

**Condensed consolidated interim financial statements  
for the three-month period ended 31 March 2014 (unaudited)**
**Condensed Consolidated statement of comprehensive income**

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Revenue		65,420	75,994	65,420	75,994
Other income		5,240	2,803	5,240	2,803
Changes in inventories of finished goods and work-in-progress		(3,075)	1	(3,075)	1
Raw materials and consumables used		(20,378)	(26,055)	(20,378)	(26,055)
Vendors' commissions		(8,633)	(10,486)	(8,633)	(10,486)
Transportation costs		(3,487)	(3,754)	(3,487)	(3,754)
Employee benefits expense		(38,527)	(31,864)	(38,527)	(31,864)
Depreciation and amortisation		(5,169)	(4,574)	(5,169)	(4,574)
Other expenses		(11,688)	(11,912)	(11,688)	(11,912)
Finance costs		(2,147)	(1,614)	(2,147)	(1,614)
Total costs		(93,104)	(90,258)	(93,104)	(90,258)
<b>Operating loss</b>		(22,444)	(11,461)	(22,444)	(11,461)
Share of results of associates		694	574	694	574
<b>Loss before tax</b>	5	(21,750)	(10,887)	(21,750)	(10,887)
Income tax /zakat	6	1,943	2,073	1,943	2,073
<b>Loss for the period, net of tax</b>		(19,807)	(8,814)	(19,807)	(8,814)
Other comprehensive income					
Net gain on available-for-sale financial assets					
- (Loss)/gain on fair value changes		(282)	122	(282)	122
- Transfer to profit or loss upon disposal		(3,429)	(878)	(3,429)	(878)
Foreign currency translation		-	(8)	-	(8)
Other comprehensive loss for the period, net of tax		(3,711)	(764)	(3,711)	(764)
<b>Total comprehensive loss for the period</b>		(23,518)	(9,578)	(23,518)	(9,578)

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Condensed Consolidated statement of comprehensive income (contd.)

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<b>Loss attributable to:</b>					
Owners of the parent		(19,807)	(8,814)	(19,807)	(8,814)
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent		(23,518)	(9,578)	(23,518)	(9,578)
<b>Loss per share attributable to owners of the parent (sen):</b>					
Basic, for loss for the year	7	(17.89)	(7.96)	(17.89)	(7.96)
Diluted, for loss for the year	7	(17.89)	(7.96)	(17.89)	(7.96)

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)

		31 March 2014 RM'000	31 December 2013 RM'000
	Note		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	268,852	270,300
Investment properties		14,273	14,348
Intangible assets	9	2,691	2,885
Investments in associates		28,085	27,391
Investment securities	12	8,000	18,780
Other investments	12	11,396	10,112
Deferred tax assets		341	110
Long term receivables		1,588	1,353
Trade and other receivables		13,445	13,445
		<u>348,671</u>	<u>358,724</u>
<b>Current assets</b>			
Inventories	10	24,994	23,503
Trade and other receivables		118,804	115,175
Investment securities	12	3,511	2,861
Cash and bank balances	11	24,206	32,882
		<u>171,515</u>	<u>174,421</u>
<b>Total assets</b>		<u>520,186</u>	<u>533,145</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		7,282	10,993
Retained earnings		87,600	107,407
<b>Total equity</b>		<u>256,319</u>	<u>279,837</u>

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

		<b>31 March</b>	<b>31 December</b>
		<b>2014</b>	<b>2013</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations		1,203	1,376
Loans and borrowings	14	93,567	98,546
Deferred tax liabilities		136	1,427
		<u>94,906</u>	<u>101,349</u>
<b>Current liabilities</b>			
Retirement benefit obligations		636	690
Loans and borrowings	14	100,671	96,029
Trade and other payables		66,958	54,575
Taxation		696	665
		<u>168,961</u>	<u>151,959</u>
<b>Total liabilities</b>		<u>263,867</u>	<u>253,308</u>
<b>Total equity and liabilities</b>		<u>520,186</u>	<u>533,145</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-----]								Total equity RM'000
	-----Non-distributable-----		Distributable		-----Non-distributable-----				
	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	
At 1 January 2013	110,734	50,703	122,512	12,096	6,332	298	386	5,080	296,045
Total comprehensive income	-	-	(8,814)	(764)	(756)	(8)	-	-	(9,578)
At 31 March 2013	110,734	50,703	113,698	11,332	5,576	290	386	5,080	286,467
At 1 January 2014	110,734	50,703	107,407	10,993	5,604	309	-	5,080	279,837
Total comprehensive income	-	-	(19,807)	(3,711)	(3,711)	-	-	-	(23,518)
At 31 March 2014	110,734	50,703	87,600	7,282	1,893	309	-	5,080	256,319

