

**Condensed consolidated interim financial statements
for the six-month period ended 30 June 2013 (unaudited)**
Condensed Consolidated statement of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Revenue		96,102	89,549	172,096	171,490
Other income		4,864	2,695	7,667	5,027
Changes in inventories of finished goods and work-in-progress		90	251	91	1,065
Raw materials and consumables used		(31,418)	(30,139)	(57,473)	(59,316)
Vendors' commissions		(10,640)	(11,408)	(21,126)	(23,183)
Transportation costs		(4,822)	(3,596)	(8,576)	(7,242)
Employee benefits expense		(33,213)	(32,402)	(65,077)	(63,663)
Depreciation and amortisation		(4,566)	(4,547)	(9,140)	(10,038)
Other expenses		(13,015)	(12,202)	(24,927)	(21,676)
Finance costs		(1,615)	(1,653)	(3,229)	(3,218)
Operating profit/(loss)		1,767	(3,452)	(9,694)	(10,754)
Share of results of associates		1,485	1,044	2,059	1,469
Profit/(Loss) before tax	5	3,252	(2,408)	(7,635)	(9,285)
Income tax /zakat	6	(1,330)	936	743	2,100
Profit/(Loss) for the period, net of tax		1,922	(1,472)	(6,892)	(7,185)
Other comprehensive income					
Net gain on available-for-sale financial assets					
- Gain on fair value changes		358	81	480	1,570
- Transfer to profit or loss upon disposal		-	-	(878)	-
Foreign currency translation		22	(71)	14	72
Other comprehensive income for the period, net of tax		380	10	(384)	1,642
Total comprehensive profit/(loss) for the period		2,302	(1,462)	(7,276)	(5,543)

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Condensed Consolidated statement of comprehensive income (contd.)

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Profit/(Loss) attributable to:					
Owners of the parent		1,922	(1,472)	(6,892)	(7,185)
Total comprehensive profit/(loss) attributable to:					
Owners of the parent		2,302	(1,462)	(7,276)	(5,543)
Profit/(Loss) per share attributable to owners of the parent (sen):					
Basic, for profit/(loss) for the year	7	1.74	(1.33)	(6.22)	(6.49)
Diluted, for profit/(loss) for the year	7	1.74	(1.33)	(6.22)	(6.49)

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

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Condensed Consolidated statement of financial position (unaudited)

	Note	30 June 2013 RM'000	31 December 2012 RM'000
Assets			
Non-current assets			
Property, plant and equipment	9	273,992	257,990
Investment properties		14,395	13,860
Intangible assets	10	1,861	2,096
Investments in associates		27,038	24,979
Investment securities	13	20,851	26,558
Other investments	13	11,385	10,102
Deferred tax assets		293	184
Long term receivables		1,230	912
Trade and other receivables		14,145	14,144
		<u>365,190</u>	<u>350,825</u>
Current assets			
Inventories	11	25,559	40,801
Trade and other receivables		113,323	108,722
Investment securities	13	1,704	-
Cash and bank balances	12	39,043	49,980
		<u>179,629</u>	<u>199,503</u>
Total assets		<u>544,819</u>	<u>550,328</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		11,712	12,096
Retained earnings		115,620	122,512
Total equity		<u>288,769</u>	<u>296,045</u>

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Condensed Consolidated statement of financial position (contd.)

		30 June 2013 RM'000	31 December 2012 RM'000
	Note		
Non-current liabilities			
Retirement benefit obligations		3,175	3,516
Loans and borrowings	15	100,872	94,482
Deferred tax liabilities		6,330	8,112
		<u>110,377</u>	<u>106,110</u>
Current liabilities			
Retirement benefit obligations		484	536
Loans and borrowings	15	85,060	92,769
Trade and other payables		59,238	54,189
Taxation		891	679
		<u>145,673</u>	<u>148,173</u>
Total liabilities		<u>256,050</u>	<u>254,283</u>
Total equity and liabilities		<u>544,819</u>	<u>550,328</u>

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

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Condensed consolidated statement of changes in equity

