

**Condensed consolidated interim financial statements
for the twelve-month period ended 31 December 2012 (unaudited)**
Condensed Consolidated statement of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Revenue		87,649	99,797	349,185	366,553
Other income		4,151	6,590	11,623	27,738
Changes in inventories of finished goods and work-in-progress		(611)	1,235	397	618
Raw materials and consumables used		(24,863)	(30,539)	(109,715)	(115,439)
Vendors' commissions		(10,551)	(11,852)	(44,783)	(46,496)
Transportation costs		(4,075)	(3,249)	(15,264)	(15,140)
Employee benefits expense		(28,540)	(30,740)	(123,311)	(124,351)
Depreciation and amortisation		(4,757)	(5,605)	(19,525)	(23,002)
Other expenses		(24,934)	(14,535)	(60,296)	(50,873)
Finance costs		(1,740)	(1,126)	(6,694)	(6,402)
Operating profit /(loss)		(8,271)	9,976	(18,383)	13,206
Share of results of associates		968	1,416	2,880	3,150
Profit/(Loss) before tax	6	(7,303)	11,392	(15,503)	16,356
Income tax /zakat	7	(2,331)	(1,400)	(438)	1,106
Profit/(Loss) for the period, net of tax		(9,634)	9,992	(15,941)	17,462
Other comprehensive income					
Net gain on available-for-sale financial assets					
- Gain on fair value changes		(2,442)	1,681	1,603	2,298
- Transfer to profit or loss upon disposal		(112)	(36)	(115)	(51)
Foreign currency translation		(144)	191	313	(92)
Other comprehensive income for the period, net of tax		(2,698)	1,836	1,801	2,155
Total comprehensive income for the period		(12,332)	11,828	(14,140)	19,617

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the twelve-month period ended 31 December 2012 (unaudited)

Condensed Consolidated statement of comprehensive income (contd.)

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Profit attributable to:					
Owners of the parent		(9,634)	9,992	(15,941)	17,462
Total comprehensive income attributable to:					
Owners of the parent		(12,332)	11,828	(14,140)	19,617
Earnings per share attributable to owners of the parent (sen):					
Basic, for profit for the year	8	(8.70)	9.02	(14.40)	15.77
Diluted, for profit for the year	8	(8.70)	9.02	(14.40)	15.77

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the twelve-month period ended 31 December 2012 (unaudited)

Condensed Consolidated statement of financial position (unaudited)

	Note	31 December 2012 RM'000	31 December 2011 RM'000 Restated	1 January 2011 RM'000 Restated
Assets				
Non-current assets				
Property, plant and equipment	9	257,102	228,845	242,298
Investment properties		13,860	14,083	7,995
Intangible assets	10	2,096	1,742	2,292
Investments in associates		25,901	27,448	25,238
Investment securities	13	25,275	22,019	19,406
Other investments	13	11,385	14,379	1,379
Deferred tax assets		184	1,302	1,171
Long term receivables		1,023	584	450
Trade and other receivables		14,845	14,845	-
		<u>351,671</u>	<u>325,246</u>	<u>300,230</u>
Current assets				
Inventories	11	40,801	34,907	73,830
Trade and other receivables		107,175	97,040	93,583
Investment securities		-	-	1,089
Cash and bank balances	12	51,874	67,598	48,557
		<u>199,850</u>	<u>199,545</u>	<u>217,059</u>
Total assets		<u>551,521</u>	<u>524,791</u>	<u>517,289</u>
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital		110,734	110,734	110,734
Share premium		50,703	50,703	50,703
Other reserves		12,097	9,438	8,144
Retained earnings		122,997	139,169	120,846
Total equity		<u>296,531</u>	<u>310,044</u>	<u>290,427</u>

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the twelve-month period ended 31 December 2012 (unaudited)

Condensed Consolidated statement of financial position (contd.)