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

	3 months ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(21,750)	(10,887)
Adjustments for:		
Impairment loss on trade and other receivables	501	320
Reversal of impairment loss on trade and other receivables	(20)	(44)
Net fair value loss on held for trading investment	159	10
Gain on disposal of held for trading investment	(39)	(13)
Gain on disposal of available-for-sale investment	(2,963)	(783)
Provision for retirement benefits	583	167
Share of results of associates	(694)	(574)
Interest income	(321)	(318)
Interest expenses	2,014	1,533
Depreciation of property, plant and equipment	4,974	4,439
Amortisation of intangible assets	195	135
Gain on disposal of property, plant and equipment	(96)	(92)
Inventories written down	-	32
Gain on disposal of a subsidiary	(442)	-
Dividend income	(212)	(164)
Operating loss before working capital changes	(18,111)	(6,239)
(Increase)/decrease in receivables	(4,103)	7,331
(Increase)/decrease in inventories	(4,282)	9,753
Increase in payables	17,102	1,315
Cash (used in)/generated from operations	(9,394)	12,160
Interest paid	(1,962)	(1,506)
Taxes paid	(656)	(894)
Zakat paid	-	(13)
Net cash (used in)/generated from operating activities	(12,012)	9,747

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**Condensed consolidated statement of cash flows (contd.)**

	<b>3 months ended</b>	
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>		
Interest received	321	318
Purchase of property, plant and equipment	(603)	(14,152)
Purchase of intangible assets	-	(4)
Proceeds from disposal of property, plant and equipment	96	92
Purchase of securities in held for trading investment	(2,280)	(661)
Proceeds from disposal of held for trading investment	1,510	185
Proceeds from disposal of available-for-sale investment	8,749	4,809
Dividends received	212	164
Disposal of a subsidiary, net of cash outflow	(650)	-
Net cash generated from/(used in) investing activities	<u>7,355</u>	<u>(9,249)</u>
<b>Cash flows from financing activities</b>		
Drawdown/(repayment) of short term borrowings	2,766	(10,136)
Drawdown of term loan	1,871	10,414
Payment of hire purchase payables	(306)	(305)
Repayment of long term borrowings	(7,541)	(7,541)
Payment of retirement benefits	(809)	(441)
Withdrawal/(additional) of pledged fixed deposits	196	(2)
Net cash used in financing activities	<u>(3,823)</u>	<u>(8,011)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,480)</b>	<b>(7,513)</b>
<b>Effects of foreign exchange rate changes</b>	<b>-</b>	<b>(8)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>31,258</b>	<b>47,550</b>
<b>Cash and cash equivalents at 31 March</b>	<b><u>22,778</u></b>	<b><u>40,029</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.

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**Explanatory notes pursuant to MFRS 134**  
**For the three-month period ended 31 March 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 2014, 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 2013. 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 2013.

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 2013.

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 10 Consolidated Financial Statements: Investment Entities

Amendments to MFRS 12 Disclosure of Interests in Other Entities: Investment Entities

Amendments to MFRS 127 Separate Financial Statements: Investment Entities

Amendments to MFRS 132: Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS136: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS139: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

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



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## 2. Basis of Preparation (contd.)

	<b>Effective for annual periods beginning on or after</b>
<b>MFRS and Amendments to MFRSs</b>	
MFRS 9 Financial Instruments	to be announced

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

## 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 28 February 2014 the Company announced to Bursa Malaysia Securities Berhad that Juasa Holdings Sdn Bhd ('JHSB'), a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with Baiduri Stationery Sdn Bhd for the disposal of 9,000,000 ordinary shares of RM1.00 each which represent 100% of the total issued and paid-up capital in Arah Pendidikan Sdn Bhd for the purchase consideration of RM50,000 (Ringgit Malaysia: Fifty Thousand) only, upon such terms and subject to the conditions contained in the Share Sale Agreement. The agreement was fully completed with immediate effect.

The subsidiary was previously reported as part of the publishing, distribution and advertisements segment.

