

Berjaya Media Berhad

Company No: 290601-T

Date: 20 June 2019

Subject: **UNAUDITED QUARTERLY (Q4) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 30 APRIL 2019**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		Year to date ended	
		30/04/2019 RM'000	30/04/2018 RM'000	30/04/2019 RM'000	30/04/2018 RM'000 (Audited)
GROUP REVENUE		4,812	6,497	25,655	33,267
Operating expenses		(8,476)	(10,605)	(42,565)	(44,069)
Other operating income		17	88	192	432
LOSS FROM OPERATIONS		(3,647)	(4,020)	(16,718)	(10,370)
Investment related income		39	47	180	239
Investment related expense		-	(1,963)	(26)	(2,070)
Finance costs		(96)	(84)	(395)	(263)
LOSS BEFORE TAX		(3,704)	(6,020)	(16,959)	(12,464)
INCOME TAX EXPENSE		(9)	(9)	(37)	(36)
LOSS AFTER TAX		(3,713)	(6,029)	(16,996)	(12,500)
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)	-	(3,246)
- Transferred to profit or loss due to impairment of AFS investments		-	1,963	-	2,070
<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")		(473)	-	(1,563)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(4,186)	(6,633)	(18,559)	(13,676)
LOSS ATTRIBUTABLE TO:					
- Equity holders of the parent		(3,713)	(6,029)	(16,996)	(12,500)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
- Equity holders of the parent		(4,186)	(6,633)	(18,559)	(13,676)
LOSS PER SHARE (SEN)					
-Basic, for the period	B9	(1.58)	(2.56)	(7.23)	(5.32)
-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 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 30/4/2019 RM'000	Group As at 30/4/2018 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	2,300	2,088
Other investment	11,950	16,552
	<u>14,250</u>	<u>18,640</u>
Current Assets		
Inventories	2,845	4,644
Trade and other receivables	4,322	6,979
Tax recoverable	-	24
Cash and bank balances	421	2,724
	<u>7,588</u>	<u>14,371</u>
TOTAL ASSETS	<u><u>21,838</u></u>	<u><u>33,011</u></u>
EQUITY AND LIABILITIES		
Share capital	191,538	191,538
Fair value adjustment reserve	-	(53)
FVTOCI reserve	(27,229)	-
Accumulated losses	(164,544)	(173,161)
(Shareholders' deficit)/Equity funds	<u>(235)</u>	<u>18,324</u>
Current Liabilities		
Short term borrowings	5,409	7,226
Trade and other payables	16,662	7,452
Tax payable	2	9
	<u>22,073</u>	<u>14,687</u>
Total Liabilities	<u>22,073</u>	<u>14,687</u>
TOTAL EQUITY AND LIABILITIES	<u><u>21,838</u></u>	<u><u>33,011</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	(0.00)	0.08
Number of ordinary shares (unit'000)	235,085	235,085

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent				
	Share capital RM'000	Non-distributable reserves			Total equity/ (Shareholders' deficit) RM'000
		Fair value adjustment reserve RM'000	FVTOCI reserve RM'000	Accumulated losses 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	-	-	(1,563)	(16,996)	(18,559)
Arising from disposal of FVTOCI investment	-	-	5,820	(5,820)	-
At 30 April 2019	<u>191,538</u>	<u>-</u>	<u>(27,229)</u>	<u>(164,544)</u>	<u>(235)</u>
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>(53)</u>	<u>-</u>	<u>(173,161)</u>	<u>18,324</u>

The annexed notes form an integral part of this interim financial report.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	30/04/2019	30/04/2018
	RM'000	RM'000
		(Audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	27,002	35,879
Payment to suppliers	(15,835)	(21,378)
Payments for operating expenses	(13,608)	(21,405)
Net tax (payment)/refund	(20)	4
Net cash used in operating activities	<u>(2,461)</u>	<u>(6,900)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment	10	5
Disposal of other investments	3,039	-
Purchase of property, plant and equipment	(848)	(235)
Interest received	169	241
Net cash generated from investing activities	<u>2,370</u>	<u>11</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	7,917	10,726
Repayment of bank borrowing	(9,911)	(9,236)
Interest paid	(395)	(263)
Net cash (used in)/generated from financing activities	<u>(2,389)</u>	<u>1,227</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(2,480)</u>	<u>(5,662)</u>
OPENING CASH AND CASH EQUIVALENTS	<u>7</u>	<u>5,669</u>
CLOSING CASH AND CASH EQUIVALENTS	<u><u>(2,473)</u></u>	<u><u>7</u></u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	-	1
Cash on hand and at banks	421	2,723
Bank overdraft (included under short term borrowings)	(2,894)	(2,717)
	<u>(2,473)</u>	<u>7</u>