	Note	31 December 2012 RM'000	31 December 2011 RM'000 Restated	1 January 2011 RM'000 Restated
Non-current liabilities				
Retirement benefit obligations		3,588	3,910	5,543
Loans and borrowings	15	94,481	83,200	78,671
Deferred tax liabilities		8,888	12,529	17,215
		<u>106,957</u>	<u>99,638</u>	<u>101,430</u>
Current liabilities				
Retirement benefit obligations		464	571	731
Loans and borrowings	15	92,769	56,844	60,667
Trade and other payables		54,122	56,137	61,881
Taxation		678	1,557	2,154
		<u>148,033</u>	<u>115,109</u>	<u>125,432</u>
Total liabilities		<u>254,990</u>	<u>214,747</u>	<u>226,862</u>
Total equity and liabilities		<u>551,521</u>	<u>524,791</u>	<u>517,289</u>

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the twelve-month period ended 31 December 2012 (unaudited)

Condensed consolidated statement of changes in equity

Note	Attributable to owners of the parent				Attributable to owners of the parent						Total equity RM'000
	Non-distributable	Distributable	Non-distributable	Non-distributable	Fair value adjustment reserve RM'000	Asset revaluation reserve RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Capital reserve RM'000		
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves RM'000							
At 1 January 2011	110,734	50,703	115,465	13,525	2,597	6,008	77	390	4,453	290,427	
Total comprehensive income	-	-	17,462	2,155	2,247	-	(92)	-	-	19,617	
Transaction with owners											
Impact upon disposal of 70% equity in a subsidiary directly in equity			860	(860)		(860)				-	
At 31 December 2011	110,734	50,703	133,787	14,820	4,844	5,148	(15)	390	4,453	310,044	
At 1 January 2012	110,734	50,703	133,787	14,820	4,844	5,148	(15)	390	4,453	310,044	
Total comprehensive income	-	-	(15,941)	1,801	1,488	-	313	-	-	(14,140)	
Transactions with owners											
Forfeiture of share options granted under ESOS	-	-	3	(3)	(3)	-	-	-	-	-	
Reversal of Revaluation Surplus Reserve	-	-	-	627	-	-	-	-	627	627	
Effect of adopting MFRS optional exemptions - deemed cost	-	-	5,148	(5,148)	-	(5,148)	-	-	-	-	
At 31 December 2012	110,734	50,703	122,997	12,097	6,329	-	298	390	5,080	296,531	

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the twelve-month period ended 31 December 2012 (unaudited)

Condensed consolidated statement of cash flows

	12 months ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Cash flows from operating activities		
(Loss)/profit before taxation	(15,503)	16,356
Adjustments for:		
Impairment loss on trade and other receivables	3,805	6,807
Reversal of impairment loss on trade and other receivables	(118)	(2,703)
Bad debt written off	-	336
Net fair value gain on held for trading investment	-	(22)
Gain on disposal of held for trading investment	-	(27)
Gain on disposal of available for sale investment	(3)	(114)
Net Gain on disposal of a subsidiary	-	(18,445)
Impact on fair value on other investment	1,694	-
Provision for retirement benefits	635	836
Share of results of associates	(2,880)	(3,150)
Interest income	(1,681)	(917)
Interest expenses	6,269	5,922
Depreciation of property, plant and equipment	18,811	22,094
Amortisation of intangible assets	714	908
Gain on disposal of property, plant and equipment	(174)	(52)
Inventories written off	436	180
Inventories written down	160	-
Reversal of inventories written off	-	(376)
Property, plant and equipment written off	4	9
Dividend income	(2,840)	(1,494)
Other non-cash adjustments	-	133
Operating profit before working capital changes	9,329	26,281
Increase in receivables	(43,726)	(42,003)
(Increase)/decrease in inventories	(6,491)	35,596
Increase in payables	28,791	31,440
Cash (used in)/generated from operations	(12,097)	51,314
Interest paid	(5,055)	(5,951)
Taxes paid/refund	(3,522)	(2,785)
Zakat paid	(36)	(40)
Real property gains tax paid	-	(224)
Net cash used in operating activities	(20,710)	42,314

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)

 **اوتوسن ملايو مليسيا برحد**
UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

**Condensed consolidated interim financial statements
for the twelve-month period ended 31 December 2012 (unaudited)**

Condensed consolidated statement of cash flows (contd.)

