

Berjaya Media Berhad

Company No: 290601-T

Date: 20 March 2018

Subject: **UNAUDITED QUARTERLY (Q3) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JANUARY 2018**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		Year to date ended	
		31/01/2018 RM'000	31/01/2017 RM'000	31/01/2018 RM'000	31/01/2017 RM'000
GROUP REVENUE		8,301	10,721	26,770	33,679
Operating expenses		(10,901)	(13,690)	(33,464)	(37,745)
Other operating income		165	70	344	165
LOSS FROM OPERATIONS		(2,435)	(2,899)	(6,350)	(3,901)
Results arising from investing activities*		61	(1,561)	85	(3,073)
Finance costs		(75)	(33)	(179)	(102)
LOSS BEFORE TAX		(2,449)	(4,493)	(6,444)	(7,076)
INCOME TAX EXPENSE		(1)	(13)	(27)	(45)
LOSS AFTER TAX		(2,450)	(4,506)	(6,471)	(7,121)
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		245	2,492	(679)	(581)
- Transferred to profit or loss due to impairment of AFS investments		-	115	107	2,298
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,205)	(1,899)	(7,043)	(5,404)
ATTRIBUTABLE TO:					
- Equity holders of the parent		(2,450)	(4,506)	(6,471)	(7,121)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
- Equity holders of the parent		(2,205)	(1,899)	(7,043)	(5,404)
LOSS PER SHARE (SEN)					
-Basic, for the period	B9	(1.04)	(1.92)	(2.75)	(3.03)
-Diluted, for the period	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

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 JANUARY 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/01/2018 RM'000	Group As at 30/04/2017 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	2,236	2,469
Other investment	19,118	19,797
	<u>21,354</u>	<u>22,266</u>
Current Assets		
Inventories	5,243	5,409
Trade and other receivables	7,117	9,159
Tax recoverable	15	60
Cash and bank balances	2,957	5,669
	<u>15,332</u>	<u>20,297</u>
TOTAL ASSETS	<u><u>36,686</u></u>	<u><u>42,563</u></u>
EQUITY AND LIABILITIES		
Share capital	191,538	191,538
Fair value adjustment reserve	551	1,123
Accumulated losses	(167,132)	(160,661)
Equity funds	<u>24,957</u>	<u>32,000</u>
Current Liabilities		
Short term borrowings	4,748	3,019
Trade and other payables	6,981	6,926
Deferred revenue	-	613
Tax payable	-	5
	<u>11,729</u>	<u>10,563</u>
Total Liabilities	<u>11,729</u>	<u>10,563</u>
TOTAL EQUITY AND LIABILITIES	<u><u>36,686</u></u>	<u><u>42,563</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.11	0.14
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 JANUARY 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the equity holders of the parent

	<u>Non-distributable</u>				Total equity RM'000
	Share capital	Share premium RM'000	Fair value adjustment reserve RM'000	Accumulated losses RM'000	
At 1 May 2017	191,538	-	1,123	(160,661)	32,000
Total comprehensive income	-	-	(572)	(6,471)	(7,043)
At 31 January 2018	<u>191,538</u>	<u>-</u>	<u>551</u>	<u>(167,132)</u>	<u>24,957</u>
At 1 May 2016	188,068	3,470	868	(139,533)	52,873
Transfer pursuant to S618(2) of the Companies Act 2016	<u>3,470</u>	<u>(3,470)</u>	-	-	-
	191,538	-	868	(139,533)	52,873
Total comprehensive income	-	-	1,717	(7,121)	(5,404)
At 31 January 2017	<u>191,538</u>	<u>-</u>	<u>2,585</u>	<u>(146,654)</u>	<u>47,469</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 JANUARY 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	31/01/2018	31/01/2017
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	29,203	34,571
Payment to suppliers	(15,969)	(17,882)
Payments for operating expenses	(17,434)	(19,853)
Tax refunded/ (paid)	13	(46)
Net cash used in operating activities	<u>(4,187)</u>	<u>(3,210)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment	2	3
Purchase of property, plant and equipment	(229)	(374)
Interest received	152	271
Net cash used in investing activities	<u>(75)</u>	<u>(100)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	7,790	5,800
Repayment of bank borrowing	(6,061)	(5,514)
Payment of hire purchase obligations	-	(31)
Interest paid	(179)	(102)
Net cash generated from financing activities	<u>1,550</u>	<u>153</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(2,712)</u>	<u>(3,157)</u>
OPENING CASH AND CASH EQUIVALENTS	<u>5,669</u>	<u>8,031</u>
CLOSING CASH AND CASH EQUIVALENTS	<u><u>2,957</u></u>	<u><u>4,874</u></u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	1,595	2,398
Cash on hand and at banks	<u>1,362</u>	<u>2,476</u>
	<u><u>2,957</u></u>	<u><u>4,874</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 JANUARY 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 and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2017. These explanatory notes, attached to the interim financial report, provide an explanation of events and transactions that are significant for understanding the changes in the financial position and performance of the Group since the financial year ended 30 April 2017.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for 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 Group's 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 impact 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 season and global newsprint prices.

