

**Condensed consolidated interim financial statements
for the twelve-month period ended 31 December 2013 (unaudited)**
Condensed Consolidated statement of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Revenue		89,946	83,716	342,554	345,252
Other income		4,805	3,915	16,027	11,387
Changes in inventories of finished goods and work-in-progress		(2,021)	(574)	(2,685)	434
Raw materials and consumables used		(24,200)	(24,940)	(106,207)	(109,792)
Vendors' commissions		(9,359)	(10,551)	(39,939)	(44,783)
Transportation costs		(3,532)	(4,075)	(16,255)	(15,264)
Employee benefits expense		(32,265)	(28,496)	(129,552)	(123,267)
Depreciation and amortisation		(5,336)	(4,757)	(19,682)	(19,525)
Other expenses		(21,764)	(20,654)	(60,495)	(56,016)
Finance costs		(2,311)	(1,653)	(7,769)	(6,607)
Operating loss		(6,037)	(8,069)	(24,003)	(18,181)
Share of results of associates		859	46	3,610	1,958
Loss before tax	5	(5,178)	(8,023)	(20,393)	(16,223)
Income tax /zakat	6	363	(1,470)	4,020	423
Loss for the period, net of tax		(4,815)	(9,493)	(16,373)	(15,800)
Other comprehensive income					
Net gain on available-for-sale financial assets					
- Gain on fair value changes		(352)	(2,435)	255	1,610
- Transfer to profit or loss upon disposal		(105)	(119)	(983)	(122)
Foreign currency translation		21	(144)	11	313
Other comprehensive income for the period, net of tax		(436)	(2,698)	(717)	1,801
Total comprehensive loss for the period		(5,251)	(12,191)	(17,090)	(13,999)

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Condensed Consolidated statement of comprehensive income (contd.)

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Loss attributable to:					
Owners of the parent		(4,815)	(9,493)	(16,373)	(15,800)
Total comprehensive loss attributable to:					
Owners of the parent		(5,251)	(12,191)	(17,090)	(13,999)
Loss per share attributable to owners of the parent (sen):					
Basic, for loss for the year	7	(4.35)	(8.57)	(14.79)	(14.27)
Diluted, for loss for the year	7	(4.35)	(8.57)	(14.79)	(14.27)

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	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Assets			
Non-current assets			
Property, plant and equipment	8	270,300	257,990
Investment properties		14,348	13,860
Intangible assets	9	2,885	2,096
Investments in associates		27,392	24,979
Investment securities	12	17,496	26,558
Other investments	12	11,396	10,102
Deferred tax assets		78	184
Long term receivables		1,519	912
Trade and other receivables		15,494	14,144
		<u>360,908</u>	<u>350,825</u>
Current assets			
Inventories	10	23,503	40,801
Trade and other receivables		117,536	108,722
Investment securities	12	2,861	-
Cash and bank balances	11	33,089	49,980
		<u>176,989</u>	<u>199,503</u>
Total assets		<u>537,897</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		5,985	12,096
Retained earnings		111,533	122,512
Total equity		<u>278,955</u>	<u>296,045</u>

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Condensed Consolidated statement of financial position (contd.)

		31 Dec 2013 RM'000	31 Dec 2012 RM'000
	Note		
Non-current liabilities			
Retirement benefit obligations		2,692	3,516
Loans and borrowings	14	98,296	94,482
Deferred tax liabilities		1,178	8,112
		<u>102,166</u>	<u>106,110</u>
Current liabilities			
Retirement benefit obligations		411	536
Loans and borrowings	14	96,280	92,769
Trade and other payables		59,263	54,189
Taxation		822	679
		<u>156,776</u>	<u>148,173</u>
Total liabilities		<u>258,942</u>	<u>254,283</u>
Total equity and liabilities		<u>537,897</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-----]									
	-----Non-distributable-----		Distributable		-----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	-	-	(15,800)	1,801	1,488	313	-	-	(13,999)	
Transaction with owners										
Forfeiture of share options granted under ESOS	-	-	4	(4)	-	-	(4)	-	-	
At 31 December 2012	110,734	50,703	122,512	12,096	6,332	299	385	5,080	296,045	
At 1 January 2013	110,734	50,703	122,512	12,096	6,333	298	385	5,080	296,045	
Total comprehensive income	-	-	(16,373)	(717)	(728)	11	-	-	(17,090)	
Transaction with owners										
Disposal of a subsidiary			5,009	(5,009)				(5,009)	-	
Forfeiture of share options granted under ESOS	-	-	385	(385)	-	-	(385)	-	-	
At 31 December 2013	110,734	50,703	111,533	5,985	5,605	309	-	5,080	278,955	