	12 months ended	
	31 Dec 2012	31 Dec 2011
	RM'000	RM'000
Cash flows from investing activities		
Interest received	1,227	917
Purchase of property, plant and equipment	(46,705)	(16,814)
Purchase of investment properties	-	(7,194)
Purchase of intangible assets	(2,050)	(1,093)
Proceeds from disposal of property, plant and equipment	174	74
Proceeds from capital reduction of investment	1,600	-
Purchase of securities in available for sale investment	(2,895)	(900)
Additional investment in associates	(1,180)	(1,500)
Redemption of Preference Shares	1,300	-
Proceeds from disposal of held for trading investment	-	1,138
Proceeds from disposal of available for sale investment	500	648
Net cash outflow on disposal of subsidiary	-	(294)
Dividends received	6,842	2,299
Net cash used in investing activities	<u>(41,187)</u>	<u>(22,719)</u>
Cash flows from financing activities		
Drawdown/(repayment) of short term borrowings	32,450	(6,635)
Drawdown of term loan	23,616	58,540
Payment of hire purchase payables	(41)	(17)
Repayment of long term borrowings	(10,420)	(50,745)
Payment of retirement benefits	(1,312)	(1,166)
(Additional)/Withdrawal of pledged fixed deposits	(636)	823
Net cash generated from financing activities	<u>43,657</u>	<u>800</u>
Net (decrease)/increase in cash and cash equivalents	(18,240)	20,395
Effects of foreign exchange rate changes	313	(92)
Cash and cash equivalents at 1 January	67,132	46,829
Cash and cash equivalents at 31 December	<u>49,205</u>	<u>67,132</u>

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

2. First -time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 30 September 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company's registered office at Level 7, Menara PGRM, No 8 Jalan Pudu Ulu, 56100 Kuala Lumpur.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the periods covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysia Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. This note includes reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment

The Group previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of land, buildings and machines as at 22 July 1986 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The asset revaluation reserves of RM5,147,994.75 (30 September 2011: RM5,147,994.75; 31 December 2011: RM5,147,994.75) was transferred to retained earnings on date of transition to MFRS.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

3. Significant accounting policies and application of MFRS 1 (contd.)

(c) Quoted equity instruments

The quoted equity instruments at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

(d) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. The Group has not elected to deem cumulative foreign currency translation differences in respect of all foreign operations to be zero at the date of transition to MFRS.

(e) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012
3. Significant accounting policies and application of MFRS 1 (contd.)

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 1 January 2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment	242,298		242,298
Investment properties	7,995		7,995
Intangible assets	2,292		2,292
Investments in associates	25,238		25,238
Investment securities	19,406		19,406
Other investments	1,379		1,379
Deferred tax assets	1,171		1,171
Long term receivables	450		450
Trade and other receivables	-		-
	<u>300,230</u>		<u>300,230</u>
Current assets			
Inventories	73,830		73,830
Trade and other receivables	93,583		93,583
Investment securities	1,089		1,089
Cash and bank balances	48,557		48,557
	<u>217,059</u>		<u>217,059</u>
Total assets	<u>517,289</u>		<u>517,289</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	110,734		110,734
Share premium	50,703		50,703
Other reserves	13,525	(5,148)	8,377
Retained earnings	115,465	5,148	120,613
Total equity	<u>290,427</u>		<u>290,427</u>
Non-current liabilities			
Retirement benefit obligations	5,543		5,543
Loans and borrowings	78,671		78,671
Deferred tax liabilities	17,215		17,215
	<u>101,430</u>		<u>101,430</u>
Current liabilities			
Retirement benefit obligations	731		731
Loans and borrowings	60,667		60,667
Trade and other payables	61,881		61,881
Taxation	2,154		2,154
	<u>125,432</u>		<u>125,432</u>
Total liabilities	<u>226,862</u>		<u>226,862</u>
Total equity and liabilities	<u>517,289</u>		<u>517,289</u>

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

3. Significant accounting policies and application of MFRS 1 (contd.)

(iii) Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Note 3 (b) Property, plant and equipment RM'000	MFRS as at 31 December 2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment	228,845		228,845
Investment properties	14,083		14,083
Intangible assets	1,742		1,742
Investments in associates	27,448		27,448
Investment securities	22,019		22,019
Other investments	14,379		14,379
Deferred tax assets	1,302		1,302
Long term receivables	584		584
Trade and other receivables	14,845		14,845
	<u>325,246</u>		<u>325,246</u>
Current assets			
Inventories	34,907		34,907
Trade and other receivables	97,040		97,040
Investment securities	-		-
Cash and bank balances	67,598		67,598
	<u>199,545</u>		<u>199,545</u>
Total assets	<u>524,791</u>		<u>524,791</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	110,734		110,734
Share premium	50,703		50,703
Other reserves	19,967	(5,148)	14,819
Retained earnings	128,640	5,148	133,788
Total equity	<u>310,044</u>		<u>310,044</u>
Non-current liabilities			
Retirement benefit obligations	3,910		3,910
Loans and borrowings	83,200		83,200
Deferred tax liabilities	12,529		12,529
	<u>99,638</u>		<u>99,638</u>
Current liabilities			
Retirement benefit obligations	571		571
Loans and borrowings	56,844		56,844
Trade and other payables	56,137		56,137
Taxation	1,557		1,557
	<u>115,109</u>		<u>115,109</u>
Total liabilities	<u>214,747</u>		<u>214,747</u>
Total equity and liabilities	<u>524,791</u>		<u>524,791</u>

