

Berjaya Media Berhad

(Company No: 290601-T)

Date: 8 December 2017

Subject: **UNAUDITED QUARTERLY (Q2) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 OCTOBER 2017**

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2017
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	CURRENT QUARTER		FINANCIAL YEAR TO DATE	
		3 months ended		6 months ended	
		31.10.2017	31.10.2016	31.10.2017	31.10.2016
		RM'000	RM'000	RM'000	RM'000
REVENUE		8,345	12,099	18,469	22,958
Operating expenses		(10,958)	(12,055)	(22,563)	(24,055)
Other operating income		96	43	179	95
(LOSS)/ PROFIT FROM OPERATIONS		(2,517)	87	(3,915)	(1,002)
Results arising from investing activities *		49	(529)	24	(1,512)
Finance costs		(54)	(40)	(104)	(69)
LOSS BEFORE TAX		(2,522)	(482)	(3,995)	(2,583)
INCOME TAX EXPENSE	B5	(13)	(15)	(26)	(32)
LOSS AFTER TAX		(2,535)	(497)	(4,021)	(2,615)
ATTRIBUTABLE TO:					
Equity holders of the parent		(2,535)	(497)	(4,021)	(2,615)
LOSS PER ORDINARY SHARE (SEN)					
- Basic	B9	(1.08)	(0.21)	(1.71)	(1.11)
- Diluted	B9	N/A	N/A	N/A	N/A

* Results arising from investing activities comprise mainly interest income and investment related expenses.

N/A : Not Applicable

Note:

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2017 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2017
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER		FINANCIAL YEAR TO DATE	
	3 months ended		6 months ended	
	31.10.2017	31.10.2016	31.10.2017	31.10.2016
	RM'000	RM'000	RM'000	RM'000
LOSS AFTER TAX	(2,535)	(497)	(4,021)	(2,615)
OTHER COMPREHENSIVE ITEMS				
Items that may be reclassified				
subsequently to profit or loss:				
- Deficit on changes in fair value of available-for-sale investment	(15)	(1,206)	(924)	(3,073)
- Cumulative impairment loss transferred to profit or loss	15	1,116	107	2,183
	-	(90)	(817)	(890)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(2,535)	(587)	(4,838)	(3,505)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	(2,535)	(587)	(4,838)	(3,505)

Note:

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2017 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group	
	As At 31.10.2017 (Unaudited) RM'000	As At 30.04.2017 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	2,386	2,469
Other investments	18,874	19,797
Total non-current assets	21,260	22,266
Current Assets		
Inventories	5,092	5,409
Trade and other receivables	8,258	9,159
Tax recoverable	3	60
Cash and bank balances	3,701	5,669
Total current assets	17,054	20,297
TOTAL ASSETS	38,314	42,563
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Ordinary share capital	191,538	191,538
Fair value adjustment reserve	306	1,123
Accumulated losses	(164,682)	(160,661)
Total equity	27,162	32,000
Current Liabilities		
Trade and other payables	6,464	6,926
Tax payable	-	5
Deferred income	-	613
Short term borrowing	4,688	3,019
Total current liabilities	11,152	10,563
Total liabilities	11,152	10,563
TOTAL EQUITY AND LIABILITIES	38,314	42,563
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.12	0.14
Number of ordinary shares (unit'000)	235,085	235,085

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2017 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent				
	Non-distributable reserves			Accumulated losses	Total equity
	Share capital	Share premium	Fair value adjustment reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2017	191,538	-	1,123	(160,661)	32,000
Total comprehensive income for the 6-month period	-	-	(817)	(4,021)	(4,838)
At 31 October 2017	191,538	-	306	(164,682)	27,162
At 1 May 2016	188,068	3,470	868	(139,533)	52,873
Total comprehensive income for the 6-month period	-	-	(890)	(2,615)	(3,505)
At 31 October 2016	188,068	3,470	(22)	(142,148)	49,368