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

	12 months ended	
	30 Dec 2013 RM'000	30 Dec 2012 RM'000
Cash flows from operating activities		
Loss before taxation	(20,393)	(16,223)
Adjustments for:		
Impairment loss on trade and other receivables	10,898	5,268
Reversal of impairment loss on trade and other receivables	(2,257)	(1,509)
Net fair value loss on held for trading investment	243	-
Gain on disposal of held for trading investment	(598)	-
Gain on disposal of available for sale investment	(1,297)	(114)
Provision for retirement benefits	627	635
Share of results of associates	(3,610)	(1,958)
Interest income	(1,391)	(1,738)
Interest expenses	7,260	6,206
Depreciation of property, plant and equipment	18,988	18,811
Amortisation of intangible assets	694	714
Gain on disposal of property, plant and equipment	(159)	(174)
Property, plant and equipment written off	4	4
Inventories written down and off	3,165	723
Impairment loss on intangible assets	-	982
Goodwill written off	50	-
Present value adjustment on preference shares	(11)	1,694
Present value adjustment on other debtors	1,176	-
Gain on disposal of subsidiary	(993)	-
Deposits written off	361	-
Dividend income	(793)	(2,841)
Operating profit before working capital changes	11,964	10,480
(Increase)/decrease in receivables	(23,132)	(14,610)
Decrease/(increase) in inventories	14,133	(6,617)
Increase/(decrease) in payables	9,507	(1,563)
Cash generated from/(used in) operations	12,472	(12,310)
Interest paid	(7,314)	(6,592)
Taxes paid net of refund	(2,696)	(4,173)
Zakat paid	(50)	(36)
Net cash generated from/(used in) operating activities	2,412	(23,111)

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Condensed consolidated interim financial statements
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Condensed consolidated statement of cash flows (contd.)

	12 months ended	
	30 Dec 2013	30 Dec 2012
	RM'000	RM'000
Cash flows from investing activities		
Interest received	1,391	1,738
Investment in associate	(10)	(1,180)
Purchase of property, plant and equipment	(31,856)	(45,561)
Purchase of intangible assets	(732)	(356)
Proceeds from disposal of property, plant and equipment	159	174
Proceeds from capital reduction of investment	-	1,600
Redemption of preference shares in associate	-	1,300
Purchase of securities in available for sale investment	-	(2,865)
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	8,347	1,210
Dividends received	414	6,843
Disposal of subsidiary, net of cash outflow	(433)	-
Net cash used in investing activities	<u>(25,060)</u>	<u>(37,097)</u>
Cash flows from financing activities		
Drawdown of short term borrowings	6,961	31,258
Drawdown of term loan	19,200	25,461
Payment of hire purchase payables	(1,223)	(668)
Repayment of long term borrowings	(16,163)	(14,163)
Payment of retirement benefits	(1,576)	(1,063)
Additional of pledged fixed deposits	(604)	(512)
Net cash (used in)/generated from financing activities	<u>6,595</u>	<u>40,313</u>
Net decrease in cash and cash equivalents	(16,053)	(19,895)
Effects of foreign exchange rate changes	11	313
Cash and cash equivalents at 1 January	47,550	67,132
Cash and cash equivalents at 31 December	<u>31,508</u>	<u>47,550</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 twelve-month period ended 31 December 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 December 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 MFRS 134: 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

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. The purchase consideration was 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 12 months ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Interest income	(333)	(511)	(1,391)	(1,738)
Interest expense	2,104	1,637	7,260	6,206
Net impairment loss on trade and other receivables	7,831	2,724	8,641	3,759
Gain on disposal of property, plant & equipment	(35)	-	(159)	(174)
Inventories written down	2,482	660	3,165	723
Net fair value loss on held for trading investment securities	18	-	243	-
Depreciation of property, plant and equipment	5,120	4,553	18,988	18,811
Amortisation of intangible assets	216	204	694	714

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6. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Current tax:				
Malaysian income tax	(1,177)	(396)	(2,756)	(2,841)
Zakat	(12)	(9)	(50)	(36)
Deferred tax	1,552	(1,065)	6,826	3,300
	363	(1,470)	4,020	423

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.