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

5. Changes in composition of the Group

There were no changes in composition of the Group that have had a material effect in the current interim results.

6. Profit/(Loss) before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Interest income	454	500	1,681	917
Interest expense	1,700	1,186	6,269	5,922
Impairment loss on trade receivables	2,652	3,130	3,687	4,104
Gain on disposal of property, plant & equipment	-	4	174	52
Inventories written down	160	-	160	-
Net fair value gain on held for trading investment securities	-	-	-	27
Depreciation of property, plant and equipment	4,553	5,488	18,811	22,094
Amortisation of intangible assets	204	117	714	908

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

7. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Current tax:				
Malaysian income tax	(480)	(2,611)	(2,925)	(3,450)
Zakat	(9)	(261)	(36)	(261)
Deferred tax	(1,842)	1,472	2,523	4,817
	(2,331)	(1,400)	(438)	1,106

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rates are lower than statutory tax rate (2012: 25% and 2011: 25%) principally due to the increase in unabsorbed capital allowances arising from the upgrade of printing plants and adjustment of accruals.

8. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Company.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

8. Earnings Per Share (contd.)

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	(9,634)	9,992	(15,941)	17,462
Weighted average number of ordinary shares in issue ('000)	110,734	110,734	110,734	110,734
Effects of dilution				
- Share options ('000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	110,734	110,734	110,734	110,734
Basic earnings per share (sen)	(8.70)	9.02	(14.40)	15.77
Diluted earnings per share (sen)	(8.70)	9.02	(14.40)	15.77

9. Property, plant and equipment

Acquisitions and disposals

During the twelve months ended 31 December 2012, the Group acquired assets at a cost of RM46.7 million (31 December 2011: RM24.0 million). Included in the total assets acquired is an amount for construction work-in-progress of RM38.7 million (31 December 2011: RM8.7 million). This construction work-in-progress represents the expenditure incurred for the construction of a new corporate head office building. This project is expected to be completed in early 2013.

Assets with nil carrying amount were disposed of by the Group during the twelve months ended 31 December 2012 (31 December 2011: RM22,253), resulting in a gain on disposal of RM173,661 (31 December 2011: RM51,964), recognised and included in other income in the statement of comprehensive income.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

10. Intangible assets

Included in the intangible assets is goodwill arising from acquisition of a subsidiary amounting to RM50,000 (31 December 2011: RM50,000).

Goodwill is tested for impairment annually (31 December) and as at 31 December 2012 it has been allocated to the cash-generating units ("CGU") of the Publishing, Distributions and Advertisement segments for impairment testing. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the annual financial statements for the year ended 31 December 2012.

11. Inventories

During the three months ended 31 December 2012, the Group recognised a write-down of inventories of RM160,427 (31 December 2011: RM Nil) and the cost was included in the statement of comprehensive income.

12. Cash and cash equivalents

Cash and cash equivalents compared the following amounts

	31 Dec 2012 RM'000	31 Dec 2011 RM'000	1 January 2011 RM'000
Cash at bank and in hand	30,569	44,972	34,376
Short Term Deposit	21,305	22,626	14,181
Total cash and cash equivalents	<u>51,874</u>	<u>67,598</u>	<u>48,557</u>

13. Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted priced (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

13. Fair value hierarchy (contd.)

As at reporting date, the Group held the following financial assets that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 December 2012				
Available-for-sale financial assets				
- Equity instrument	36,660	25,275	-	11,385
31 December 2011				
Available-for-sale financial assets				
- Equity instrument	36,397	22,019	-	14,379
1 January 2011				
financial assets				
- Equity instrument	20,785	19,406	-	1,379

