

Berjaya Media Berhad

Company No: 290601-T

Date: 27 September 2019

Subject: **UNAUDITED QUARTERLY (Q1) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2019**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended	
		31/07/2019 RM'000	31/07/2018 RM'000
GROUP REVENUE		4,994	7,368
Operating expenses		(8,069)	(10,132)
Other operating income		104	75
LOSS FROM OPERATIONS		(2,971)	(2,689)
Investment related income		41	45
Finance costs		(97)	(97)
LOSS BEFORE TAX		(3,027)	(2,741)
INCOME TAX EXPENSE		(9)	(9)
LOSS AFTER TAX		(3,036)	(2,750)
OTHER COMPREHENSIVE ITEM			
<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")		(459)	213
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(3,495)	(2,537)
LOSS ATTRIBUTABLE TO:			
- Equity holders of the parent		(3,036)	(2,750)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
- Equity holders of the parent		(3,495)	(2,537)
LOSS PER SHARE (SEN)			
-Basic, for the period	B9	(1.29)	(1.17)
-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 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/7/2019 RM'000	Group As at 30/4/2019 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	2,078	2,300
Other investment	11,492	11,950
	<u>13,570</u>	<u>14,250</u>
Current Assets		
Inventories	2,291	2,845
Trade and other receivables	4,191	4,317
Cash and bank balances	217	1,002
	<u>6,699</u>	<u>8,164</u>
TOTAL ASSETS	<u><u>20,269</u></u>	<u><u>22,414</u></u>
EQUITY AND LIABILITIES		
Share capital	191,538	191,538
FVTOCI reserve	(27,688)	(27,229)
Accumulated losses	(167,580)	(164,544)
Shareholders' deficit	<u>(3,730)</u>	<u>(235)</u>
Current Liabilities		
Short term borrowings	4,752	5,409
Trade and other payables	18,449	16,314
Contract liability	792	924
Tax payable	6	2
	<u>23,999</u>	<u>22,649</u>
Total Liabilities	<u>23,999</u>	<u>22,649</u>
TOTAL EQUITY AND LIABILITIES	<u><u>20,269</u></u>	<u><u>22,414</u></u>
Net liabilities per share attributable to ordinary equity holders of the parent (RM)	(0.02)	(0.00)
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 2019
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to the equity holders of the parent</u>			
		<u>Non-distributable reserves</u>		
	Share capital	FVTOCI reserve	Accumulated losses	(Shareholders' deficit)/ Total equity
	RM'000	RM'000	RM'000	RM'000
At 1 May 2019	191,538	(27,229)	(164,544)	(235)
Total comprehensive income	-	(459)	(3,036)	(3,495)
At 31 July 2019	<u>191,538</u>	<u>(27,688)</u>	<u>(167,580)</u>	<u>(3,730)</u>
At 1 May 2018	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>(31,273)</u>	<u>(144,478)</u>	<u>15,787</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended	
	31/07/2019	31/07/2018
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	5,282	8,777
Payment to suppliers	(3,159)	(4,116)
Payments for operating expenses	(7,500)	(4,523)
Net tax (payment)/refund	(5)	20
Net cash (used in)/generated from operating activities	<u>(5,382)</u>	<u>158</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16)	-
Interest received	2	6
Net cash (used in)/generated from investing activities	<u>(14)</u>	<u>6</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	1,225	2,361
Repayment of bank borrowing	(1,980)	(2,932)
Interest paid	(97)	(97)
Advances from major shareholder	5,365	-
Net cash generated from/(used in) financing activities	<u>4,513</u>	<u>(668)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(883)</u>	<u>(504)</u>
OPENING CASH AND CASH EQUIVALENTS	<u>(1,892)</u>	<u>7</u>
CLOSING CASH AND CASH EQUIVALENTS	<u><u>(2,775)</u></u>	<u><u>(497)</u></u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	-	1
Cash on hand and at banks	217	2,228
Bank overdraft (included under short term borrowings)	<u>(2,992)</u>	<u>(2,726)</u>
	<u><u>(2,775)</u></u>	<u><u>(497)</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 JULY 2019

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 As at 31 July 2019, the Group reported shareholders deficit of RM3,730,000 and the Group's current liabilities exceeded the current assets by RM17,300,000. The Group has undertaken the process of regularising its PN17 condition. The major shareholder of the Group has also committed to provide financial support, at least, until the successful implementation of the regularisation plan. With the financial support of the major shareholder, the directors believe the Group will have sufficient working capital to continue as a going concern. On this basis, the directors have prepared the financial statements of the Group on a going concern basis.

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 2019.

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 2019.

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 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 May 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application. Accordingly, the comparative information presented for FY2019 has not been restated - i.e. it is presented, as previously reported, under MFRS 117 and related interpretations.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value (below USD5,000).