	[-----Attributable to owners of the parent-----]									
	I-----Non-distributable-----		Distributable		I-----Non-distributable-----					
Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Capital reserve RM'000	Total equity RM'000	
At 1 January 2012	110,734	50,703	138,308	10,299	4,844	(14)	389	5,080	310,044	
Total comprehensive income	-	-	(7,185)	1,642	1,570	72	-	-	(5,543)	
Transaction with owners										
Forfeiture of share options granted under ESOS	-	-	3	(3)	(3)	-	-	-	-	
At 30 June 2012	110,734	50,703	131,126	11,938	6,411	58	389	5,080	304,501	
At 1 January 2013	110,734	50,703	122,512	12,096	6,332	298	386	5,080	296,045	
Total comprehensive income	-	-	(6,892)	(384)	(398)	14	-	-	(7,276)	
At 30 June 2013	110,734	50,703	115,620	11,712	5,934	312	386	5,080	288,769	

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

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Condensed consolidated interim financial statements
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Condensed consolidated statement of cash flows

	6 months ended	
	30 June 2013	30 June 2012
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(7,635)	(9,285)
Adjustments for:		
Impairment loss on trade and other receivables	819	1,060
Reversal of impairment loss on trade and other receivables	(181)	(248)
Net fair value loss on held for trading investment	69	-
Gain on disposal of held for trading investment	(224)	-
Gain on disposal of available for sale investment	(784)	-
Provision for retirement benefits	320	324
Share of results of associates	(2,059)	(1,469)
Interest income	(652)	(813)
Interest expenses	3,043	2,944
Depreciation of property, plant and equipment	8,867	9,830
Amortisation of intangible assets	273	208
Gain on disposal of property, plant and equipment	(93)	(127)
Inventories written down and off	66	-
Dividend income	(332)	(834)
Operating profit before working capital changes	1,497	1,590
(Increase)/decrease in receivables	(4,672)	408
Decrease/(increase) in inventories	15,175	(12,075)
Increase in payables	5,762	2,751
Cash generated from/(used in) operations	17,762	(7,326)
Interest paid	(3,428)	(2,816)
Taxes paid net of refund	(1,702)	(1,335)
Zakat paid	(25)	-
Net cash generated from/(used in) operating activities	12,607	(11,477)

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Condensed consolidated statement of cash flows (contd.)

	6 months ended	
	30 June 2013	30 June 2012
	RM'000	RM'000
Cash flows from investing activities		
Interest received	652	813
Purchase of property, plant and equipment	(25,340)	(22,483)
Purchase of intangible assets	(38)	(147)
Proceeds from disposal of property, plant and equipment	93	127
Proceeds from capital reduction of investment	-	1,600
Purchase of securities in held-for-trading investment	(3,444)	(2,910)
Proceeds from disposal of held for trading investment	1,895	-
Proceeds from disposal of available for sale investment	4,809	-
Dividends received	332	782
Net cash used in investing activities	<u>(21,041)</u>	<u>(22,218)</u>
Cash flows from financing activities		
(Repayment)/drawdown of short term borrowings	(6,781)	20,285
Drawdown of term loan	16,182	15,292
Payment of hire purchase payables	(710)	(14)
Repayment of long term borrowings	(9,082)	(7,082)
Payment of retirement benefits	(1,197)	(419)
Additional of pledged fixed deposits	(603)	(126)
Net cash (used in)/generated from financing activities	<u>(2,191)</u>	<u>27,936</u>
Net decrease in cash and cash equivalents	(10,625)	(5,759)
Effects of foreign exchange rate changes	14	73
Cash and cash equivalents at 1 January	47,550	67,022
Cash and cash equivalents at 30 June	<u>36,939</u>	<u>61,336</u>

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

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Explanatory notes pursuant to MFRS 134
For the six-month period ended 30 June 2013

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. Basis of Preparation

These condensed consolidated interim financial statements, for the period ended 31 March 2013, 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.

These financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the 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 and of the Company since the year ended 31 December 2012.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2012.

