

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

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Revenue		80,512	90,046	252,608	261,536
Other income		3,555	2,445	11,222	7,472
Changes in inventories of finished goods and work-in-progress		(755)	(57)	(664)	1,008
Raw materials and consumables used		(24,534)	(25,536)	(82,007)	(84,852)
Vendors' commissions		(9,454)	(11,049)	(30,580)	(34,232)
Transportation costs		(4,147)	(3,947)	(12,723)	(11,189)
Employee benefits expense		(32,210)	(31,108)	(97,287)	(94,771)
Depreciation and amortisation		(5,206)	(4,730)	(14,346)	(14,768)
Other expenses		(13,803)	(13,686)	(38,731)	(35,362)
Finance costs		(2,229)	(1,736)	(5,458)	(4,954)
<b>Operating profit/(loss)</b>		<b>(8,271)</b>	<b>642</b>	<b>(17,966)</b>	<b>(10,112)</b>
Share of results of associates		692	443	2,751	1,912
<b>(Loss)/Profit before tax</b>	5	<b>(7,579)</b>	<b>1,085</b>	<b>(15,215)</b>	<b>(8,200)</b>
Income tax /zakat	6	2,914	(207)	3,657	1,893
<b>(Loss)/Profit for the period, net of tax</b>		<b>(4,665)</b>	<b>878</b>	<b>(11,558)</b>	<b>(6,307)</b>
Other comprehensive income					
Net gain on available-for-sale financial assets					
- Gain on fair value changes		485	2,475	607	4,045
- Transfer to profit or loss upon disposal		-	(3)	(878)	(3)
Foreign currency translation		18	385	10	457
Other comprehensive income for the period, net of tax		503	2,857	(261)	4,499
<b>Total comprehensive (loss)/profit for the period</b>		<b>(4,162)</b>	<b>3,735</b>	<b>(11,819)</b>	<b>(1,808)</b>

Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)



Condensed consolidated interim financial statements  
for the nine-month period ended 30 September 2013 (unaudited)

Condensed Consolidated statement of comprehensive income (contd.)

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
<b>(Loss)/Profit attributable to:</b>					
Owners of the parent		(4,665)	878	(11,558)	(6,307)
<b>Total comprehensive (loss)/profit attributable to:</b>					
Owners of the parent		(4,162)	3,735	(11,819)	(1,808)
<b>(Loss)/Profit per share attributable to owners of the parent (sen):</b>					
Basic, for (loss)/profit for the year	7	(4.21)	0.79	(10.44)	(5.70)
Diluted, for (loss)/profit for the year	7	(4.21)	0.79	(10.44)	(5.70)

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

Condensed consolidated interim financial statements  
for the nine-month period ended 30 September 2013 (unaudited)

Condensed Consolidated statement of financial position (unaudited)

	Note	30 Sept 2013 RM'000	31 December 2012 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	273,285	257,990
Investment properties		14,337	13,860
Intangible assets	9	3,021	2,096
Investments in associates		27,740	24,979
Investment securities	12	20,979	26,558
Other investments	12	11,385	10,102
Deferred tax assets		179	184
Long term receivables		1,354	912
Trade and other receivables		14,145	14,144
		<u>366,425</u>	<u>350,825</u>
<b>Current assets</b>			
Inventories	10	28,723	40,801
Trade and other receivables		121,440	108,722
Investment securities	12	2,506	-
Cash and bank balances	11	31,314	49,980
		<u>183,983</u>	<u>199,503</u>
<b>Total assets</b>		<u>550,408</u>	<u>550,328</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		110,734	110,734
Share premium		50,703	50,703
Other reserves		11,450	12,096
Retained earnings		111,339	122,512
<b>Total equity</b>		<u>284,226</u>	<u>296,045</u>

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



**Condensed consolidated interim financial statements**  
**for the nine-month period ended 30 September 2013 (unaudited)**

**Condensed Consolidated statement of financial position (contd.)**

		<b>30 Sept</b>	<b>31 December</b>
		<b>2013</b>	<b>2012</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations		2,832	3,516
Loans and borrowings	14	98,705	94,482
Deferred tax liabilities		2,832	8,112
		<u>104,369</u>	<u>106,110</u>
<b>Current liabilities</b>			
Retirement benefit obligations		432	536
Loans and borrowings	14	96,385	92,769
Trade and other payables		64,559	54,189
Taxation		437	679
		<u>161,813</u>	<u>148,173</u>
<b>Total liabilities</b>		<u>266,182</u>	<u>254,283</u>
<b>Total equity and liabilities</b>		<u>550,408</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.

Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)

Condensed consolidated interim financial statements  
for the nine-month period ended 30 September 2013 (unaudited)



Condensed consolidated statement of changes in equity

	[-----Attributable to owners of the parent-----]									
		I-----Non-distributable-----I 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	
<b>At 1 January 2012</b>	110,734	50,703	138,308	10,299	4,844	(14)	389	5,080	310,044	
<b>Total comprehensive income</b>	-	-	(6,307)	4,499	4,042	457	-	-	(1,808)	
<b>Transaction with owners</b>										
Forfeiture of share options granted under ESOS	-	-	3	(3)	(3)	-	-	-	-	
<b>At 30 September 2012</b>	110,734	50,703	132,004	14,795	8,883	443	389	5,080	308,236	
<b>At 1 January 2013</b>	110,734	50,703	122,512	12,096	6,333	298	385	5,080	296,045	
<b>Total comprehensive income</b>	-	-	(11,558)	(261)	(271)	10	-	-	(11,819)	
<b>Transaction with owners</b>										
Forfeiture of share options granted under ESOS	-	-	385	(385)	-	-	(385)	-	-	
<b>At 30 September 2013</b>	110,734	50,703	111,339	11,450	6,062	308	-	5,080	284,226	

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 nine-month period ended 30 September 2013 (unaudited)

Condensed consolidated statement of cash flows

	9 months ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(15,215)	(8,200)
Adjustments for:		
Impairment loss on trade and other receivables	996	1,393
Reversal of impairment loss on trade and other receivables	(186)	(358)
Net fair value loss on held for trading investment	225	-
Gain on disposal of held for trading investment	(370)	-
Gain on disposal of available for sale investment	(784)	(2)
Provision for retirement benefits	498	486
Share of results of associates	(2,751)	(1,912)
Interest income	(1,058)	(1,227)
Interest expenses	5,156	4,569
Depreciation of property, plant and equipment	13,868	14,258
Amortisation of intangible assets	478	510
Gain on disposal of property, plant and equipment	(124)	(174)
Property, plant and equipment written off	4	-
Inventories written down and off	683	63
Dividend income	(2,110)	(1,099)
Operating profit before working capital changes	(690)	8,307
(Increase)/decrease in receivables	(11,841)	(11,134)
Decrease/(increase) in inventories	11,395	(15,581)
Increase in payables	11,440	(2,165)
Cash generated from/(used in) operations	10,304	(20,573)
Interest paid	(5,794)	(5,055)
Taxes paid net of refund	(3,970)	(2,580)
Zakat paid	(38)	-
Net cash generated from/(used in) operating activities	502	(28,208)

Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)

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UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

Condensed consolidated interim financial statements  
for the nine-month period ended 30 September 2013 (unaudited)

Condensed consolidated statement of cash flows (contd.)

	9 months ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000
<b>Cash flows from investing activities</b>		
Interest received	1,058	1,227
Investment in associate	(10)	-
Purchase of property, plant and equipment	(30,619)	(34,562)
Purchase of intangible assets	(430)	(1,872)
Proceeds from disposal of property, plant and equipment	124	174
Proceeds from capital reduction of investment	-	1,600
Purchase of securities in available for sale investment		(2,895)
Purchase of securities in held-for-trading investment	(6,497)	-
Proceeds from disposal of held for trading investment	4,157	-
Proceeds from disposal of available for sale investment	4,809	252
Dividends received	2,110	1,047
Net cash used in investing activities	<u>(25,298)</u>	<u>(35,029)</u>
<b>Cash flows from financing activities</b>		
(Repayment)/drawdown of short term borrowings	7,067	34,530
Drawdown of term loan	17,763	23,616
Payment of hire purchase payables	(917)	(22)
Repayment of long term borrowings	(14,622)	(12,622)
Payment of retirement benefits	(1,719)	(1,195)
Additional of pledged fixed deposits	(603)	(126)
Net cash (used in)/generated from financing activities	<u>6,969</u>	<u>44,181</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(17,827)</b>	<b>(19,056)</b>
<b>Effects of foreign exchange rate changes</b>	<b>10</b>	<b>457</b>
<b>Cash and cash equivalents at 1 January</b>	<b>47,550</b>	<b>67,022</b>
<b>Cash and cash equivalents at 30 September</b>	<b><u>29,733</u></b>	<b><u>48,423</u></b>