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**5. Loss before tax**

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Interest income	(321)	(318)	(321)	(318)
Interest expense	2,014	1,533	2,014	1,533
Net impairment loss on trade and other receivables	481	276	481	276
Gain on disposal of property, plant & equipment	(96)	(92)	(96)	(92)
Inventories written down	-	32	-	32
Net fair value loss on held for trading investment securities	159	10	159	10
Depreciation of property, plant and equipment	4,974	4,439	4,974	4,439
Amortisation of intangible assets	195	135	195	135

**6. Income tax expense**

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Current tax:				
Malaysian income tax	420	(658)	420	(658)
Zakat	-	(13)	-	(13)
Deferred tax	1,523	2,744	1,523	2,744
	1,943	2,073	1,943	2,073

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 (2014: 25% and 2013: 25%) principally due to the increase in unabsorbed capital allowances.

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## 7. Loss Per Share

Basic loss per share amounts are calculated by dividing 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 loss per share amounts are calculated by dividing 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, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares.

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

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
Loss net of tax attributable to owners of the parent used in the computation of earnings per share (RM'000)	(19,807)	(8,814)	(19,807)	(8,814)
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)	(17.89)	(7.96)	(17.89)	(7.96)
Diluted loss				
per share (sen)	(17.89)	(7.96)	(17.89)	(7.96)

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## 8. Property, plant and equipment

Acquisitions and disposals

During the three months ended 31 March 2014, the Group acquired assets at a cost of RM3.5 million (31 March 2013: RM14.2 million). Included in the total assets acquired is an amount for construction work-in-progress of RM0.4 million (31 March 2013: RM13.1 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 three months ended 31 March 2014, resulting in a gain on disposal of RM95,548 (31 March 2013: RM92,389), recognised and included in other income in the statement of comprehensive income.

## 9. Intangible assets

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

## 10. Inventories

During the three months ended 31 March 2014, the Group recognised a write-down of inventories of RMNil (31 March 2013: RM32,140) 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>31 Mar 2014 RM'000</b>	<b>31 Mar 2013 RM'000</b>
Cash at bank and in hand	17,384	27,512
Short Term Deposit	6,822	14,428
Total cash and cash equivalents	<u>24,206</u>	<u>41,940</u>

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## 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

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>31 March 2014</b>				
<b>Available-for-sale financial assets</b>				
- Equity instrument	19,396	8,000	-	11,396
<b>Held for trading investments</b>				
- Equity instrument	3,511	3,511	-	-
<b>31 March 2013</b>				
<b>Available-for-sale financial assets</b>				
- Equity instrument	31,878	20,493	-	11,385
<b>Held for trading investments</b>				
- Equity instrument	478	478	-	-

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.

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### 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 March 2014.

### 14. Interest bearing loans and borrowings

	31 Mar 2014 RM'000	31 Mar 2013 RM'000
<b>Short term borrowings</b>		
Secured	19,012	14,986
Unsecured	81,659	67,127
	<u>100,671</u>	<u>82,113</u>
<b>Long term borrowings</b>		
Secured	93,567	97,050
Unsecured	-	-
	<u>93,567</u>	<u>97,050</u>
	<u>194,238</u>	<u>179,163</u>

### 15. Dividends

The directors did not pay any dividend in respect of the financial year ended 31 December 2013.

### 16. Commitments

	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	50,199	43,705

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### **17. Contingent liabilities**

There are two (2) new material litigations against the Group since the last status report for the position as at 31 December 2013. As at the reporting period, the contingent liabilities stood at RM 8.05 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 quarters ended 31 March 2014 and 31 March 2013:

	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Services rendered by Utusan Transport Sdn Bhd and Group, an associate	1,976	2,349
Services rendered by Utusan Printcorp Sdn Bhd and Group, an associate	356	1,604

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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
	31 Mar 2014 RM'000	31 Mar 2014 RM'000	31 Mar 2014 RM'000	31 Mar 2014 RM'000	31 Mar 2014 RM'000	31 Mar 2014 RM'000	31 Mar 2014 RM'000
Revenue:							
External customers	62,156	-	2	3,262	65,420	-	65,420
Inter-segment	2,049	-	4	57	2,110	(2,110)	-
Total revenue	64,205	-	6	3,319	67,530	(2,110)	65,420
Segment profit/(loss) (Note A)	(23,626)	(24)	(45)	1,260	(22,435)	685	(21,750)
	31 Mar 2013 RM'000	31 Mar 2013 RM'000	31 Mar 2013 RM'000	31 Mar 2013 RM'000	31 Mar 2013 RM'000	31 Mar 2013 RM'000	31 Mar 2013 RM'000
Revenue:							
External customers	72,186	-	2,690	1,118	75,994	-	75,994
Inter-segment	2,176	-	9	75	2,260	(2,260)	-
Total revenue	74,362	-	2,699	1,193	78,254	(2,260)	75,994
Segment profit/(loss) (Note A)	(11,611)	(37)	(588)	995	(11,241)	354	(10,887)