No transfer between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

14. Share capital, share premium and treasury shares

There are no movement in share capital, share premium and treasury shares during the financial period ended 31 December 2012.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

15. Interest bearing loans and borrowings

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Short term borrowings			
Secured	14,985	16,170	12,920
Unsecured	77,784	40,674	47,748
	<u>92,769</u>	<u>56,844</u>	<u>60,667</u>
Long term borrowings			
Secured	94,481	83,200	78,671
Unsecured	-	-	-
	<u>94,481</u>	<u>83,200</u>	<u>78,671</u>
	<u>187,250</u>	<u>140,043</u>	<u>139,339</u>

16. Dividends

The directors did not recommend any payment of dividend in respect of the financial year ended 31 December 2012.

17. Commitments

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Capital expenditure			
Approved and contracted for:			
Property, plant and equipment	35,646	71,974	86,000

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

18. Contingent liabilities

There are two (2) new material litigation against the Group since the last status report for the position as at 30 September 2012. As at the date of reporting (27 February 2013), the contingent liabilities stood at RM328.88 million.

After taking appropriate legal advice, no provision has been made in the financial results of the Group as at the reporting date (27 February 2013). The Directors are of the opinion that most of the claims have no sustainable merit.

19. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the twelve-month period ended 31 December 2012 and 31 December 2011:

	2012	2011
	RM'000	RM'000
Services rendered by Utusan Transport Sdn Bhd and Group, an associate	9,764	10,994
Services rendered by Utusan Printcorp Sdn Bhd and Group, an associate	9,039	3,512

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the six-month period ended 31 December 2012

20. Segment information

	Publishing, distribution and advertisements	Printing	Information technology and multimedia	Investment holding, management services and others	Total	Adjustments and eliminations	Per consolidated financial statements
	31 December 2012	31 December 2012	31 December 2012	31 December 2012	31 December 2012	31 December 2012	31 December 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:							
External customers	338,366	-	8,614	2,205	349,185	-	349,185
Inter-segment	11,631	-	87	395	12,113	(12,113)	-
Total revenue	349,997	-	8,701	2,600	361,298	(12,113)	349,185
Segment profit/(loss) (Note A)	(14,240)	(53)	(2,681)	1,862	(15,112)	(391)	(15,503)
	31 December 2011	31 December 2011	31 December 2011	31 December 2011	31 December 2011	31 December 2011	31 December 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:							
External customers	357,171	2,962	4,470	1,950	366,553	-	366,553
Inter-segment	11,450	8,942	333	777	21,502	(21,502)	-
Total revenue	368,621	11,904	4,803	2,727	388,055	(21,502)	366,553
Segment profit/(loss) (Note A)	25,455	(4,053)	(1,168)	2,200	22,434	(6,078)	16,356

Note A

Segment profit is reconciled to profit before tax presented in the condensed consolidated statement of comprehensive income as follows:

	31 December 2012	31 December 2011
	RM'000	RM'000
Segment profit/(loss)	(15,112)	22,434
Share of profit of associates	2,880	3,150
Finance costs	(6,694)	(6,402)
Unallocated corporate expenses	3,412	(2,826)
(Loss)/profit before tax	(15,514)	16,356

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134
For the twelve-month period ended 31 December 2012

20. Segment information (contd)

The Group comprises the following main business segments:

- (i) Publishing, distribution and advertisements - publishing and distribution of newspapers, magazines and books and print and online advertising;
- (ii) Printing - printing of magazines and books;
- (iii) Information technology and multimedia; and
- (iv) Investment holding, management services and others.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 December 2012

21. Performance review

The Group registered lower revenue of RM87.6 million for the current quarter under review as compared with RM99.8 million for the same quarter last year. Similarly, for the year ended 31 December 2012, the Group recorded lower revenue by RM17.4 million from RM366.6 million to RM349.2 million. This is mainly due to the publishing and distribution segment which recorded lower revenue by 8.6% and the disposal of a subsidiary in the printing segment which is now an associate to the Group effective September 2011.

The Group reported loss before tax (LBT) of RM7.3 million for the current quarter as compared with profit before tax (PBT) of RM11.4 million for the same quarter last year. For the year to date basis the Group recorded LBT of RM15.5 million compared with PBT of RM16.4 million previous year, primarily due to lower revenue and higher operating costs.