During the financial period, the Group has adopted the following applicable new MFRS, the revised MFRS and amendments to MFRS:

MFRS and Amendments to MFRSs

Amendments to MFRS 101: Presentation of Financial Statements
(Annual Improvements 2009-2011 Cycle)

MFRS 3 Business Combinations (IFRS 3 Business Combinations
issued by IASB in March 2004)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 Employee Benefits

MFRS 127 Separate Financial Statements

MFRS 128 Investment in Associate and Joint Ventures

MFRS 127 Consolidated and Separate Financial Statements
(IAS 27 as revised by IASB in December 2003)

Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and
Similar Instruments (Annual Improvements 2009-2011 Cycle)

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

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2. Basis of Preparation (contd.)

MFRS and Amendments to MFRSs

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
 Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
 Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle)
 Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
 Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
 Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
 Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
 Amendments to MFRS 11: Joint Arrangements: Transition Guidance
 Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance

The Group will be adopting the following MFRSs when they become effective in the respective financial periods.

	Effective for annual periods beginning on or after
MFRS and Amendments to MFRSs	
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

The adoption of the above Standards, Interpretations and Amendments do not have any significant financial impact on the Group.

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3. Changes in estimates

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

4. 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.

5. Profit/(Loss) before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Interest income	(334)	(408)	(652)	(813)
Interest expense	1,488	1,502	3,021	2,944
Net impairment loss on trade receivables	362	403	638	812
Gain on disposal of property, plant & equipment	(1)	(102)	(93)	(127)
Inventories written down	-	-	-	-
Net fair value loss on held for trading investment securities	21	-	31	-
Depreciation of property, plant and equipment	4,428	4,445	8,867	9,830
Amortisation of intangible assets	138	102	273	208

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6. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2013 RM'000	30 June 2012 RM'000	30 June 2013 RM'000	30 June 2012 RM'000
Current tax:				
Malaysian income tax	(1,232)	(691)	(1,890)	(1,572)
Zakat	(12)	(18)	(25)	(18)
Deferred tax	(86)	1,645	2,658	3,690
	(1,330)	936	743	2,100

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 (2013: 25% and 2012: 25%) principally due to the increase in unabsorbed capital allowances. Meanwhile the effective tax rate for the current quarter under review was higher than statutory tax rate (25%) mainly due to the non-deductibility of certain expenses for income tax purposes.

7. Earnings/(loss) Per Share

Basic earnings per share amounts are calculated by dividing profit/(loss) 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/(loss) 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.

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7. Earnings/(loss) Per Share (contd.)

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

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Profit/(Loss) net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	1,922	(1,472)	(6,892)	(7,185)
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 profit/(loss) per share (sen)	1.74	(1.33)	(6.22)	(6.49)
Diluted profit/(loss) per share (sen)	1.74	(1.33)	(6.22)	(6.49)

8. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2013, the Group acquired assets at a cost of RM25.3 million (30 June 2012: RM22.5 million). Included in the total assets acquired is an amount for construction work-in-progress of RM23.7 million (30 June 2012: RM20.4 million). This construction work-in-progress represents the expenditure incurred for the construction of a new corporate head office building. This project was completed in the second quarter of 2013.

Assets with nil carrying amount were disposed of by the Group during the six months ended 30 June 2013 (30 June 2012: RM Nil), resulting in a gain on disposal of RM92,389 (30 June 2012: RM127,161), recognised and included in other income in the statement of comprehensive income.

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9. Intangible assets

Included in the intangible assets is goodwill arising from acquisition of a subsidiary amounting to RM50,000 (30 June 2012: 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.

10. Inventories

During the six months ended 30 June 2013, the Group recognised a write-down of inventories of RM66,108 (30 June 2012: RM Nil) and the cost was included in the statement of comprehensive income.

11. Cash and cash equivalents

Cash and cash equivalents compared the following amounts

	30 June 2013 RM'000	30 June 2012 RM'000
Cash at bank and in hand	28,090	37,598
Short Term Deposit	10,953	24,440
Total cash and cash equivalents	<u>39,043</u>	<u>62,038</u>

12. 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

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12. 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
30 June 2013				
Available-for-sale financial assets				
- Equity instrument	32,236	20,851	-	11,385
Held for trading investments				
- Equity instrument	1,704	1,704	-	-
30 June 2012				
Available-for-sale financial assets				
- Equity instrument	40,878	26,499	-	14,379

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.