#### Note A

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

	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Segment profit/(loss)	(22,435)	(11,241)
Share of profit of associates	694	574
Finance costs	(2,147)	(1,614)
Unallocated corporate expenses	2,138	1,394
Loss before tax	(21,750)	(10,887)



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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**  
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## **20. Performance review**

Revenue for the current quarter under review of RM65.4 million was 13.9% lower than that of the preceding year's corresponding quarter of RM76.0 million. The decrease was mainly attributed to lower circulation of newspapers and distribution of books. Revenue from circulation of newspapers declined by 15%. Accordingly the Group recorded a higher loss before tax (LBT) of RM21.8 million as compared with a LBT of RM10.9 million for the corresponding quarter last year. Total costs increased by RM2.8 million mainly due to higher employee benefit expenses. However this was offset by higher other income arising from gain on disposal of available-for-sale investments.

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 RM10.0 million or 13.9% mainly due to lower circulation of newspapers and distribution of books as compared with the corresponding quarter last year. Meanwhile advertising revenue dropped by 3.5%. As a result this segment registered higher LBT of RM23.6 million as compared with LBT of RM11.6 million last year. Even though this segment posted higher employee benefit expenses due to a voluntary separation scheme implemented by a subsidiary company, this was offset by a reduction in raw materials and consumables and higher other income in the current quarter.
- ii. **Information technology and multimedia**  
This segment recorded a reduction in revenue by RM0.6 million mainly due to a disposal of a subsidiary in the third quarter 2013 which was the main contributor to this segment. Accordingly this segment registered lower LBT of RM45 thousand as compared with RM0.6 million last year as the disposed subsidiary contributed a significant LBT to this segment last year.
- iii. **Investment holding, management services and others**  
Revenue for the current quarter increased by 32%, mainly contributed by an investment holding company as a result of gain on disposal of quoted securities. Accordingly this segment posted a higher profit before tax (PBT) of RM1.3 million as compared with PBT of RM1.0 million in the same quarter last year.

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

The Group posted lower revenue by RM25.0 million from RM87.1 million in the preceding quarter ended 31 December 2013 to RM62.1 million in the current quarter mainly due to a decrease in advertising revenue by 41.5%. Consequently the Group recorded a higher LBT of RM23.6 million as compared with LBT of RM8.3 million for the preceding quarter. A reduction of 7.7% of total costs has lessened the impact of the significant reduction in revenue.

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## **21. Comparison with the immediate preceding quarter results (contd.)**

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

- i. Publication, distribution and advertisements  
This segment's revenue decreased by RM25.0 million or 28.7% mainly due to lower advertisement and net circulation revenue for newspapers. Thus this segment registered a higher LBT of RM23.6 million as compared with LBT of RM8.3 million.
- ii. Information technology and multimedia  
This segment reported lower LBT of RM45 thousand as compared with LBT of RM0.7 million for the preceding quarter mainly due to higher impairment losses recognised in the fourth quarter.
- iii. Investment holding, management services and others  
This segment's revenue increased by 20.2% primarily due to recognition of gain on disposal of and trading in quoted securities. Hence this segment registered a PBT of RM1.3 million as compared with LBT of RM1.0 million in the preceding quarter.

## **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.

The Group will continue to adopt prudent cost saving strategies in its business operations. Amongst others, the Group will undertake measures to reduce the return rate by employing efficient allocation of newspapers and magazine supplies. Administration, production and staff costs will be aggresively monitored. Stringent controls over raw materials, medical and overtime costs have been implemented. On top of that the recruitment of new staff has been frozen to halt the increase in costs.

## **23. Profit forecast or profit guarantee**

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

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## **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. There is no further development on this matter as at the reporting date.

## **25. Changes in material litigation**

There was no material litigation against the Group except as disclosed in Note 17.

## **26. Dividend payable**

No interim ordinary dividend has been declared for the quarter ended 31 March 2014 (31 March 2013: 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 quarter ended 31 March 2014 or the corresponding quarter ended 31 March 2013.

## **29. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

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### 30. Supplementary information

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

	As at 31/3/2014 RM'000	As at 31/3/2013 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	40,620	50,633
- Unrealised loss	(1,555)	(1,555)
	39,065	49,078
Total share of retained profits from associated companies		
- Realised	24,617	23,650
- Unrealised loss	(210)	62
	24,407	23,712
	63,472	72,790
Add: Consolidation adjustments	24,128	34,617
Total group retained profits	87,600	107,407

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: 28 May 2014