securities.

**A6 Dividend paid**

No dividend was paid in the current period under review

**BERJAYA MEDIA BERHAD****(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

NOTES TO THE INTERIM FINANCIAL REPORT

**A7 Segment reporting**

Segment information for the financial period ended 31 July 2018:-

<b>REVENUE</b>	<b>Total RM'000</b>
Publishing	7,368
Others	-
Investment holding	-
Total revenue	<u><u>7,368</u></u>
<b>RESULTS</b>	<b>Total RM'000</b>
Publishing	(2,563)
Others	(1)
Investment holding	<u>(125)</u>
Loss from operations	(2,689)
Investment related income	45
Finance costs	<u>(97)</u>
Loss before tax	(2,741)
Income tax expense	<u>(9)</u>
Loss after tax	<u><u>(2,750)</u></u>

**A8 Material events**

There were no material events for the current period under review.

**A9 Changes in composition of the Group**

There were no changes in the composition of the Group for the current period under review.

**A10 Changes in contingent liabilities or contingent assets**

There are no material changes in contingent liabilities and contingent assets since the last annual reporting date.



**BERJAYA MEDIA BERHAD****(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

**B1 Review of group performance**

The Group is primarily engaged in publishing of newspaper ('theSun'). The key factors that affect the operating performance of the Group include mainly the newsprint costs, press printing costs, payroll costs, economic conditions and demand for newspaper advertising.

**The summary results of the Group are as follows:**

	<b>3 months ended</b>		<b>Variance</b>
	<b>31/07/2018</b>	<b>31/07/2017</b>	<b>+ / (-)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	7,368	10,124	(27.22)
Loss from operations	(2,689)	(1,398)	92.35
Loss before tax	(2,741)	(1,473)	86.08

Review of results for the quarter

For the quarter ended 31 July 2018, the Group reported a revenue and pre-tax loss of RM7.37 million and RM2.74 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax loss of RM10.12 million and RM1.47 million respectively.

The drop in revenue for the quarter under review was mainly due to lower advertising income reported by its principal operating subsidiary, Sun Media Corporation Sdn Bhd ("SunMedia"). The lower revenue led to the higher loss from operations and pre-tax loss.

**B2 Review of results of current quarter vs preceding quarter**

	<b>3 months ended</b>		<b>Variance</b>
	<b>31/07/2018</b>	<b>30/04/2018</b>	<b>+ / (-)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	7,368	6,497	13.41
Loss from operations	(2,689)	(4,020)	(33.11)
Loss before tax	(2,741)	(6,020)	(54.47)

For the quarter ended 31 July 2018, the Group reported a revenue of RM7.37 million and pre-tax loss of RM2.74 million, as compared to the Group revenue of RM6.50 million and Group pre-tax loss of RM6.02 million for the preceding quarter.

The increase in advertising revenue for the quarter under review coincided with the Hari Raya festive season and World Cup 2018 competition which were in the current quarter. The lower pre-tax loss incurred for the current quarter under review was mainly due to higher revenue reported and no impairment loss on the quoted investments in the current quarter as compared to the impairment loss of quoted investments of RM1.96 million incurred in the previous quarter.

**BERJAYA MEDIA BERHAD**

**(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

**B3 Future prospects**

The Group is operating in a difficult business environment and will continue to focus on containing its cost and improving its advertising revenue. The Directors are of the view that the Group's business for the remaining financial period will remain challenging due to the prevailing economic conditions that will certainly impact the advertising and promotion budgets of most corporate clients and advertisers.

In view of the Group's current financial condition, more marketing efforts are being initiated to improve the Group's financial position and to preserve the shareholders' equity funds. The Board has been exploring other options (including diversifying into new businesses outside the media sector) to strengthen the financial position of the Group with the primary objective of regularising its PN17 condition. The Group had appointed AmInvestment Bank as its Principal Adviser for the submission of regularisation plan. Bursa Malaysia had granted an extension of time to the Group till 20 December 2018 to submit its regularisation plan.

**B4 Variance of actual profit from profit forecast and profit guarantee**

There was no profit forecast or profit guarantee given by the Group for the current period under review.

**B5 Taxation**

	<b>Current Quarter RM'000</b>
Income tax expense	<u><u>(9)</u></u>

The income tax expense for the current quarter/ period ended 31 July 2018 was mainly due to tax on interest income of certain subsidiary companies.

**B6 Group bank borrowings and debt securities**

	<b>At end of current quarter RM'000</b>
Short term borrowings (representing total borrowings of the Group)	
Secured	
Denominated in Ringgit Malaysia (RM)	<u><u>6,664</u></u>

**B7 Changes in material litigation**

With reference to the legal case against The Nielsen Company (Malaysia) Sdn Bhd, the next hearing will be held on 9 November 2018.

With reference to the case with Asia Pacific Higher Learning Sdn. Bhd. and Wan Mazlan Bin Mohamed Woojdy , the Court had fixed 10 October 2018 for decision.

With reference to the case with Universiti Malaya, the Court had fixed 15 October 2018 for decision.

**BERJAYA MEDIA BERHAD****(Company No: 290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

**B8 Dividend**

No dividend is declared for the current quarter ended 31 July 2018 (preceding year's corresponding period ended 31 July 2017: Nil).

**B9 Loss per ordinary share**

	<b>3 months ended</b>	
	<b>31/07/2018</b>	<b>31/07/2017</b>
<b><u>Basic</u></b>		
Net loss attributable to ordinary shareholders (RM'000)	(2,750)	(1,486)
Weighted average number of ordinary shares ('000)	235,085	235,085
Basic loss per ordinary share (sen)	<u>(1.17)</u>	<u>(0.63)</u>

**Diluted**

The diluted earnings per share was not presented in current quarter and period ended 31 July 2018 as there were no potentially dilutive ordinary shares.

**B10 Loss before tax**

Loss before tax is arrived at after charging/(crediting) the following items:-

	<b>Current Quarter RM'000</b>
Interest income	(45)
Dividend income	-
Gain on disposal of property, plant and equipment	-
Gain on disposal of quoted investments	-
Gain on disposal of unquoted investments or properties	-
Interest expense	97
Depreciation for property, plant and equipment	142
Impairment loss of intangible asset	-
Impairment loss on receivables	-
Provision for and write-off of inventories	-
Foreign exchange loss (net)	<u>2</u>