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 nine-month period ended 30 September 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 30 September 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



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



**Explanatory notes pursuant to MFRS 134**  
**For the nine-month period ended 30 September 2013**

## **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.

	<b>Effective for annual periods beginning on or after</b>
<b>MFRS and Amendments to MFRSs</b>	
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.

Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134  
For the nine-month period ended 30 September 2013

### 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

On 1 October 2013 the Board of Directors of Utusan Melayu (Malaysia) Berhad ("UMMB") had announced to Bursa Malaysia that UMMB had entered into a Share Sale Agreement with Cendana Senada Sdn Bhd for the disposal of 360,000 ordinary shares of RM1.00 each which represent 100% of the total issued and paid up capital in its subsidiary, Perfisio Solution Sdn Bhd for the purchase consideration of RM1.00 only, upon such terms and subject to the conditions contained in the Share Sale Agreement.

### 5. Profit/(Loss) before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Interest income	(406)	(414)	(1,058)	(1,227)
Interest expense	2,113	1,625	5,156	4,569
Net impairment loss on trade receivables	172	223	810	1,035
Gain on disposal of property, plant & equipment	(31)	(47)	(124)	(174)
Inventories written down	617	63	683	63
Net fair value loss on held for trading investment securities	156	-	225	-
Depreciation of property, plant and equipment	5,001	4,428	13,868	14,258
Amortisation of intangible assets	205	302	478	510

Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134  
For the nine-month period ended 30 September 2013

## 6. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sept 2013 RM'000	30 Sept 2012 RM'000	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Current tax:				
Malaysian income tax	311	(873)	(1,579)	(2,445)
Zakat	(13)	(9)	(38)	(27)
Deferred tax	2,616	675	5,274	4,365
	<b>2,914</b>	<b>(207)</b>	<b>3,657</b>	<b>1,893</b>

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.

## 7. (Loss)/Earnings Per Share

Basic earnings per share amounts are calculated by dividing (loss)/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 (loss)/earnings per share amounts are calculated by dividing (loss)/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 nine-month period ended 30 September 2013

## 7. (Loss)/Earnings Per Share (contd.)

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

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sept 2012	30 Sept 2011	30 Sept 2012	30 Sept 2011
(Loss)/Profit net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	(4,665)	878	(11,558)	(6,307)
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 (loss)/earnings per share (sen)	(4.21)	0.79	(10.44)	(5.70)
Diluted (loss)/earnings per share (sen)	(4.21)	0.79	(10.44)	(5.70)

## 8. Property, plant and equipment

### Acquisitions and disposals

During the nine months ended 30 September 2013, the Group acquired assets at a cost of RM30.6 million (30 September 2012: RM34.6 million). Included in the total assets acquired is an amount for construction work-in-progress of RM2.0 million (30 September 2012: RM45.8 million). This construction work-in-progress represents the expenditure incurred for upgrading printing line and infrastructure work at printing facility in Bangi and the construction of a new investment building.

Assets with nil carrying amount were disposed of by the Group during the nine months ended 30 September 2013 (30 September 2012: RM Nil), resulting in a gain on disposal of RM92,389 (30 September 2012: RM173,661), 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 nine-month period ended 30 September 2013**

## 9. Intangible assets

Included in the intangible assets is goodwill arising from acquisition of a subsidiary amounting to RM50,000 (30 September 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 nine months ended 30 September 2013, the Group recognised a write-down of inventories of RM683,326 (30 September 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

	<b>30 Sept 2013 RM'000</b>	<b>30 Sept 2012 RM'000</b>
Cash at bank and in hand	24,480	26,571
Short Term Deposit	6,834	24,687
Total cash and cash equivalents	<b>31,314</b>	<b>51,258</b>

## 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

Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134  
For the nine-month period ended 30 September 2013

## 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
<b>30 Sept 2013</b>				
<b>Available-for-sale financial assets</b>				
- Equity instrument	32,364	20,979	-	11,385
<b>Held for trading investments</b>				
- Equity instrument	2,506	2,506	-	-
<b>30 Sept 2012</b>				
<b>Available-for-sale financial assets</b>				
- 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 September 2013.

Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134  
For the nine-month period ended 30 September 2013

#### 14. Interest bearing loans and borrowings

	30 Sept 2013 RM'000	30 Sept 2012 RM'000
<b>Short term borrowings</b>		
Secured	17,387	15,131
Unsecured	78,998	80,397
	<u>96,385</u>	<u>95,528</u>
<b>Long term borrowings</b>		
Secured	98,705	92,288
Unsecured	-	-
	<u>98,705</u>	<u>92,288</u>
	<u>195,090</u>	<u>187,816</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 Sept 2013 RM'000	31 December 2012 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	30,922	54,167

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



**Explanatory notes pursuant to MFRS 134**  
**For the nine-month period ended 30 September 2013**

### **17. Contingent liabilities**

There are two (2) new material litigation against the Group since the last status report for the position as at 30 June 2013. As at 27 November 2013 ("the reporting date"), the contingent liabilities stood at RM 8.40 million.

After taking appropriate legal advice, no provision has been made in the financial results of the Group as at the reporting date as the Directors are of the opinion that the outcome of the legal suits against the Group do not have material impact on the financial position of the Group.

### **18. Related party transactions**

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

	<b>2013</b> <b>RM'000</b>	<b>2012</b> <b>RM'000</b>
Services rendered by Utusan Transport Sdn Bhd and Group, an associate	7,569	7,210
Services rendered by Utusan Printcorp Sdn Bhd and Group, an associate	3,759	6,752



Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)



Explanatory notes pursuant to MFRS 134  
For the nine-month period ended 30 September 2013

#### 19. Segment information

	Publishing, distribution and advertisements	Information technology and multimedia	Investment holding, management services and others	Total	Adjustments and eliminations	Per consolidated financial statements
	30 Sept 2013 RM'000	30 Sept 2013 RM'000	30 Sept 2013 RM'000	30 Sept 2013 RM'000	30 Sept 2013 RM'000	30 Sept 2013 RM'000
Revenue:						
External customers	241,874	1,276	9,458	252,608	-	252,608
Inter-segment	8,284,093	43	443	8,284,579	(8,284,579)	-
Total revenue	8,525,967	1,319	9,901	8,537,187	(8,284,579)	252,608
Segment profit/(loss) (Note A)	(19,589)	(1,494)	3,218	(17,865)	2,650	(15,215)
	<b>30 Sept 2012 RM'000</b>	<b>30 Sept 2012 RM'000</b>	<b>30 Sept 2012 RM'000</b>	<b>30 Sept 2012 RM'000</b>	<b>30 Sept 2012 RM'000</b>	<b>30 Sept 2012 RM'000</b>
Revenue:						
External customers	252,303	7,493	1,740	261,536	-	261,536
Inter-segment	7,857	54	324	8,235	(8,235)	-
Total revenue	260,160	7,547	2,064	269,771	(8,235)	261,536
Segment profit/(loss) (Note A)	(12,093)	(267)	1,522	(10,838)	2,638	(8,200)

#### Note A

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

	30 Sept 2013 RM'000	30 Sept 2012 RM'000
Segment profit/(loss)	(17,865)	(10,838)
Share of profit of associates	2,751	1,912
Finance costs	(5,458)	(4,954)
Unallocated corporate expenses	5,357	5,680
Loss before tax	(15,215)	(8,200)

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



**Explanatory notes pursuant to MFRS 134**  
**For the nine-month period ended 30 September 2013**

**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) Information technology and multimedia; and
- (iii) 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 nine-month period ended 30 September 2013**

## **20. Performance review**

Revenue for the current quarter under review of RM80.5 million was 10.6% lower than that of the preceding year's corresponding quarter of RM90.0 million. The decrease was contributed mainly by publication, distribution and advertisements segment. Accordingly the Group recorded a loss before tax (LBT) of RM7.6 million as compared with a profit before tax (PBT) of RM1.1 million for the corresponding quarter last year. On a year-to-date basis the Group also registered a lower revenue of RM252.6 million for the period ended 30 September 2013 as compared with RM261.5 million last year. The Group recorded higher LBT of RM15.2 million as compared with LBT of RM8.2 million last year mainly due to lower revenue from publication, distribution and advertisements segment.