The performance of the respective operating business segments for the current quarter as compared with the corresponding quarter last year is analysed as follows:-

- i. **Publication, distribution and advertisements**
This segment's revenue decreased by 13.2% and 5.5% for both current quarter and year-to-date 2012 as compared with the same financial periods last year, primarily due to lower revenue from distribution of books and newspaper circulation. Nevertheless, on a year-to-date basis revenue from magazine circulation has shown a positive improvement while advertisement revenue posted only 0.1% reduction. This segment registered LBT of RM2.1 million for current quarter as compared with PBT RM9.2 million for the same period last year. On a year-to-date basis this segment registered LBT of RM14.2 million as compared with PBT RM25.5 million in the previous year mainly derived from reversal of impairment of amount due from a subsidiary of RM23.4 million as a result of disposal of that subsidiary.
- ii. **Printing**
No revenue was recognised for the current quarter and year-to-date under review as a subsidiary which was the main contributor for this segment is now an associate to the Group after the disposal of 70% interest in the company in September 2011.
- iii. **Information technology and multimedia**
Revenue for the current quarter increased by 2.9%. Similarly for the year-to-date basis this segment recognised an increase of 92.7% in revenue. However for both quarter and year-to-date this segment registered higher LBT of RM2.3 million and RM2.7 million mainly due to impairment of assets in the fourth quarter 2012 and higher operating costs.
- iv. **Investment holding, management services and others**
Revenue for the current quarter increased by 24.7%. Consequently this segment had reported higher PBT by 18.3%. For the year-to-date, revenue increased by 13.1%. However this segment registered lower profit by 15.4% due to higher operational costs.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 December 2012

22. Comparison with the immediate preceding quarter results

The Group posted lower revenue by RM2.4 million from RM90.0 million in the preceding quarter ended 30 September 2012 to RM87.6 million in the current quarter mainly due to reduction in information technology and multimedia segment and lower newspaper and magazine circulation revenue. The Group also recorded higher impairment losses in the fourth quarter hence recorded LBT of RM7.3 million as compared with PBT of RM1.1 million for the preceding quarter, coupled with higher operating costs.

The Group performance by segments is as follows:-

- i. Publication, distribution and advertisements
This segment's revenue dropped slightly by only 1%. However this segment registered LBT of RM2.1 million as compared to PBT of RM189 thousand, as a result of higher operational costs incurred in the final quarter.
- ii. Information technology and multimedia
Revenue decreased by 38.1% and posted higher LBT of RM2.4 million as compared with LBT of RM0.7 million in the third quarter mainly due to lower revenue and impairment of asset in the fourth quarter.
- iii. Investment holding, management services and others
Revenue decreased by 14.0% resulting in lower PBT by 17.8%

23. Comment on current year prospects

The year 2013 will continue to be challenging to the Group in view of stiff competition for the market share of advertising expenditure (ADEX) among all media. Nevertheless, the Group will continue to leverage on its compact newspaper, Kosmo, for higher advertising revenue. Kosmo registered higher advertising revenue by 20.8% last year.

We will also leverage on our information technology and multimedia segment whose revenue almost doubled last year. Going forward, this segment is expected to increase its contribution to the Group.

24. Profit forecast or profit guarantee

The group has not provided any profit forecast in a public document.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 December 2012

25. Corporate proposals

There are no corporate proposals announced as at the date of this report.

26. Changes in material litigation

There was no material litigation against the Group except as disclosed in Note 18.

27. Dividend payable

No interim ordinary dividend has been declared for the financial year ended 31 December 2012 (31 December 2011: Nil)

28. Disclosure of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

29. Rationale for entering into derivatives

The group did not enter into any derivatives during the period ended 31 December 2012 or the previous financial year ended 31 December 2011.

30. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 December 2012

31. Supplementary information

Breakdown of retained profits into realised and unrealised

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	75,383	93,248
- Unrealised loss	(8,704)	(11,275)
	66,679	81,973
Total share of retained profits from associated companies		
- Realised	22,171	23,759
- Unrealised loss	61	(400)
	22,232	23,359
	88,911	105,332
Add: Consolidation adjustments	34,086	33,837
Total group retained profits	122,997	139,169

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

Accordingly, the unrealised retained profits of the Group as disclosed above exclude translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group, hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

BY ORDER OF THE BOARD

Sharina Saidon
Company Secretary
Date: 27 February 2013