

Berjaya Media Berhad
Registration Number: 199401004922 (290601-T)

Date: 10 March 2020

Subject: **UNAUDITED QUARTERLY (Q3) INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JANUARY 2020**

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BERJAYA MEDIA BERHAD**Registration Number: 199401004922 (290601-T)**

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		Year to date ended	
		31/01/2020 RM'000	31/01/2019 RM'000	31/01/2020 RM'000	31/01/2019 RM'000
GROUP REVENUE		4,371	6,943	14,358	20,843
Operating expenses		(7,037)	(14,873)	(22,931)	(34,089)
Other operating income		84	42	308	175
LOSS FROM OPERATIONS		(2,582)	(7,888)	(8,265)	(13,071)
Investment related income		39	64	124	141
Investment related expense		(5)	(26)	(5)	(26)
Finance costs		(106)	(103)	(305)	(299)
LOSS BEFORE TAX		(2,654)	(7,953)	(8,451)	(13,255)
INCOME TAX EXPENSE		(9)	(10)	(27)	(28)
LOSS AFTER TAX		(2,663)	(7,963)	(8,478)	(13,283)
OTHER COMPREHENSIVE ITEM					
<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")		(16)	34	(1,354)	(1,090)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,679)	(7,929)	(9,832)	(14,373)
LOSS ATTRIBUTABLE TO:					
- Equity holders of the parent		(2,663)	(7,963)	(8,478)	(13,283)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
- Equity holders of the parent		(2,679)	(7,929)	(9,832)	(14,373)
LOSS PER SHARE (SEN)					
- Basic, for the period	B9	(1.13)	(3.39)	(3.61)	(5.65)
- 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

Registration Number: 199401004922 (290601-T)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/01/2020 RM'000	Group As at 30/04/2019 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,508	2,300
Other investment	10,596	11,950
	<u>12,104</u>	<u>14,250</u>
Current Assets		
Inventories	1,642	2,845
Trade and other receivables	3,610	4,317
Cash and bank balances	500	1,002
	<u>5,752</u>	<u>8,164</u>
TOTAL ASSETS	<u><u>17,856</u></u>	<u><u>22,414</u></u>
EQUITY AND LIABILITIES		
Share capital	191,538	191,538
FVTOCI reserve	(28,583)	(27,229)
Accumulated losses	(173,022)	(164,544)
Shareholders' deficit	<u>(10,067)</u>	<u>(235)</u>
Current Liabilities		
Short term borrowings	4,914	5,409
Trade and other payables	22,348	16,314
Contract liability	654	924
Tax payable	7	2
	<u>27,923</u>	<u>22,649</u>
Total Liabilities	<u>27,923</u>	<u>22,649</u>
TOTAL EQUITY AND LIABILITIES	<u><u>17,856</u></u>	<u><u>22,414</u></u>
Net liabilities per share attributable to ordinary equity holders of the parent (RM)	(0.04)	(0.00)
Number of ordinary shares (unit'000)	235,085	235,085

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent			
	Share capital RM'000	Non-distributable reserves		(Shareholders' deficit)/ Total equity RM'000
		FVTOCI reserve RM'000	Accumulated losses RM'000	
At 1 May 2019	191,538	(27,229)	(164,544)	(235)
Total comprehensive income	-	(1,354)	(8,478)	(9,832)
At 31 January 2020	<u>191,538</u>	<u>(28,583)</u>	<u>(173,022)</u>	<u>(10,067)</u>
At 1 May 2018	191,538	(31,486)	(141,728)	18,324
Total comprehensive income	-	(1,090)	(13,283)	(14,373)
Arising from disposal of FVTOCI investment	-	5,819	(5,819)	-
At 31 January 2019	<u>191,538</u>	<u>(26,757)</u>	<u>(160,830)</u>	<u>3,951</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	31/01/2020	31/01/2019
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	15,443	21,023
Payment to suppliers	(9,172)	(12,510)
Payments for operating expenses	(15,331)	(11,522)
Net tax payment	(22)	(4)
Net cash used in operating activities	<u>(9,082)</u>	<u>(3,013)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment	137	36
Acquisition of property, plant and equipment	(31)	(262)
Disposal of other investments	-	3,038
Interest received	80	92
Net cash generated from investing activities	<u>186</u>	<u>2,904</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	5,726	6,288
Repayment of bank borrowing	(4,202)	(7,490)
Interest paid	(306)	(299)
Advances from major shareholder	7,195	-
Net cash generated from/(used in) financing activities	<u>8,413</u>	<u>(1,501)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(483)</u>	<u>(1,610)</u>
OPENING CASH AND CASH EQUIVALENTS	<u>(1,892)</u>	<u>7</u>
CLOSING CASH AND CASH EQUIVALENTS	<u><u>(2,375)</u></u>	<u><u>(1,603)</u></u>
Cash and cash equivalents carried forward comprise:		
Deposits with financial institutions	240	1
Cash on hand and at banks	260	926
Bank overdraft (included under short term borrowings)	(2,875)	(2,530)
	<u><u>(2,375)</u></u>	<u><u>(1,603)</u></u>

