

Berjaya Media Berhad

(Company No: 290601-T)

Date: 14 March 2017

Subject: **UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 31 JANUARY 2017**

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**UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Note	CURRENT QUARTER		CUMULATIVE QUARTER	
		3 months ended		9 months ended	
		31.1.2017	31.1.2016	31.1.2017	31.1.2016
		RM'000	RM'000	RM'000	RM'000
REVENUE		10,721	12,136	33,679	35,982
Operating expenses		(13,690)	(13,032)	(37,745)	(37,559)
Other operating income		70	59	165	177
LOSS FROM OPERATIONS		(2,899)	(837)	(3,901)	(1,400)
Results arising from investing activities *		(1,561)	(10,537)	(3,073)	(10,861)
Finance costs		(33)	(42)	(102)	(72)
LOSS BEFORE TAX		(4,493)	(11,416)	(7,076)	(12,333)
INCOME TAX EXPENSE	B5	(13)	(23)	(45)	(57)
LOSS AFTER TAX		(4,506)	(11,439)	(7,121)	(12,390)
ATTRIBUTABLE TO:					
Equity holders of the Company		(4,506)	(11,439)	(7,121)	(12,390)
LOSS PER ORDINARY SHARE (SEN)					
- Basic	B9	(1.92)	(4.87)	(3.03)	(5.27)
- Diluted	B9	N/A	N/A	N/A	N/A

* Results arising from investing activities comprise mainly interest 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 2016 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	31.1.2017	31.1.2016	31.1.2017	31.1.2016
	RM'000	RM'000	RM'000	RM'000
LOSS AFTER TAX	(4,506)	(11,439)	(7,121)	(12,390)
OTHER COMPREHENSIVE LOSS				
Items that may be reclassified subsequently to profit or loss:				
- Surplus/(Deficit) on changes in fair value of available-for-sale investment	2,492	(2,484)	(581)	(4,012)
- Cumulative impairment loss reclassified to profit or loss	115	1,132	2,298	2,138
	<u>2,607</u>	<u>(1,352)</u>	<u>1,717</u>	<u>(1,874)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(1,899)</u>	<u>(12,791)</u>	<u>(5,404)</u>	<u>(14,264)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Equity holders of the Company	<u>(1,899)</u>	<u>(12,791)</u>	<u>(5,404)</u>	<u>(14,264)</u>

Note:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2016 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group	
	As At 31.1.2017 (Unaudited) RM'000	As At 30.04.2016 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	2,541	2,769
Intangible asset	12,000	13,500
Other investments	21,366	21,454
Deferred tax assets	426	426
	<u>36,333</u>	<u>38,149</u>
Current Assets		
Inventories	5,917	6,402
Trade and other receivables (exclude tax recoverable)	8,659	9,287
Tax recoverable	41	37
Cash and bank balances	4,874	8,031
	<u>19,491</u>	<u>23,757</u>
TOTAL ASSETS	<u>55,824</u>	<u>61,906</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Ordinary share capital	191,538	188,068
Share premium	-	3,470
Fair value adjustment reserve	2,585	868
Accumulated losses	(146,654)	(139,533)
Total equity	<u>47,469</u>	<u>52,873</u>
Current Liabilities		
Trade and other payables (include tax payable)	7,247	7,123
Deferred income	-	1,057
Hire-purchase payables (current portion)	-	31
Short term borrowing (current portion)	1,108	822
	<u>8,355</u>	<u>9,033</u>
Total liabilities	<u>8,355</u>	<u>9,033</u>
TOTAL EQUITY AND LIABILITIES	<u>55,824</u>	<u>61,906</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.20	0.22
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 2016 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company				
	Share capital	Non-distributable reserves		Accumulated losses	Total equity
		Share premium	Fair value adjustment reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2016	188,068	3,470	868	(139,533)	52,873
Transfer pursuant to S618(2) of the Companies Act 2016	3,470	(3,470)	-	-	-
	191,538	-	868	(139,533)	52,873
Total comprehensive income/ (loss) for the 9 months period	-	-	1,717	(7,121)	(5,404)
At 31 January 2017	191,538	-	2,585	(146,654)	47,469
At 1 May 2015	188,068	3,470	1,966	(123,626)	69,878
Total comprehensive loss for the 9 months period	-	-	(1,874)	(12,390)	(14,264)
At 31 January 2016	188,068	3,470	92	(136,016)	55,614

