

Berjaya Media Berhad

Company No: 290601-T

Date: 6 December 2018

Subject: **UNAUDITED QUARTERLY (Q2) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 OCTOBER 2018**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		Year to date ended	
		31/10/2018 RM'000	31/10/2017 RM'000	31/10/2018 RM'000	31/10/2017 RM'000
GROUP REVENUE		6,532	8,345	13,900	18,469
Operating expenses		(9,070)	(10,958)	(19,200)	(22,563)
Other operating income		58	96	133	179
LOSS FROM OPERATIONS		(2,494)	(2,517)	(5,183)	(3,915)
Investment related income		40	64	85	131
Investment related expense		(8)	(15)	(8)	(107)
Finance costs		(99)	(54)	(196)	(104)
LOSS BEFORE TAX		(2,561)	(2,522)	(5,302)	(3,995)
INCOME TAX EXPENSE		(9)	(13)	(18)	(26)
LOSS AFTER TAX		(2,570)	(2,535)	(5,320)	(4,021)
OTHER COMPREHENSIVE ITEMS					
<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		-	(15)	-	(924)
- Transferred to profit or loss due to impairment of AFS investments		-	15	-	107
<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")		(1,337)	-	(1,124)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(3,907)	(2,535)	(6,444)	(4,838)
ATTRIBUTABLE TO:					
- Equity holders of the parent		(2,570)	(2,535)	(5,320)	(4,021)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
- Equity holders of the parent		(3,907)	(2,535)	(6,444)	(4,838)
LOSS PER SHARE (SEN)					
-Basic, for the period	B9	(1.09)	(1.08)	(2.26)	(1.71)
-Diluted, for the period	B9	N/A	N/A	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 OCTOBER 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/10/2018 RM'000	Group As at 30/4/2018 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	2,008	2,088
Other investment	12,389	16,552
	<u>14,397</u>	<u>18,640</u>
Current Assets		
Inventories	3,549	4,644
Trade and other receivables	4,569	6,979
Tax recoverable	-	24
Cash and bank balances	3,549	2,724
	<u>11,667</u>	<u>14,371</u>
TOTAL ASSETS	<u><u>26,064</u></u>	<u><u>33,011</u></u>
EQUITY AND LIABILITIES		
Share capital	191,538	191,538
Fair value adjustment reserve	-	(53)
FVTOCI reserve	(26,791)	-
Accumulated losses	(152,867)	(173,161)
Equity funds	<u>11,880</u>	<u>18,324</u>
Current Liabilities		
Short term borrowings	6,399	7,226
Trade and other payables	7,769	7,452
Tax payable	16	9
	<u>14,184</u>	<u>14,687</u>
Total Liabilities	<u>14,184</u>	<u>14,687</u>
TOTAL EQUITY AND LIABILITIES	<u><u>26,064</u></u>	<u><u>33,011</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.05	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 OCTOBER 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	-	-	(1,124)	(5,320)	(6,444)
Arising from disposal of FVTOCI investment	-	-	5,819	(5,819)	-
At 31 October 2018	<u>191,538</u>	<u>-</u>	<u>(26,791)</u>	<u>(152,867)</u>	<u>11,880</u>
At 1 May 2017	191,538	1,123	-	(160,661)	32,000
Total comprehensive income	-	(817)	-	(4,021)	(4,838)
At 31 October 2017	<u>191,538</u>	<u>306</u>	<u>-</u>	<u>(164,682)</u>	<u>27,162</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	31/10/2018	31/10/2017
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	14,936	18,176
Payment to suppliers	(9,388)	(11,123)
Payments for operating expenses	(6,624)	(10,513)
Net tax refund	13	26
Net cash used in operating activities	<u>(1,063)</u>	<u>(3,434)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Disposal of other investments	3,033	-
Purchase of property, plant and equipment	(207)	(230)
Interest received	85	131
Net cash generated from/(used in) investing activities	<u>2,911</u>	<u>(99)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	3,787	5,628
Repayment of bank borrowing	(4,893)	(3,959)
Interest paid	(196)	(104)
Net cash (used in)/generated from financing activities	<u>(1,302)</u>	<u>1,565</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	546	(1,968)
OPENING CASH AND CASH EQUIVALENTS	7	5,669
CLOSING CASH AND CASH EQUIVALENTS	<u><u>553</u></u>	<u><u>3,701</u></u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	1	2,482
Cash on hand and at banks	3,548	1,219
Bank overdraft (included under short term borrowings)	(2,996)	-
	<u><u>553</u></u>	<u><u>3,701</u></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 OCTOBER 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 Bursa Securities LR.

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:

Group	As previously reported RM'000	Effect of adoption of MFRS 9 RM'000	As restated RM'000
<u>Statement of Financial Position</u>			
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)

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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.