The annexed notes form an integral part of this interim financial report.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 As at 30 April 2019, the Group reported shareholders deficit of RM235,000 (2018: equity funds of RM18,324,000) and the Group's current liabilities exceeded the current assets by RM14,485,000 (2018: RM316,000). 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 and subject to the successful implementation of the regularisation plan, the directors believe the Group is able to generate sufficient cash flows from operations. On this basis, the directors have prepared for 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 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	Effect of adoption of MFRS 9	As restated
<u>Statement of Financial Position</u>	RM'000	RM'000	RM'000
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)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

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.

Recognised in statement of profit or loss

(i) Included under operating expenses:

	Current Quarter RM'000	Financial Year to date RM'000
Provision for legal damages	-	<u>5,912</u>

Recognised in statement of financial position

On 31 January 2019, the High Court delivered its judgement in respect of the legal suits brought by Asia Pacific Higher Learning Sdn Bhd ("APHLB") and Wan Mazlan bin Mohamed Woojdy ("WMBMW") against Sun Media Corporation Sdn Bhd ("SunMedia"), a subsidiary company of Berjaya Media Berhad. The High Court had awarded damages and costs to APHLB and WMBMW totalling RM5.912 million. SunMedia had filed for stay of execution and appeals to the Court of Appeal. On 13 May 2019, the High Court had granted the applications for stay of execution pending for disposal of the appeals. The directors are uncertain about the likelihood that the liability will crystallise after the appeal to the Court of Appeal. Therefore, the directors had made an accounting provision for the legal damages, which is included in Trade and Other Payables, on the ground of prudence.

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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 2019

NOTES TO THE INTERIM FINANCIAL REPORT

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.

A7 Segment reporting

Segment information for the financial period ended 30 April 2019:-

REVENUE	Total RM'000
Publishing	25,655
Others	-
Investment holding	-
Total revenue	<u><u>25,655</u></u>
RESULTS	Total RM'000
Publishing	(15,876)
Others	(5)
Investment holding	<u>(837)</u>
Loss from operations	(16,718)
Investment related income	180
Investment related expense	(26)
Finance costs	<u>(395)</u>
Loss before tax	(16,959)
Income tax expense	<u>(37)</u>
Loss after tax	<u><u>(16,996)</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 for the current period under review since the last annual reporting date other than the following:-

- (a) With reference to Note 26 to the financial statements regarding the claim brought by APHLSB and WMBMW against SunMedia, the Court had delivered its decisions in favour of APHLSB and WMBMW. The Court had ordered SunMedia to publish an unqualified apology and to compensate APHLSB and WMBMW a total of RM4.6 million in damages, RM100,000 in costs and an interest of 5% per annum from the date of filing the suit up to full payment of the damages. The solicitors for SunMedia had filed for stay of execution and appeals against the decisions of the High Court to the Court of Appeal. For the application for the stay of execution, the

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 APRIL 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	Year to date ended		Variance
	30/4/2019	30/4/2018	+ / (-)	30/4/2019	30/4/2018	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	4,812	6,497	(25.94)	25,655	33,267	(22.88)
Loss from operations	(3,647)	(4,020)	(9.28)	(16,718)	(10,370)	61.22
Loss before tax	(3,704)	(6,020)	(38.47)	(16,959)	(12,464)	36.06

Review of results for the quarter

For the fourth quarter ended 30 April 2019 under review, the Group reported a revenue and pre-tax loss of RM4.81 million and RM3.70 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax loss of RM6.50 million and RM6.02 million respectively.

The drop in revenue for the quarter was mainly due to lower advertising income reported by its principal operating subsidiary, SunMedia, as advertisers have shifted their advertising preference to digital platform. The lower pre-tax loss was mainly because there was no impairment loss on the quoted investments, as compared to RM1.96 million impairment loss on the quoted investment incurred in the preceding year corresponding quarter.

Review of results for the financial year

For the financial year ended 30 April 2019, the Group registered a revenue and pre-tax loss of RM25.66 million and RM16.96 million respectively, as compared to the previous year which reported a revenue and pre-tax loss of RM33.27 million and RM12.46 million respectively.