13. Share capital, share premium and treasury shares

There are no movement in share capital, share premium and treasury shares during the financial period ended 30 June 2013.

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14. Interest bearing loans and borrowings

	30 June 2013 RM'000	30 June 2012 RM'000
Short term borrowings		
Secured	19,386	13,792
Unsecured	65,674	65,359
	<u>85,060</u>	<u>79,151</u>
Long term borrowings		
Secured	100,872	89,514
Unsecured	-	-
	<u>100,872</u>	<u>89,514</u>
	<u>185,932</u>	<u>168,665</u>

15. Dividends

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

16. Commitments

	30 June 2013 RM'000	31 December 2012 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	33,516	54,167

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17. Contingent liabilities

There are four (4) new material litigations against the Group since the last status report for the position as at 31 March 2013. As at 30 June 2013 the contingent liabilities stood at RM 8.415 million.

After taking appropriate legal advice, no provision has been made in the financial results of the Group as at 30 June 2013 as the Directors are of the opinion that most of the claims have no sustainable merit.

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the six-month period ended 30 June 2013 and 30 June 2012:

	2013	2012
	RM'000	RM'000
Services rendered by Utusan Transport Sdn Bhd and Group, an associate	5,261	4,830
Services rendered by Utusan Printcorp Sdn Bhd and Group, an associate	2,881	4,274

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Explanatory notes pursuant to MFRS 134
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19. 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
	30 June 2013 RM'000	30 June 2013 RM'000	30 June 2013 RM'000	30 June 2013 RM'000	30 June 2013 RM'000	30 June 2013 RM'000	30 June 2013 RM'000
Revenue:							
External customers	163,800	-	895	7,401	172,096	-	172,096
Inter-segment	5,220	-	20	239	5,479	(5,479)	-
Total revenue	169,020	-	915	7,640	177,575	(5,479)	172,096
Segment profit/(loss) (Note A)	(11,569)	(20)	(1,035)	3,101	(9,523)	1,888	(7,635)
	30 June 2012 RM'000	30 June 2012 RM'000	30 June 2012 RM'000	30 June 2012 RM'000	30 June 2012 RM'000	30 June 2012 RM'000	30 June 2012 RM'000
Revenue:							
External customers	164,607	-	5,683	1,200	171,490	-	171,490
Inter-segment	5,347	-	44	275	5,666	(5,666)	-
Total revenue	169,954	-	5,727	1,475	177,156	(5,666)	171,490
Segment profit/(loss) (Note A)	(12,315)	61	433	1,111	(10,710)	1,425	(9,285)

Note A

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

	30 June 2013 RM'000	30 June 2012 RM'000
Segment profit/(loss)	(9,523)	(10,710)
Share of profit of associates	2,059	1,469
Finance costs	(3,229)	(3,218)
Unallocated corporate expenses	3,057	3,174
Loss before tax	(7,636)	(9,285)

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Explanatory notes pursuant to MFRS 134
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19. 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.

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Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
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20. Performance review

Revenue for the current quarter under review of RM96.1 million was 7.4% higher than that of the preceding year's corresponding quarter of RM89.5 million. The increase was mainly derived from revenue for newspaper circulation and investment holding segment. Accordingly the Group recorded a profit before tax (PBT) of RM3.3 million as compared with a loss before tax (LBT) of RM2.4 million for the corresponding quarter last year. On a year-to-date basis the Group registered slightly higher revenue of RM172.1 million for the period ended 30 June 2013 as compared with RM171.5 million last year. The Group recorded lower LBT of RM7.6 million as compared with LBT of RM9.3 million last year mainly due to higher other income from printing jobs.

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

Revenue increased by 7.4% primarily due to higher net circulation revenue of newspapers and advertisement revenue as compared with the corresponding quarter last year. The increase was mainly attributable to the 13th General Election (GE13). Hence this segment registered lower LBT by RM4.5 million.