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 OCTOBER 2018

NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment reporting

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

REVENUE	Total RM'000
Publishing	13,900
Others	-
Investment holding	-
Total revenue	<u>13,900</u>
RESULTS	Total RM'000
Publishing	(4,669)
Others	(3)
Investment holding	<u>(511)</u>
Loss from operations	(5,183)
Investment related income	85
Investment related expense	(8)
Finance costs	<u>(196)</u>
Loss before tax	(5,302)
Income tax expense	<u>(18)</u>
Loss after tax	<u>(5,320)</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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 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:

	3 months ended		Variance	Year to date ended		Variance
	31/10/2018	31/10/2017	+ / (-)	31/10/2018	31/10/2017	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	6,532	8,345	(21.73)	13,900	18,469	(24.74)
Loss from operations	(2,494)	(2,517)	(0.91)	(5,183)	(3,915)	32.39
Loss before tax	(2,561)	(2,522)	1.55	(5,302)	(3,995)	32.72

Review of results for the quarter

For the second quarter ended 31 October 2018 under review, the Group reported a revenue and pre-tax loss of RM6.53 million and RM2.56 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax loss of RM8.35 million and RM2.52 million respectively.

The drop in revenue for the quarter was mainly due to lower advertising income reported by its principal operating subsidiary, Sun Media Corporation Sdn Bhd ("SunMedia"), as advertisers have shifted their advertising preference to digital platform. The loss from operations of SunMedia has reduced due to effective cost control measures undertaken. However, the pre-tax loss was higher mainly due to consultancy and advisory fees incurred for the corporate exercise relating to the regularisation plan as disclosed in Note B3.

Review of results for the financial period

For the 6-month period ended 31 October 2018, the Group registered a revenue and pre-tax loss of RM13.90 million and RM5.30 million respectively, as compared to the corresponding period of the previous year which reported a revenue and pre-tax loss of RM18.47 million and RM4.00 million respectively.

The decrease in revenue for the period under review was mainly due to lower advertising income recorded by SunMedia. The pre-tax loss registered for the period under review was higher mainly due to lower revenue.

B2 Review of results of current quarter vs preceding quarter

	3 months ended		Variance
	31/10/2018	31/7/2018	+ / (-)
	RM'000	RM'000	%
Revenue	6,532	7,368	(11.35)
Loss from operations	(2,494)	(2,689)	(7.25)
Loss before tax	(2,561)	(2,741)	(6.57)

For the quarter ended 31 October 2018, the Group reported a revenue of RM6.53 million and pre-tax loss of RM2.56 million, as compared to the Group revenue of RM7.37 million and Group pre-tax loss of RM2.74 million for the preceding quarter.

The decrease in revenue for the quarter under review was mainly due to lower advertising income reported by SunMedia. The decrease in pre-tax loss incurred for the current quarter under review was mainly due to lower operating expenditure as compared to preceding quarter.

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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 as the advertising industry has shifted their preference to digital platform, which will certainly impact the print media industry.

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 Berhad as its Principal Adviser for the submission of its regularisation plan. Bursa Malaysia Securities Berhad had granted an extension of time for the submission till 20 December 2018. On 3 December 2018, AmInvestment Bank Berhad submitted an application to Bursa Malaysia Securities Berhad to request for further extension of time for the submission of the 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

	Current Quarter RM'000	Financial Year to date RM'000
Income tax expense	<u>(9)</u>	<u>(18)</u>

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

B6 Group bank borrowings and debt securities

	At end of current quarter RM'000
Short term borrowings (representing total borrowings of the Group)	
Secured	
Denominated in Ringgit Malaysia (RM)	<u>6,399</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 12 and 15 February 2019.

With reference to the case with Asia Pacific Higher Learning Sdn. Bhd. and Wan Mazlan Bin Mohamed Woojdy, the Court had fixed 12 December 2018 for decision.

With reference to the case with Universiti Malaya ("UM"), the Court had fixed 15 November 2018 for decision. On 15 November 2018, the Court dismissed UM's claim against theSun and awarded theSun cost of RM10,000. UM was given 14 days (ie 29 November 2018) to lodge an appeal to the Court. No appeal was filed within the 14 days.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B8 Dividend

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

B9 Loss per ordinary share

	3 months ended		Year to date ended	
	31/10/2018	31/10/2017	31/10/2018	31/10/2017
<u>Basic</u>				
Net loss attributable to ordinary shareholders (RM'000)	(2,570)	(2,535)	(5,320)	(4,021)
Weighted average number of ordinary shares ('000)	235,085	235,085	235,085	235,085
Basic loss per ordinary share (sen)	<u>(1.09)</u>	<u>(1.08)</u>	<u>(2.26)</u>	<u>(1.71)</u>

Diluted

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

B10 Loss before tax

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

	Current Quarter RM'000	Financial Year to date RM'000
Interest income	(40)	(85)
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	99	196
Depreciation for property, plant and equipment	145	287
Impairment loss of intangible asset	-	-
Impairment loss on receivables	-	-
Provision for and write-off of inventories	-	-
Foreign exchange gain (net)	<u>6</u>	<u>8</u>