Note:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2017 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	31.10.2017 RM'000	31.10.2016 RM'000
OPERATING ACTIVITIES		
Receipt from customers	18,176	22,460
Payment to suppliers	(11,123)	(12,823)
Payment for operating expenses	(10,513)	(12,633)
Tax refund/(paid)	26	(32)
Net cash used in operating activities	<u>(3,434)</u>	<u>(3,028)</u>
INVESTING ACTIVITIES		
Sale of property, plant and equipment	-	3
Interest received	131	82
Purchase of property, plant and equipment	(230)	(175)
Net cash used in investing activities	<u>(99)</u>	<u>(90)</u>
FINANCING ACTIVITIES		
Drawdown of bank borrowing	5,628	4,692
Repayment of bank borrowing	(3,959)	(2,351)
Payment of hire purchase obligations	-	(31)
Finance costs	(104)	(69)
Net cash generated from financing activities	<u>1,565</u>	<u>2,241</u>
NET CHANGE IN		
CASH AND CASH EQUIVALENTS	(1,968)	(877)
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	<u>5,669</u>	<u>8,031</u>
CASH AND CASH EQUIVALENTS		
AT THE END OF THE PERIOD	<u>3,701</u>	<u>7,154</u>

Cash and cash equivalents at the end of the financial period comprises the following:-

	RM'000	RM'000
Fixed deposits with licensed banks	2,482	3,882
Cash and bank balances	1,219	3,272
	<u>3,701</u>	<u>7,154</u>

Note:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2017 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The condensed consolidated interim financial report are unaudited and have been prepared in accordance MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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 2017, which were prepared under Malaysian Financial Reporting Standards (“MFRSs”). The explanatory notes attached to the condensed consolidated interim financial report provide an explanation of events and transactions which are significant for understanding the changes in the financial position and performance of the Group since the year ended 30 April 2017.

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 2017.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements of the Group upon their first adoption.

A2. Seasonal or cyclical factors

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

A3. Unusual items

There were no unusual items for the current period under review other than the following:

	3 months ended	6 months ended
	31.10.2017	31.10.2017
	RM'000	RM'000
Impairment loss of available-for-sale quoted investments	<u>15</u>	<u>107</u>

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

During the 6-month period ended 31 October 2017, there were no issuance and repayment of debt and equity securities.

A6. Dividend paid

No dividend was paid in the current period under review.

A7. Segment reporting

Segment information for the financial period ended 31 October 2017:-

REVENUE

	RM'000
Publishing	18,469
Others	-
Investment holding	-
Total revenue	<u>18,469</u>

RESULTS

	RM'000
Publishing	(3,625)
Others	(3)
Investment holding	(287)
Loss from operations	<u>(3,915)</u>
Results arising from investing activities	24
Finance costs	(104)
Loss before tax	<u>(3,995)</u>
Income tax expense	(26)
Loss after tax	<u>(4,021)</u>

No geographical segment report is presented as the Group operates solely in Malaysia.

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2017
ADDITIONAL INFORMATION REQUIRED BY 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 and demand for newspaper advertising.

The summary results of the Group are as follows:

	3 months ended		Variance	6 months ended		Variance
	31.10.2017	31.10.2016	+ / (-)	31.10.2017	31.10.2016	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	8,345	12,099	(31)	18,469	22,958	(20)
(Loss)/Profit from operations	(2,517)	87	(2,993)	(3,915)	(1,002)	291
Loss before tax	(2,522)	(482)	423	(3,995)	(2,583)	55

For the quarter

For the second quarter ended 31 October 2017 under review, the Group reported a revenue of RM8.35 million and pre-tax loss of RM2.52 million as compared to the revenue of RM12.10 million and pre-tax loss of RM0.48 million in the preceding year's corresponding quarter. 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 higher pre-tax loss was in tandem with the drop in revenue.