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 2016 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 31 JANUARY 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	31.1.2017	31.1.2016
	RM'000	RM'000
OPERATING ACTIVITIES		
Receipt from customers	34,571	35,378
Payment to suppliers	(17,882)	(16,816)
Payment for operating expenses (including taxes)	(19,899)	(19,163)
Net cash used in operating activities	<u>(3,210)</u>	<u>(601)</u>
INVESTING ACTIVITIES		
Sale of property, plant and equipment	3	-
Purchase of property, plant and equipment	(374)	(354)
Dividend received	-	506
Interest received	271	227
Net cash (used in)/generated from investing activities	<u>(100)</u>	<u>379</u>
FINANCING ACTIVITIES		
Drawdown of bank borrowing	5,800	3,594
Repayment of bank borrowing	(5,514)	(1,350)
Payment of hire purchase obligations	(31)	(69)
Finance costs	(102)	(72)
Net cash generated from financing activities	<u>153</u>	<u>2,103</u>
NET (DECREASE)/INCREASE IN		
CASH AND CASH EQUIVALENTS	(3,157)	1,881
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	<u>8,031</u>	<u>8,896</u>
CASH AND CASH EQUIVALENTS		
AT THE END OF THE PERIOD	<u>4,874</u>	<u>10,777</u>

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

	RM'000	RM'000
Fixed deposits with licensed banks	2,398	6,022
Cash and bank balances	2,476	4,755
	<u>4,874</u>	<u>10,777</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 2016 and the accompanying explanatory notes which form an integral part of this interim financial report.

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 31 JANUARY 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”) and comply with the requirements of Companies Act 2016 (that became effective on 31 January 2017) in Malaysia.

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 2016, 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 2016.

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 2016.

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 followings:

	3 months ended	9 months ended
	31.1.2017	31.1.2017
	RM'000	RM'000
Impairment loss of publishing rights	1,500	1,500
Impairment loss of available-for-sale quoted investments	115	2,298
	<u>1,615</u>	<u>3,798</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 9 months period ended 31 January 2017, there was no change in the Company's issued and paid-up share capital. However, the outstanding balance of share premium account amounted to RM3,470,365, has become part of the company's share capital with effect from 31 January 2017 pursuant to Section 618(2) of the Companies Act 2016.

At the beginning of the quarter, there was a total of 56,126,564 warrants outstanding. Each of the said warrant entitles the holder to subscribe for one ordinary share of RM0.80 each at an exercise price of RM0.87 per share. There was no warrant exercised during the quarter under review and the terms of warrant was expired on 18 December 2016.

A6. Dividend paid

No dividend was paid in the current quarter under review.

A7. Segment reporting

The business segments of the Group for the 9 months period ended 31 January 2017 are categorised as follows:-

REVENUE

	RM'000
Publishing	33,679
Others	-
Investment holding	-
Total revenue	<u>33,679</u>

RESULTS

	RM'000
Publishing	(3,483)
Others	(4)
Investment holding	(414)
Loss from operations	<u>(3,901)</u>
Results arising from investing activities	(3,073)
Finance costs	<u>(102)</u>
Loss before tax	(7,076)
Income tax expense	(45)
Loss after tax	<u>(7,121)</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

Other than the dismissal of legal case (as disclosed in Note B7) by the High Court on 27 February 2017, there are no material changes in contingent liabilities and contingent assets for the current quarter under review since the last annual reporting date.

UNAUDITED THIRD QUARTER RESULTS FOR THE PERIOD ENDED 31 JANUARY 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 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	9 months ended		Variance
	31.1.2017	31.1.2016	+ / (-)	31.1.2017	31.1.2016	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	10,721	12,136	(11.66)	33,679	35,982	(6.40)
Loss from operations	(2,899)	(837)	246.36	(3,901)	(1,400)	178.64
Loss before tax	(4,493)	(11,416)	(60.64)	(7,076)	(12,333)	(42.63)

For the quarter

For the third quarter ended 31 January 2017 under review, the Group reported a revenue of RM10.72 million and pre-tax loss of RM4.49 million as compared to the revenue of RM12.14 million and pre-tax loss of RM11.42 million in the preceding year's corresponding quarter. The decrease 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 for the current quarter under review was mainly due to decrease in impairment of publishing rights and other investments.