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

BERJAYA MEDIA BERHAD

Registration Number: 199401004922 (290601-T)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 As at 31 January 2020, the Group reported shareholders deficit of RM10,067,000 and the Group's current liabilities exceeded the current assets by RM22,171,000. 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, the directors believe the Group will have sufficient working capital to continue as a going concern. On this basis, the directors have prepared 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 2019.

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 2019.

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 16: Leases

MFRS 16 has replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single, on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have impact for leases where the Group is the lessor. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group adopted MFRS 16 using the modified retrospective approach with the date of initial application as at 1 May 2019. Under this standard, the Group initially measured its right-of-use assets to be equal to the lease liability, which is the present value of the remaining total lease payments (adjusted for any prepaid or accrued lease payments) discounted at the date of initial application (i.e. 1 May 2019). The Group does not restate the comparative information, which continues to be reported under MFRS 117.

The adoption of MFRS 16 did not have any significant effects on the interim financial report upon their initial application.

Significant accounting policies

The standard requires the Group to recognise a right-of-use asset and a lease liability on the lease commencement date.

The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurement of the lease liability.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

NOTES TO THE INTERIM FINANCIAL REPORT

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.

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.

A7 Segment reporting

Segment information for the financial period ended 31 January 2020:-

REVENUE	Total RM'000
Publishing	14,358
Others	-
Investment holding	-
Total revenue	<u>14,358</u>
RESULTS	Total RM'000
Publishing	(7,402)
Others	(4)
Investment holding	(859)
Loss from operations	<u>(8,265)</u>
Investment related income	124
Investment related expense	(5)
Finance costs	<u>(305)</u>
Loss before tax	<u>(8,451)</u>
Income tax expense	<u>(27)</u>
Loss after tax	<u>(8,478)</u>

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NOTES TO THE INTERIM FINANCIAL REPORT

A8 Material events

During the current period under review, Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 8 January 2020, granted Berjaya Media Berhad's ("BMedia") an extension of time until 20 June 2020 to submit a regularisation plan to the relevant authorities for approvals. Bursa Securities has further decided to de-list BMedia from the Official List of Bursa Securities pursuant to paragraph 8.04 of the Main Market Listing Requirements of Bursa Securities in the following event:-

- (a) BMedia fails to submit the regularisation plan to the relevant authorities for approvals on or before 20 June 2020;
- (b) BMedia fails to obtain the approval for the implementation of the regularisation plan and does not appeal within the timeframe (or extended timeframe, as the case may be) prescribed to lodge an appeal;
- (c) BMedia does not succeed in its appeal; or
- (d) further, BMedia fails to implement the regularisation plan within the timeframe or extended timeframe stipulated by the relevant authorities.

On 13 February 2020, BMedia announced that BMedia and AmInvestment Bank Berhad have mutually agreed to cease AmInvestment Bank Berhad's engagement for the regularisation plan on 12 February 2020. On the same day, BMedia appointed RHB Investment Bank Berhad as the Principal Adviser for the regularisation plan.

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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

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
	31/01/2020	31/01/2019	+ / (-)	31/01/2020	31/01/2019	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	4,371	6,943	(37.04)	14,358	20,843	(31.11)
Loss from operations	(2,582)	(7,888)	(67.27)	(8,265)	(13,071)	(36.77)
Loss before tax	(2,654)	(7,953)	(66.63)	(8,451)	(13,255)	(36.24)

Review of results for the quarter

For the quarter ended 31 January 2020, the Group reported a revenue and pre-tax loss of RM4.37 million and RM2.65 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax loss of RM6.94 million and RM7.95 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 lower pre-tax loss was mainly due to the previous year's corresponding quarter loss included the provision of compensation for legal suits, which amounted to approximately RM5.91 million.