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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 12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Loss net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	(4,815)	(9,493)	(16,373)	(15,800)
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				
per share (sen)	(4.35)	(8.57)	(14.79)	(14.27)
Diluted loss				
per share (sen)	(4.35)	(8.57)	(14.79)	(14.27)

8. Property, plant and equipment

Acquisitions and disposals

During the twelve months ended 31 December 2013, the Group acquired assets at a cost of RM31.9 million (31 December 2012: RM47.7 million). Included in the total assets acquired is an amount for construction work-in-progress of RM0.5 million (31 December 2012: RM39.7 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 twelve months ended 31 December 2013, resulting in a gain on disposal of RM158,906 (31 December 2012: RM173,661), recognised and included in other income in the statement of comprehensive income.

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9. Intangible assets

Goodwill arising from acquisition of a subsidiary amounting to RM50,000 has been written off in the fourth quarter 2013. (31 December 2012: RM50,000).

Goodwill is tested for impairment annually (31 December). 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 twelve months ended 31 December 2013, the Group recognised a write-down of inventories of RM3.2 million (31 December 2012: RM722,975) and the cost was included in the statement of comprehensive income.

11. Cash and cash equivalents

Cash and cash equivalents compared the following amounts

	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Cash at bank and in hand	26,495	34,380
Short Term Deposit	6,594	15,600
Total cash and cash equivalents	<u>33,089</u>	<u>49,980</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
31 Dec 2013				
Available-for-sale financial assets				
- Equity instrument	28,892	17,496	-	11,396
Held for trading investments				
- Equity instrument	2,861	2,861	-	-
31 Dec 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 31 December 2013.

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14. Interest bearing loans and borrowings

	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Short term borrowings		
Secured	17,387	19,385
Unsecured	78,893	73,384
	<u>96,280</u>	<u>92,769</u>
Long term borrowings		
Secured	98,296	94,482
Unsecured	-	-
	<u>98,296</u>	<u>94,482</u>
	<u>194,576</u>	<u>187,251</u>

15. Dividends

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

16. Commitments

	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	28,025	54,167

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17. Contingent liabilities

There are three (3) new material litigations against the Group since the last status report for the position as at 30 September 2013. As at 31 December 2013, the contingent liabilities stood at RM 7.55 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 expected outcome of the legal suits against the Group is not expected to have any 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 twelve-month period ended 31 December 2013 and 31 December 2012:

	2013	2012
	RM'000	RM'000
Services rendered by Utusan Transport Sdn Bhd and Group, an associate	9,726	9,764
Services rendered by Utusan Printcorp Sdn Bhd and Group, an associate	4,658	9,039

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Explanatory notes pursuant to MFRS 134
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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
	31 Dec 2013 RM'000	31 Dec 2013 RM'000	31 Dec 2013 RM'000	31 Dec 2013 RM'000	31 Dec 2013 RM'000	31 Dec 2013 RM'000
Revenue:						
External customers	328,978	1,282	12,294	342,554	-	342,554
Inter-segment	11,431	72	499	12,002	(12,002)	-
Total revenue	340,409	1,354	12,793	354,556	(12,002)	342,554
Segment profit/(loss) (Note A)	(27,894)	(1,474)	2,259	(27,109)	6,716	(20,393)
	31 Dec 2012 RM'000	31 Dec 2012 RM'000	31 Dec 2012 RM'000	31 Dec 2012 RM'000	31 Dec 2012 RM'000	31 Dec 2012 RM'000
Revenue:						
External customers	334,419	8,617	2,216	345,252	-	345,252
Inter-segment	10,858	87	413	11,358	(11,358)	-
Total revenue	345,277	8,704	2,629	356,610	(11,358)	345,252
Segment profit/(loss) (Note A)	(14,741)	(2,677)	1,881	(15,537)	(686)	(16,223)

Note A

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

	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Segment profit/(loss)	(27,109)	(15,537)
Share of profit of associates	3,610	1,958
Finance costs	(7,769)	(6,607)
Unallocated corporate expenses	10,875	3,963
Loss before tax	(20,393)	(16,223)

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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) Information technology and multimedia; and
- (iii) Investment holding, management services and others.