For the nine months period

For the nine months period ended 31 January 2017 under review, the Group reported a consolidated revenue of RM33.68 million and pre-tax loss of RM7.08 million as compared to the revenue of RM35.98 million and pre-tax loss of RM12.33 million in the preceding year's corresponding period. The decrease in revenue for the current period under review was mainly due to lower advertising income reported by SunMedia. The lower pre-tax loss incurred for the period was mainly due to impairment of RM9.50 million of publishing rights incurred in preceding year corresponding period.

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

For the third quarter ended 31 January 2017 under review, the Group registered a consolidated revenue of RM10.72 million and pre-tax loss of RM4.49 million as compared to the revenue of RM12.10 million and pre-tax loss of RM0.48 million in the preceding quarter. The lower revenue registered for the quarter under review was mainly due to lower advertising income reported by SunMedia. The higher pre-tax loss was mainly due to higher operating expenditure coupled with the impairment loss of RM1.50 million of publishing rights incurred in the current quarter.

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 till the end of this financial year will be more challenging compared to the last financial year due to the prevailing economic conditions that will certainly impact the A & P budgets of most corporate clients and advertisers.

The Board of Directors is cognizant of the Listing Requirements of Bursa Securities ("LR") with regards to the financial condition of a listed issuer under Para 8.04 of the LR. Hence, if the Group continues to incur further losses totalling approximately RM7.47 million going forward, its shareholders' equity fund will be reduced to below the threshold level pursuant to the Prescribed Criteria under PN17 of the LR.

In view of the Group's current financial condition, more marketing efforts will be initiated in the forthcoming months 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.

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 quarter under review.

B5. Taxation

	3 months ended		9 months ended	
	31.1.2017	31.1.2016	31.1.2017	31.1.2016
	RM'000	RM'000	RM'000	RM'000
Income tax expense	13	23	45	57

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
	31.1.2017
	RM'000
Short term borrowing (representing total borrowings of the Group)	
<u>Secured</u>	
Denominated in Ringgit Malaysia (RM)	<u>1,108</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 decided to appeal against the decision.

There are no changes in other material litigations except that the date of trial of certain cases has been fixed on a later date.

B8. Dividend

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

B9. Loss per ordinary share

	3 months ended		9 months ended	
	31.1.2017	31.1.2016	31.1.2017	31.1.2016
Basic				
Net loss attributable to ordinary shareholders (RM'000)	(4,506)	(11,439)	(7,121)	(12,390)
Weighted average number of ordinary shares in issue ('000) (inclusive of mandatorily convertible instruments)	235,085	235,085	235,085	235,085
Basic loss per ordinary share (sen)	<u>(1.92)</u>	<u>(4.87)</u>	<u>(3.03)</u>	<u>(5.27)</u>

Diluted

Diluted loss per share is not presented as the warrants, if exercised, would have an anti-dilutive effect on the loss per share.

B10. Loss before tax

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

	3 months ended		9 months ended	
	31.1.2017 RM'000	31.1.2016 RM'000	31.1.2017 RM'000	31.1.2016 RM'000
Interest income	(67)	(92)	(229)	(271)
Dividend income	-	(3)	(493)	(506)
Gain on disposal of quoted investments	-	-	-	-
Gain on disposal of unquoted investments or properties	-	-	-	-
Interest expense	33	42	102	72
Depreciation for property, plant and equipment	200	210	602	636
Impairment loss of property, plant and equipment	-	18	-	18
Impairment loss of intangible asset	1,500	9,500	1,500	9,500
Impairment loss on receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Impairment loss of available-for-sale quoted investments	115	1,132	2,298	2,138
Foreign exchange gain	<u>(19)</u>	<u>(11)</u>	<u>(39)</u>	<u>(19)</u>

B11. Realised and unrealised losses

The accumulated losses of the Group are analysed as follows:

	As at 31.1.2017 RM'000	As at 30.04.2016 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- realised	(445,666)	(438,545)
- unrealised	426	426
	<u>(445,240)</u>	<u>(438,119)</u>
- consolidation adjustments	298,586	298,586
Total accumulated losses as per consolidated statement of changes in equity	<u>(146,654)</u>	<u>(139,533)</u>