Review of results for the financial period

For the 9-month period ended 31 January 2020, the Group registered a revenue and pre-tax loss of RM14.36 million and RM8.45 million respectively as compared to the preceding year corresponding period which reported a revenue and pre-tax loss of RM20.84 million and RM13.26 million respectively.

The decrease in revenue for the period under review was mainly due to lower advertising income reported by SunMedia. The pre-tax loss registered for the previous year financial period was higher mainly due to the provision of compensation for legal suits, which amounted to approximately RM5.91 million.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B2 Review of results of current quarter vs preceding quarter

	3 months ended		Variance
	31/01/2020 RM'000	31/10/2019 RM'000	+ / (-) %
Revenue	4,371	4,993	(12.46)
Loss from operations	(2,582)	(2,712)	(4.79)
Loss before tax	(2,654)	(2,770)	(4.19)

For the quarter ended 31 January 2020, the Group reported a revenue of RM4.37 million and pre-tax loss of RM2.65 million, as compared to the Group revenue of RM4.99 million and Group pre-tax loss of RM2.77 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 pre-tax loss for the current quarter under review registered a lower figure mainly due to lower operating costs.

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 remaining financial quarter will remain challenging as the advertising industry has shifted their preference to other mediums, including digital platform, which has impacted 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. On 29 October 2019, BMedia had announced that it has already identified the white knight which is Singer (Malaysia) Sdn Bhd, a private company owned by BMedia's major shareholder, Tan Sri Dato' Seri Vincent Tan Chee Yioun, to be injected into BMedia pursuant to its regularisation plan. On 12 February 2020, BMedia and AmInvestment Bank Berhad have mutually agreed to cease AmInvestment Bank Berhad's engagement for the regularisation plan. On the same day, BMedia appointed RHB Investment Bank Berhad as the Principal Adviser for the regularisation plan. Bursa Securities has granted BMedia an extension of time to submit the regularisation plan to the relevant authorities for approvals on or before 20 June 2020. 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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2020

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	Quarter RM'000	Year to date RM'000
Based on the results for the current quarter/period:-		
Income tax expense	<u>(9)</u>	<u>(27)</u>

The income tax expense for the current quarter/period ended 31 January 2020 was mainly due to tax on interest income of certain subsidiary companies.

B6 Group bank borrowings and debt securities

	At end of
Secured	
Denominated in Ringgit Malaysia (RM)	<u>4,914</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 of SunMedia had appeared before the Court for case management of the Main Appeal, ie appeal against the decision of the High Court on 31 January 2019, held on 10 October 2019, 11 November 2019, 22 January 2020 and 17 February 2020. The Court fixed the next case management on 30 September 2020 to update the status of filing written submissions. The Court then fixed the next hearing on 13 October 2020.

For the Interlocutory Appeal, ie appeal for Stay of Execution, the Solicitors had attended the case management for both suits, APHLSB and WMBMW, on 3 October 2019. The Court had then fixed the next hearing date for the interlocutory appeal to be heard on 12 March 2020.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B8 Dividend

No dividend is declared for the current quarter ended 31 January 2020 (preceding year's corresponding period ended 31 January 2019: Nil).

B9 Loss per ordinary share

	3 months ended		Year to date ended	
	31/01/2020	31/01/2019	31/01/2020	31/01/2019
<u>Basic</u>				
Net loss attributable to ordinary shareholders (RM'000)	(2,663)	(7,963)	(8,478)	(13,283)
Weighted average number of ordinary shares ('000)	235,085	235,085	235,085	235,085
Basic loss per ordinary share (sen)	<u>(1.13)</u>	<u>(3.39)</u>	<u>(3.61)</u>	<u>(5.65)</u>

Diluted

The diluted earnings per share was not presented in current quarter and period ended 31 January 2020 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)	(119)
Dividend income	-	-
Gain on disposal of property, plant and equipment	-	(5)
Loss on disposal of property, plant and equipment	5	5
Gain on disposal of quoted investments	-	-
Gain on disposal of unquoted investments or properties	-	-
Interest expense	106	305
Depreciation for property, plant and equipment	221	686
Impairment loss of intangible asset	-	-
Impairment loss on receivables	-	-
Provision for legal damages	-	-
Provision for and write-off of inventories	-	-
Foreign exchange gain (net)	<u>-</u>	<u>(7)</u>