A3 Unusual items

There was no unusual item for the current period under review other than the following:-

	Current Quarter RM'000	Financial Year to date RM'000
Impairment in value of AFS quoted investments	<u> -</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

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 JANUARY 2018

NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment reporting

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

REVENUE	Total RM'000
Publishing	26,770
Others	-
Investment holding	-
Total revenue	<u>26,770</u>
RESULTS	Total RM'000
Publishing	(5,952)
Others	(4)
Investment holding	(394)
Loss from operations	<u>(6,350)</u>
Results arising from investing activities	85
Finance costs	<u>(179)</u>
Loss before tax	(6,444)
Income tax expense	<u>(27)</u>
Loss after tax	<u>(6,471)</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 JANUARY 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
	31/01/2018	31/01/2017	+ / (-)	31/01/2018	31/01/2017	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	8,301	10,721	(22.57)	26,770	33,679	(20.51)
Loss from operations	(2,435)	(2,899)	(16.01)	(6,350)	(3,901)	62.78
Loss before tax	(2,449)	(4,493)	(45.49)	(6,444)	(7,076)	(8.93)

Review of results for the quarter

For the quarter ended 31 January 2018, the Group reported a revenue and pre-tax loss of RM8.30 million and RM2.45 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax loss of RM10.72 million and RM4.49 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 decrease in pre-tax loss was mainly because there was no impairment loss on publishing rights during the current quarter (as compared to RM1.5 million impairment loss incurred in preceding year corresponding quarter).

Review of results for the financial period

For the 9-month period ended 31 January 2018, the Group registered a revenue and pre-tax loss of RM26.77 million and RM6.44 million respectively, as compared to the corresponding period of the previous year which reported a revenue and pre-tax loss of RM33.68 million and RM7.08 million respectively.

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

B2 Review of results of current quarter vs preceding quarter

For the quarter ended 31 January 2018, the Group reported a revenue of RM8.30 million and pre-tax loss of RM2.45 million, as compared to the Group revenue of RM8.35 million and Group pre-tax loss of RM2.52 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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 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 improving its advertising revenue. The Directors are of the view that the Group's business for the remaining quarter of the financial year will be more 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 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

	Current Quarter RM'000	Financial Year to date RM'000
Income tax expense	<u>(1)</u>	<u>(27)</u>

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 end of Current Quarter RM'000
Short term borrowing (representing total borrowings of the Group) Secured Denominated in Ringgit Malaysia (RM)	<u>4,748</u>

B7 Changes in material litigation

The legal claim made by SunMedia against The Nielsen Company (Malaysia) Sdn Bhd ("Nielsen") (as detailed in 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 next hearing will be held on 31 July 2018.

A legal claim was made by Asia Pacific Higher Learning Sdn. Bhd. and Wan Mazlan Bin Mohamed Woojdy against SunMedia (as detailed in last year's annual report). The court had fixed the matter for decision on 23 May 2018 to conclude the case.

On 12 February 2018, Universiti Malaya ("UM") filed a statement of claims against SunMedia for defamation by reason of articles published in SunMedia webpage. UM is seeking a declaration that the statement published in the article was defamatory, withdrawal of the alleged article from the webpage, unconditional written apology and damages from SunMedia. The matter was fixed for case management on 23 March 2018.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B8 Dividend

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

B9 Loss per ordinary share

	3 months ended		Year to date ended	
	31/01/2018	31/01/2017	31/01/2018	31/01/2017
<u>Basic</u>				
Net loss attributable to ordinary shareholders (RM'000)	(2,450)	(4,506)	(6,471)	(7,121)
Weighted average number of ordinary shares ('000)	235,085	235,085	235,085	235,085
Basic loss per ordinary share (sen)	<u>(1.04)</u>	<u>(1.92)</u>	<u>(2.75)</u>	<u>(3.03)</u>

Diluted

The diluted earnings per share was not presented in current quarter and current period 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	(59)	(190)
Dividend income	-	-
Gain on disposal of quoted investments	-	-
Gain on disposal of unquoted investments or properties	-	-
Interest expense	75	179
Depreciation for property, plant and equipment	149	462
Impairment loss of intangible asset	-	-
Impairment in value of AFS quoted investments	-	107
Impairment loss on receivables	-	-
Provision for and write-off of inventories	-	-
Foreign exchange gain (net)	<u>(73)</u>	<u>(122)</u>