For the six months period

For the six-month period ended 31 October 2017 under review, the Group reported a consolidated revenue of RM18.47 million and pre-tax loss of RM4.00 million as compared to the revenue of RM22.96 million and pre-tax loss of RM2.58 million in the preceding year's corresponding period. The drop in revenue for the current period under review was mainly due to lower advertising income recorded by Sun Media. The pre-tax loss registered for the period under review was mainly due to lower revenue.

B2. Material changes in the current quarter results compared with the immediate preceding quarter

For the second quarter ended 31 October 2017 under review, the Group registered a consolidated revenue of RM8.35 million and pre-tax loss of RM2.52 million as compared to the revenue of RM10.12 million and pre-tax loss of RM1.47 million in the preceding quarter. The decrease in revenue for the quarter under review was mainly due to lower advertising income reported by SunMedia. The higher pre-tax loss incurred for the quarter under review was mainly due to lower advertising income.

B3. Future prospects

The Group is operating in a difficult business environment and will continue to focus on improving its advertising revenue. The Directors are of the view that the Group's business for the remaining period of the financial year will be more challenging due to the prevailing economic conditions that will certainly impact the A & P 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 key objective of regularising its PN17 condition. At this juncture, no suitable or viable proposal has been shortlisted for consideration.

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

	3 months ended		6 months ended	
	31.10.2017	31.10.2016	31.10.2017	31.10.2016
	RM'000	RM'000	RM'000	RM'000
Income tax expense	13	15	26	32

The income tax expense for the current quarter and current period was mainly due to tax on interest income of certain subsidiary companies.

B6. Group bank borrowings and debt securities

	At 31.10.2017 RM'000
Short term borrowing (representing total borrowings of the Group)	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	<u>4,688</u>

B7. Changes in material litigation

The legal claim made by SunMedia against The Nielsen Company (Malaysia) Sdn Bhd ("Nielsen") (as detailed in the last year's annual report) was dismissed by the High Court with cost of RM600,000 awarded to Nielsen on 27 February 2017. The Board has appealed against the decision on 23 March 2017 and the case management will be held on 18 January 2018.

There is no change in material litigation since the last annual reporting date other than the change of hearing date of certain legal cases.

B8. Dividend

No dividend is declared for the current quarter ended 31 October 2017 (preceding year's corresponding period ended 31 October 2016: Nil).

B9. Loss per ordinary share

	3 months ended		6 months ended	
	31.10.2017	31.10.2016	31.10.2017	31.10.2016
<u>Basic</u>				
Net loss attributable to				
ordinary shareholders (RM'000)	(2,535)	(497)	(4,021)	(2,615)
Weighted average number of ordinary shares ('000)	235,085	235,085	235,085	235,085
Basic loss per ordinary share (sen)	<u>(1.08)</u>	<u>(0.21)</u>	<u>(1.71)</u>	<u>(1.11)</u>

Diluted

Diluted loss per share is not presented for the current financial period as there were no potential ordinary shares outstanding during the current financial period. Diluted loss per share for the comparative period is not presented as the effect is anti-dilutive.

B10. Loss before tax

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

	3 months ended		6 months ended	
	31.10.2017	31.10.2016	31.10.2017	31.10.2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(64)	(78)	(131)	(162)
Dividend income	-	(506)	-	(506)
Gain on disposal of quoted investments	-	-	-	-
Interest expense	54	40	104	69
Depreciation for property, plant and equipment	157	199	313	402
Impairment loss on receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Impairment loss of available-for-sale quoted investments	15	1,116	107	2,183
Foreign exchange gain (net)	<u>(25)</u>	<u>(20)</u>	<u>(49)</u>	<u>(20)</u>

B11. Realised and unrealised losses

The accumulated losses of the Group are analysed as follows:

	As at	As at
	31.10.2017	30.4.2017
	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries:		
- realised	(470,100)	(466,079)
- unrealised	-	-
	<u>(470,100)</u>	<u>(466,079)</u>
- consolidation adjustments	305,418	305,418
Total accumulated losses as per consolidated statement of changes in equity	<u>(164,682)</u>	<u>(160,661)</u>