

Berjaya Media Berhad

Company No: 290601-T

Date: 26 June 2018

Subject: **UNAUDITED QUARTERLY (Q4) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 30 APRIL 2018**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 3 months ended | | Year to date ended | |
|--|------|----------------------|----------------------|----------------------|-----------------------------------|
| | | 30/04/2018 RM'000 | 30/04/2017 RM'000 | 30/04/2018 RM'000 | 30/04/2017 RM'000 (Audited) |
| GROUP REVENUE | | 6,497 | 9,074 | 33,267 | 42,753 |
| Operating expenses | | (10,605) | (11,634) | (44,069) | (49,379) |
| Other operating income | | 88 | 1,013 | 432 | 1,178 |
| LOSS FROM OPERATIONS | | (4,020) | (1,547) | (10,370) | (5,448) |
| Investment related income | | 47 | 100 | 239 | 826 |
| Investment related expense | | (1,963) | (12,107) | (2,070) | (15,906) |
| Finance costs | | (84) | (36) | (263) | (138) |
| LOSS BEFORE TAX | | (6,020) | (13,590) | (12,464) | (20,666) |
| INCOME TAX EXPENSE | | (9) | (417) | (36) | (462) |
| LOSS AFTER TAX | | (6,029) | (14,007) | (12,500) | (21,128) |
| 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 | | (2,567) | (1,570) | (3,246) | (2,151) |
| - Transferred to profit or loss due to impairment of AFS investments | | 1,963 | 108 | 2,070 | 2,406 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | (6,633) | (15,469) | (13,676) | (20,873) |
| ATTRIBUTABLE TO: | | | | | |
| - Equity holders of the parent | | (6,029) | (14,007) | (12,500) | (21,128) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | |
| - Equity holders of the parent | | (6,633) | (15,469) | (13,676) | (20,873) |
| LOSS PER SHARE (SEN) | | | | | |
| -Basic, for the period | B9 | (2.56) | (5.96) | (5.32) | (8.99) |
| -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 30 APRIL 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Group As at 30/04/2018 RM'000 | Group As at 30/04/2017 RM'000 (Audited) |
|--|--|---|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 2,088 | 2,469 |
| Other investment | 16,552 | 19,797 |
| | <u>18,640</u> | <u>22,266</u> |
| Current Assets | | |
| Inventories | 4,644 | 5,409 |
| Trade and other receivables | 6,979 | 9,159 |
| Tax recoverable | 24 | 60 |
| Cash and bank balances | 2,724 | 5,669 |
| | <u>14,371</u> | <u>20,297</u> |
| TOTAL ASSETS | <u><u>33,011</u></u> | <u><u>42,563</u></u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 191,538 | 191,538 |
| Fair value adjustment reserve | (53) | 1,123 |
| Accumulated losses | (173,161) | (160,661) |
| Equity funds | <u>18,324</u> | <u>32,000</u> |
| Current Liabilities | | |
| Short term borrowings | 7,226 | 3,019 |
| Trade and other payables | 7,452 | 6,926 |
| Deferred revenue | - | 613 |
| Tax payable | 9 | 5 |
| | <u>14,687</u> | <u>10,563</u> |
| Total Liabilities | <u>14,687</u> | <u>10,563</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>33,011</u></u> | <u><u>42,563</u></u> |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 0.08 | 0.14 |
| Number of ordinary shares (unit'000) | 235,085 | 235,085 |

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 30 APRIL 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to the equity holders of the parent | | | | |
|---|--|-------------------------|---|---------------------------------|---------------------------|
| | Non-distributable | | | | |
| | Share capital RM'000 | Share premium RM'000 | Fair value adjustment reserve RM'000 | Accumulated losses RM'000 | Total equity RM'000 |
| At 1 May 2017 | 191,538 | - | 1,123 | (160,661) | 32,000 |
| Total comprehensive income | - | - | (1,176) | (12,500) | (13,676) |
| At 30 April 2018 | <u>191,538</u> | <u>-</u> | <u>(53)</u> | <u>(173,161)</u> | <u>18,324</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> | <u>-</u> | <u>-</u> | <u>-</u> |
| | 191,538 | - | 868 | (139,533) | 52,873 |
| Total comprehensive income | - | - | 255 | (21,128) | (20,873) |
| At 30 April 2017 | <u>191,538</u> | <u>-</u> | <u>1,123</u> | <u>(160,661)</u> | <u>32,000</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 30 APRIL 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 12 months ended | |
|--|-----------------|---------------------|
| | 30/04/2018 | 30/04/2017 |
| | RM'000 | RM'000 |
| | | (Audited) |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Receipts from operations | 35,879 | 44,045 |
| Payment to suppliers | (21,378) | (22,746) |
| Payments for operating expenses | (21,404) | (25,550) |
| Tax refunded/(paid) | 4 | (54) |
| Net cash used in operating activities | <u>(6,899)</u> | <u>(4,305)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Disposal of property, plant and equipment | 5 | 44 |
| Purchase of property, plant and equipment | (235) | (415) |
| Interest received | 241 | 287 |
| Net cash generated from/(used in) investing activities | <u>11</u> | <u>(84)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Drawdown of bank borrowing | 10,726 | 8,482 |
| Repayment of bank borrowing | (9,236) | (6,285) |
| Payment of hire purchase obligations | - | (31) |
| Interest paid | (264) | (139) |
| Net cash generated from financing activities | <u>1,226</u> | <u>2,027</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | <u>(5,662)</u> | <u>(2,362)</u> |
| OPENING CASH AND CASH EQUIVALENTS | <u>5,669</u> | <u>8,031</u> |
| CLOSING CASH AND CASH EQUIVALENTS | <u><u>7</u></u> | <u><u>5,669</u></u> |
| Cash and cash equivalents carried forward comprise: | | |
| Deposits with financial institutions | 1 | 1,862 |
| Cash on hand and at banks | 2,723 | 3,807 |
| Bank overdraft (included under short term borrowings) | (2,717) | - |
| | <u><u>7</u></u> | <u><u>5,669</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 30 APRIL 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>1,963</u> | <u>2,070</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 30 APRIL 2018

NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment reporting

Segment information for the financial period ended 30 April 2018:-

| REVENUE | Total RM'000 |
|----------------------------|-------------------------|
| Publishing | 33,267 |
| Others | - |
| Investment holding | - |
| Total revenue | <u>33,267</u> |
| | |
| RESULTS | Total RM'000 |
| Publishing | (9,870) |
| Others | (5) |
| Investment holding | <u>(495)</u> |
| Loss from operations | (10,370) |
| Investment related income | 239 |
| Investment related expense | (2,070) |
| Finance costs | <u>(263)</u> |
| Loss before tax | (12,464) |
| Income tax expense | <u>(36)</u> |
| Loss after tax | <u>(12,500)</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 30 APRIL 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 |
|----------------------|----------------|------------|----------|--------------------|------------|----------|
| | 30/04/2018 | 30/04/2017 | + / (-) | 30/04/2018 | 30/04/2017 | + / (-) |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 6,497 | 9,074 | (28.40) | 33,267 | 42,753 | (22.19) |
| Loss from operations | (4,020) | (1,547) | 159.86 | (10,370) | (5,448) | 90.35 |
| Loss before tax | (6,020) | (13,590) | (55.70) | (12,464) | (20,666) | (39.69) |

Review of results for the quarter

For the quarter ended 30 April 2018, the Group reported a revenue and pre-tax loss of RM6.50 million and RM6.02 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax loss of RM9.07 million and RM13.59 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 revenue led to the higher loss from operations. The lower pre-tax loss was mainly because there was no further impairment loss on publishing rights to be incurred during the current quarter (as compared to RM12.00 million impairment loss on publishing rights incurred in the preceding year corresponding quarter).

Review of results for the financial year

For the financial year ended 30 April 2018, the Group registered a revenue and pre-tax loss of RM33.27 million and RM12.46 million respectively, as compared to previous year which reported a revenue and pre-tax loss of RM42.75 million and RM20.67 million respectively.

The drop in revenue for the current year under review was mainly due to lower advertising income recorded by SunMedia and this caused the higher loss from operations. The lower pre-tax loss registered for the financial year under review was mainly due to no further impairment loss to be recognised on publishing rights as compared to previous year.

B2 Review of results of current quarter vs preceding quarter

For the quarter ended 30 April 2018, the Group reported a revenue of RM6.50 million and pre-tax loss of RM6.02 million, as compared to the Group revenue of RM8.30 million and Group pre-tax loss of RM2.45 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 increase in pre-tax loss incurred for the current quarter under review was mainly due to lower revenue and provision of impairment loss on the quoted investments in the current quarter as compared to preceding quarter.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 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 next financial year 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. At this juncture, the Group is looking at proposals and seeking for an extension of time from Bursa Malaysia 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

| | Current Quarter RM'000 | Financial Year to date RM'000 |
|--------------------|---------------------------------------|--|
| Income tax expense | <u>(9)</u> | <u>(36)</u> |

The income tax expense for the current quarter/ period ended 30 April 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>7,226</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 being 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 10 October 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 on 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 trial was fixed on 26 & 27 July 2018 and 1 to 3 August 2018.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2018

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B8 Dividend

No dividend is declared for the current quarter ended 30 April 2018 (preceding year's corresponding period ended 30 April 2017: Nil).

B9 Loss per ordinary share

| | 3 months ended | | Year to date ended | |
|---|-----------------------|-------------------|---------------------------|-------------------|
| | 30/04/2018 | 30/04/2017 | 30/04/2018 | 30/04/2017 |
| <u>Basic</u> | | | | |
| Net loss attributable to ordinary shareholders (RM'000) | (6,029) | (14,007) | (12,500) | (21,128) |
| Weighted average number of ordinary shares ('000) | 235,085 | 235,085 | 235,085 | 235,085 |
| Basic loss per ordinary share (sen) | <u>(2.56)</u> | <u>(5.96)</u> | <u>(5.32)</u> | <u>(8.99)</u> |

Diluted

The diluted earnings per share was not presented in current quarter and period ended 30 April 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 | (47) | (237) |
| Dividend income | - | - |
| Gain on disposal of property, plant and equipment | - | (2) |
| Gain on disposal of quoted investments | - | - |
| Gain on disposal of unquoted investments or properties | - | - |
| Interest expense | 84 | 263 |
| Depreciation for property, plant and equipment | 151 | 613 |
| Impairment loss of intangible asset | - | - |
| Impairment in value of AFS quoted investments | 1,963 | 2,070 |
| Impairment loss on receivables | 252 | 252 |
| Provision for and write-off of inventories | - | - |
| Foreign exchange gain (net) | <u>(23)</u> | <u>(145)</u> |