The adoption of MFRS 16 did not have any significant effects on the interim financial report upon their initial application.

BERJAYA MEDIA BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2019

NOTES TO THE INTERIM FINANCIAL REPORT

A2 Seasonal or cyclical factors

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

A3 Unusual items

The following are the unusual items that occurred during the current quarter under review:

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 2019

NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment reporting

Segment information for the financial period ended 31 July 2019:-

REVENUE	Total RM'000
Publishing	4,994
Others	-
Investment holding	-
Total revenue	<u><u>4,994</u></u>
RESULTS	Total RM'000
Publishing	(2,378)
Others	(1)
Investment holding	<u>(592)</u>
Loss from operations	(2,971)
Investment related income	41
Finance costs	<u>(97)</u>
Loss before tax	(3,027)
Income tax expense	<u>(9)</u>
Loss after tax	<u><u>(3,036)</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 2019

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
	31/7/2019	31/7/2018	+ / (-)
	RM'000	RM'000	%
Revenue	4,994	7,368	(32.22)
Loss from operations	(2,971)	(2,689)	10.49
Loss before tax	(3,027)	(2,741)	10.43

Review of results for the quarter

For the quarter ended 31 July 2019, the Group reported a revenue and pre-tax loss of RM4.99 million and RM3.03 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax loss of RM7.37 million and RM2.74 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"), as advertisers have shifted their advertising preference to other mediums. The higher pre-tax loss was mainly due to consultancy and advisory fees incurred for the corporate exercise relating to the regularisation plan as disclosed in Note B3.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2019

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B2 Review of results of current quarter vs preceding quarter

	3 months ended		Variance
	31/7/2019	30/4/2019	+ / (-)
	RM'000	RM'000	%
Revenue	4,994	4,812	3.78
Loss from operations	(2,971)	(3,647)	(18.54)
Loss before tax	(3,027)	(3,704)	(18.28)

For the quarter ended 31 July 2019, the Group reported a revenue of RM4.99 million and pre-tax loss of RM3.03 million, as compared to the Group revenue of RM4.81 million and Group pre-tax loss of RM3.70 million for the preceding quarter.

The increase in revenue for the quarter under review was mainly due to higher advertising income reported by SunMedia. The pre-tax loss for the current quarter under review was lower as the preceding quarter included the legal fees for legal suits brought by Asia Pacific Higher Learning Sdn Bhd ("APHLSB") and Wan Mazlan bin Mohamed Woojdy ("WMBMW") against SunMedia.

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 other mediums, including digital platform, which has impacted the print media industry.

The Board has been exploring other options (including diversifying into new businesses outside the media sector) to regularise its PN17 condition. Bursa Malaysia Securities Berhad ("Bursa Malaysia") had on 26 June 2019 granted the Group an extension of time up to 20 December 2019 to submit the regularisation plan to the regulatory authorities subject to the Group entering into a definitive agreement with a proposed white knight by 20 October 2019. With the interim financial support of the major shareholder, the Board believes that the Group can continue to operate as a going concern. Subject to the successful implementation of the regularisation plan, the Group will eventually be declassified as a PN17 company.

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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2019

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 Taxation

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

The income tax expense for the current quarter/period ended 31 July 2019 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><u>4,752</u></u>

B7 Changes in material litigation

With reference to the legal case against The Nielsen Company (Malaysia) Sdn Bhd, the Court of Appeal had adjourned the matter after hearing the verbal submissions from both parties on 12 February 2019 and it is now pending the Court's decision.

With reference to the case with APHLSB and WMBMW, the Solicitors of SunMedia had appeared before the Court in regard to the case management of Stay of Execution appeal held on 8 August 2019 and 27 August 2019. The Court had enquired whether the interlocutory appeal, ie appeal for Stay of Execution, should be heard together with the main appeal, ie appeal against the decision of the High Court on 31 January 2019. The parties did not come to an agreement on the Court's suggestion. The Court then fixed the next case management on 3 October 2019 for the parties to file their motions.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2019

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B8 Dividend

No dividend is declared for the current quarter ended 31 July 2019 (preceding year's corresponding period ended 31 July 2018: Nil).

B9 Loss per ordinary share

	3 months ended	
	31/7/2019	31/7/2018
<u>Basic</u>		
Net loss attributable to ordinary shareholders (RM'000)	(3,036)	(2,750)
Weighted average number of ordinary shares ('000)	235,085	235,085
Basic loss per ordinary share (sen)	<u>(1.29)</u>	<u>(1.17)</u>

Diluted

The diluted earnings per share was not presented in current quarter and period ended 31 July 2019 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
Interest income	(41)
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	238
Impairment loss of intangible asset	-
Impairment loss on receivables	-
Property, plant and equipment written off	-
Provision for and write-off of inventories	-
Foreign exchange gain (net)	<u>(7)</u>