The decrease in revenue for the year under review was mainly due to lower advertising income recorded by SunMedia. The pre-tax loss registered for the financial year under review was higher mainly due to the provision of compensation for legal suits which were ruled in favour of APHLSB and WMBMW (Refer Note A3).

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B2 Review of results of current quarter vs preceding quarter

	3 months ended		Variance
	30/4/2019	31/1/2019	+ / (-)
	RM'000	RM'000	%
Revenue	4,812	6,943	(30.69)
Loss from operations	(3,647)	(7,888)	(53.77)
Loss before tax	(3,704)	(7,953)	(53.43)

For the quarter ended 30 April 2019, the Group reported a revenue of RM4.81 million and pre-tax loss of RM3.70 million, as compared to the Group revenue of RM6.94 million and Group pre-tax loss of RM7.95 million for the preceding quarter.

The revenue for the quarter under review was lower mainly due to utilisation of the balance of the annually allocated advertising budget by advertisers in the preceding quarter. The pre-tax loss for the current quarter under review was lower as the preceding quarter included the provision of compensation for legal suits brought by APHLSB and WMBMW.

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 next financial year will remain challenging as the advertising industry has shifted their preference to digital platform, which will certainly impact 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. Consequently, the Group had appointed AmInvestment Bank Berhad as its Principal Adviser for the submission of its regularisation plan. Bursa Malaysia Securities Berhad ("Bursa Malaysia") had on 7 January 2019 granted the Group an extension of time up to 20 June 2019 to submit the regularisation plan. On 3 June 2019, AmInvestment Bank Berhad had submitted an application to Bursa Malaysia for an extension of time to submit its regularisation plan. With the interim financial support of the major shareholder and subject to the successful implementation of the regularisation plan, the Board believes that the Group can continue to operate as a going concern and 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 30 APRIL 2019

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 Taxation

Current Quarter RM'000	Financial Year to date RM'000
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Based on the results for the current quarter/period:-

Income tax expense	<u>(9)</u>	<u>(37)</u>
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The income tax expense for the current quarter/year ended 30 April 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>5,409</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 had appeared before the Judge in regard to the Hearing for Stay Applications on 26 March 2019. The Judge was informed that parties are exploring an amicable settlement on the matters and he had allowed the Hearing to be adjourned to 11 April 2019.

On 13 May 2019, the High Court had allowed the application for stay of execution of the High Court judgement on 31 January 2019.

For the appeal against the decision of the High Court on 31 January 2019, the Solicitors had attended the case managements for both suits, APHLSB and WMBMW, on 25 March 2019. The Court had then fixed 14 May 2019 for the next case management. The Solicitors had filed the Records of Appeal for APHLSB and WMBMW, on 26 April 2019 and 29 April 2019, respectively. On 14 May 2019, the Solicitors informed the Court of the filing of Records of Appeal and the Court had fixed the next case management on 26 July 2019.

With reference to the case with Universiti Malaya ("UM"), the Court had dismissed UM's claim against SunMedia and awarded SunMedia cost of RM10,000, which was received on 26 February 2019.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B8 Dividend

No dividend is declared for the current quarter ended 30 April 2019 (preceding year's corresponding period ended 30 April 2018: Nil).

B9 Loss per ordinary share

	3 months ended		Year to date ended	
	30/4/2019	30/4/2018	30/4/2019	30/4/2018
<u>Basic</u>				
Net loss attributable to ordinary shareholders (RM'000)	(3,713)	(6,029)	(16,996)	(12,500)
Weighted average number of ordinary shares ('000)	235,085	235,085	235,085	235,085
Basic loss per ordinary share (sen)	<u>(1.58)</u>	<u>(2.56)</u>	<u>(7.23)</u>	<u>(5.32)</u>

Diluted

The diluted earnings per share was not presented in current quarter and period ended 30 April 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	Financial Year to date RM'000
Interest income	(39)	(170)
Dividend income	-	-
Gain on disposal of property, plant and equipment	-	(10)
Gain on disposal of quoted investments	-	-
Gain on disposal of unquoted investments or properties	-	-
Interest expense	96	395
Depreciation for property, plant and equipment	181	610
Impairment loss of intangible asset	-	-
Impairment loss on receivables	25	25
Property, plant and equipment written off	-	26
Provision for legal damages	-	5,912
Provision for and write-off of inventories	-	-
Foreign exchange gain (net)	<u>(17)</u>	<u>(9)</u>