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Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
For the twelve-month period ended 31 December 2013

20. Performance review

Revenue for the current quarter under review of RM89.9 million was 7.4% higher than that of the preceding year's corresponding quarter of RM83.7 million. The increase was contributed mainly by advertisement revenue. Accordingly the Group recorded lower loss before tax (LBT) of RM5.2 million as compared with a LBT of RM8.0 million for the corresponding quarter last year. However for the year ended 31 December 2013, the Group registered a lower revenue of RM342.6 million as compared with RM345.3 million the year before. Nevertheless the Group recorded higher other income by RM4.6 million. The Group recorded higher LBT of RM20.4 million as compared with LBT of RM16.2 million in 2012 mainly due to higher operating expenses arising from higher employee benefits expenses, higher impairment losses and higher transportation and finance 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

Revenue increased by 6.1% mainly due to an increase in advertising revenue as compared with the corresponding quarter last year. However this segment registered higher LBT of RM8.3 million as compared with LBT of RM2.6 million last year as a result of higher operating expenses.

On a year-to-date basis, this segment's revenue decreased by 1.4% primarily due to a reduction of 3.3% in revenue from publishing and distribution segment. Lower revenue and higher operating expenses have resulted in this segment posting higher LBT of RM27.9 million as compared with RM13.2 million previous year.

ii. Information technology and multimedia

Revenue for both current quarter and twelve-month period ended 31 December 2013 for this segment has decreased significantly 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. The disposal of a subsidiary under this segment also contributed to the reduction of the revenue. The disposal took effect on 1 October 2013.

This segment reported LBT of RM0.7 million and RM1.5 million for both current quarter and year to-date respectively as compared with LBT of RM2.3 million and RM2.6 million for both corresponding quarter and year to-date respectively last year.

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20. Performance review (contd.)

- iii. Investment holding, management services and others
Revenue for the current quarter was higher by RM0.4 million, mainly from an investment holding company as a result of gain on disposal of quoted securities. However this segment posted a LBT of RM1.0 million as compared with PBT of RM0.2 million in the same quarter last year due to higher operating costs in job recruitment services. For the year ended 31 December 2013, this segment's revenue increased by RM8.1 million resulting in a higher PBT by RM0.8 million.

21. Comparison with the immediate preceding quarter results

The Group posted higher revenue by RM9.4 million from RM80.5 million in the preceding quarter ended 30 September 2013 to RM89.9 million in the current quarter mainly due to an increase in net circulation revenue for newspapers, advertisement segment and investment holding services. Consequently the Group recorded a lower LBT of RM5.2 million as compared with LBT of RM8.0 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 11.6% mainly due to higher net circulation revenue for newspaper and advertisement. However this segment registered a higher LBT of RM8.3 million as compared with LBT of RM8.0 million due to higher operating costs.
- ii. Information technology and multimedia
This segment's revenue decreased by RM0.4 million mainly due to the disposal of a subsidiary in this segment with effect from 1 October 2013. Hence this segment reported a higher LBT of RM0.7 million as compared with LBT of RM0.5 million in the preceding quarter.
- iii. Investment holding, management services and others
This segment's revenue increased by 37.8% primarily due to recognition of gain on disposal and trading of quoted securities. However this segment registered a LBT by RM1.0 million as compared with PBT of RM0.1 million in the preceding quarter due to higher operating costs in management services activities.

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22. Comment on current year prospects

The year 2014 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. 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.

On the cost side, we are taking steps to control and minimise operational costs as well as measures to mitigate the impact of cost increase arising from expected increase in newsprint price and weakening Ringgit against US Dollar.

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 except as below:

On 1 October 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.

On 12 November 2013 the Board of Directors of UMMB had announced to Bursa Malaysia that the Board has decided to defer the above Proposals as the Board is re-evaluating the Proposals. Further development on the Proposals will be announced in due course.

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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 ended 31 December 2013 (31 December 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 31 December 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.

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30. Supplementary information

Breakdown of retained profits into realised and unrealised

	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	54,542	75,043
- Unrealised loss	(1,338)	(7,927)
	53,204	67,116
Total share of retained profits from associated companies		
- Realised	23,660	21,211
- Unrealised loss	62	61
	23,722	21,272
	76,926	88,388
Add: Consolidation adjustments	34,607	34,124
Total group retained profits	111,533	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

Shirad Anuar

Company Secretary

Date: 26 February 2014