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 decreased by 10.2% mainly due to a reduction in net circulation revenue in newspapers and advertisement revenue as compared with the corresponding quarter last year. Hence this segment registered a LBT of RM8.0 million as compared with PBT of RM189 thousand last year.

Similarly on a year-to-date basis, this segment's revenue decreased by 3.8% primarily due to lower advertisement revenue and net circulation of newspapers. Consequently this segment posted higher LBT of RM19.6 million as compared with RM12.1 million previous year.

ii. Information technology and multimedia

Revenue for both current quarter and nine-month period ended 30 September 2013 for this segment has decreased significantly by 78.9% and 83.0% 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, Management Services and Others segment. This segment reported LBT of RM0.5 million and RM1.5 million for both current quarter and year to-date respectively as compared with LBT of RM0.7 million and RM0.3 million for both current quarter and year to-date respectively last

iii. Investment holding, management services and others

Revenue for the current quarter was higher by RM1.5 million, mainly from recruitment services which has been transferred from Information Technology and Multimedia segment. However this segment has posted lower PBT of RM0.1 million as compared with RM0.4 million in the same period last year. For the nine-month period ended 30 September 2013, this segment's revenue increased by RM7.7 million leading to a higher PBT by RM1.9 million.

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



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

## **21. Comparison with the immediate preceding quarter results**

The Group posted lower revenue by RM15.6 million from RM96.1 million in the preceding quarter ended 30 June 2013 to RM80.5 million in the current quarter mainly due to a significant reduction in net circulation revenue for newspapers. The Company recognised higher net circulation revenue for newspapers in the previous quarter primarily attributable to 13th General Election. Consequently the Group recorded a LBT of RM7.6 million as compared with PBT of RM3.3 million for the preceding quarter.

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

- i. Publication, distribution and advertisements  
This segment's revenue decreased by 14.8% mainly due to lower net circulation revenue. Hence this segment registered a LBT of RM8.0 million as compared with PBT of RM21 thousand.
- ii. Information technology and multimedia  
This segment's revenue increased by 16.3%. However this segment reported a higher LBT of RM0.5 million as compared with LBT of RM0.4 million in the preceding quarter mainly due to recognition of higher cost of sales in the third quarter.
- iii. Investment holding, management services and others  
Revenue dropped by 50.5% primarily due to recognition of gain on disposal and trading of quoted securities in the second quarter resulting in lower PBT by RM2.0 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.

We have also penetrated a new market by embarking on e-newspapers since digital newspapers are becoming more popular to news readers because of easy accesability to internet. We expect this move will help to enhance future sales and reduce the impact of a decline in demand for printed newspaper.

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

## **23. 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 nine-month period ended 30 September 2013**

#### **24. Corporate proposals**

There are no corporate proposals announced as at the date of this report except as below:

On 12 November 2013 the Board of Directors of Utusan Melayu (Malaysia) Berhad ("UMMB") had announced to Bursa Malaysia that UMMB is undertaking the following proposals:

- (i) proposed renounceable Two-Call Rights Issue of up to 110,733,837 new ordinary shares of RM1.00 each in UMMB on the basis of one (1) rights share for every one (1) existing ordinary share of RM1.00 each held in UMMB at an entitlement date to be determined later; and
- (ii) proposed exemption to United Malays National Organisation ("UMNO") from the obligation to undertake a mandatory take-over offer for all the remaining voting shares in UMMB not already owned by UMNO after the proposed two-call rights issue under paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010.

#### **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 September 2013 (30 September 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 September 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  
(Incorporated in Malaysia)



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

### 30. Supplementary information

#### Breakdown of retained profits into realised and unrealised

	As at 30/9/2013 RM'000	As at 31/12/2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	55,172	75,043
- Unrealised loss	(2,879)	(7,927)
	52,293	67,116
Total share of retained profits from associated companies		
- Realised	24,096	21,211
- Unrealised loss	(36)	61
	24,060	21,272
	76,353	88,388
Add: Consolidation adjustments	34,986	34,124
Total group retained profits	111,339	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: 27 November 2013