However on a year-to-date basis, this segment's revenue decreased by 0.5% primarily due to lesser advertisement revenue. Nevertheless this segment posted lower LBT by 6.1% from RM12.3 million previous year to RM11.6 million this year generally due to higher other income from printing jobs.

ii. Printing

No revenue was recognised for the current quarter under review and previous year as all subsidiaries under this segment are dormant companies.

iii. Information technology and multimedia

Revenue for both current quarter and six months period ended 30 June 2013 for this segment has decreased significantly by 90.76% and 84.3% respectively. This is mainly due to a restructuring of subsidiaries' business activities. Job recruitment activities which were previously part of the business of one subsidiary under Information Technology & Multimedia segment have been transferred to a subsidiary under Investment Holdings & Services and Others segment. This segment reported LBT of RM.04 million and RM1.0 million for both current quarter and year to-date respectively as compared to PBT of RM0.4 million for both periods last year.

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Requirements: Chapter 9, Appendix 9B, Part A
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20. Performance review (contd.)

- iv. Investment holding, management services and others
Revenue for the current quarter was higher by RM3.4 million, mainly from recruitment services which has been transferred from Information Technology and Multimedia segment coupled with a gain of RM1.3 million from disposal of quoted securities. This has resulted in higher PBT by RM1.3 million. Similarly for the six months period ended 30 June 2013, revenue increased by RM6.2 million leading to higher PBT by RM2.1 million.

21. Comparison with the immediate preceding quarter results

The Group posted higher revenue by RM19.4 million from RM76.0 million in the preceding quarter ended 31 March 2013 to RM96.1 million in the current quarter derived mainly from net circulation revenue for newspapers and advertisement revenue. Consequently the Group recorded a PBT of RM3.3 million as compared with LBT of RM10.9 million for the preceding quarter.

The Group's performance by segments is as follows:-

- i. Publication, distribution and advertisements
This segment's revenue increased by 26.9% mainly contributed by higher net circulation revenue and advertisement attributable to GE13. Hence this segment registered lower LBT of RM68 thousand as compared to LBT of RM11.6 million.
- ii. Information technology and multimedia
This segment's revenue dropped by 42.1%. However this segment reported a lower LBT of RM0.4 million as compared with LBT of RM0.6 million in the preceding quarter mainly due to recognition of higher cost of sales in the first quarter.
- iii. Investment holding, management services and others
Revenue increased by 28.3% primarily due to gain on disposal of quoted securities in the second quarter resulting in higher PBT by RM1.1 million.

22. Comment on current year prospects

The year 2013 will continue to pose challenges to the Group in view of increasing competition for the market share of newspapers' circulation and advertising expenditure (ADEX). Nevertheless we will strive to increase revenue through newspaper content improvements and creative packages for advertisements.

The Investment Holding, Management Services and Others segment is expected to maintain its profitability in 2013.

**Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)**



**Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
For the six-month period ended 30 June 2013**

23. Profit forecast or profit guarantee

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

24. Corporate proposals

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

25. Changes in material litigation

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

26. Dividend payable

No interim ordinary dividend has been declared for the financial year period 30 June 2013 (30 June 2012: Nil)

27. Disclosure of outstanding derivatives

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

28. Rationale for entering into derivatives

The group did not enter into any derivatives during the period ended 30 June 2013 or the previous financial year ended 31 December 2012.

29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

Utusan Melayu (Malaysia) Berhad
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30. Supplementary information

Breakdown of retained profits into realised and unrealised

	As at 30/6/2013 RM'000	As at 31/12/2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	64,384	75,043
- Unrealised loss	(6,048)	(7,927)
	58,336	67,116
Total share of retained profits from associated companies		
- Realised	23,308	21,211
- Unrealised loss	61	61
	23,369	21,272
	81,705	88,388
Add: Consolidation adjustments	33,915	34,124
Total group retained profits	115,620	122,512

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

W. Nor Asmah W. Ismail

Company Secretary

Date: 26 August 2013