

**Condensed consolidated interim financial statements
for the six-month period ended 30 June 2014 (unaudited)**
Condensed Consolidated statement of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 Jun 2014 RM'000	30 Jun 2013 RM'000	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Revenue		74,444	96,102	139,864	172,096
Other income		3,329	4,864	8,569	7,667
Raw materials and consumables used		(25,347)	(31,328)	(48,800)	(57,382)
Vendors' commissions		(8,776)	(10,640)	(17,409)	(21,126)
Transportation costs		(3,345)	(4,822)	(6,832)	(8,576)
Employee benefits expense		(31,905)	(33,213)	(70,432)	(65,077)
Depreciation and amortisation		(5,159)	(4,566)	(10,328)	(9,140)
Other expenses		(12,031)	(13,015)	(23,719)	(24,927)
Finance costs		(2,211)	(1,615)	(4,358)	(3,229)
Total costs		(88,774)	(99,199)	(181,878)	(189,457)
Operating loss		(11,001)	1,767	(33,445)	(9,694)
Share of results of associates		144	1,485	838	2,059
(Loss)/profit before tax	5	(10,857)	3,252	(32,607)	(7,635)
Income tax /zakat	6	(193)	(1,330)	1,750	743
(Loss)/profit for the period, net of tax		(11,050)	1,922	(30,857)	(6,892)
Other comprehensive income					
Net gain on available-for-sale financial assets					
- (Loss)/gain on fair value changes		167	358	(115)	480
- Transfer to profit or loss upon disposal		(1,875)	-	(5,304)	(878)
Foreign currency translation		-	22	-	14
Other comprehensive (loss)/profit for the period, net of tax		(1,708)	380	(5,419)	(384)
Total comprehensive (loss)/profit for the period		(12,758)	2,302	(36,276)	(7,276)

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Condensed Consolidated statement of comprehensive income (contd.)

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 Jun 2014 RM'000	30 Jun 2013 RM'000	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Loss attributable to:					
Owners of the parent		(11,050)	1,922	(30,857)	(6,892)
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(12,758)	2,302	(36,276)	(7,276)
(Loss)/profit per share attributable to owners of the parent (sen):					
Basic, for (loss)/profit for the year	7	(9.98)	1.74	(27.87)	(6.22)
Diluted, for (loss)/profit for the year	7	(9.98)	1.74	(27.87)	(6.22)

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

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Condensed Consolidated statement of financial position (unaudited)

	Note	30 June 2014 RM'000	31 December 2013 RM'000
Assets			
Non-current assets			
Property, plant and equipment	8	262,143	270,300
Investment properties		17,734	14,348
Intangible assets	9	2,551	2,885
Investments in associates		28,230	27,391
Investment securities	12	4,124	18,780
Other investments	12	10,112	10,112
Deferred tax assets		512	110
Long term receivables		1,757	1,353
Trade and other receivables		13,445	13,445
		<u>340,608</u>	<u>358,724</u>
Current assets			
Inventories	10	22,654	23,503
Trade and other receivables		122,117	115,175
Investment securities	12	2,608	2,861
Cash and bank balances	11	26,190	32,882
		<u>173,569</u>	<u>174,421</u>
Total assets		<u>514,177</u>	<u>533,145</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		5,574	10,993
Retained earnings		76,550	107,407
Total equity		<u>243,561</u>	<u>279,837</u>

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Condensed Consolidated statement of financial position (contd.)

		30 June 2014 RM'000	31 December 2013 RM'000
	Note		
Non-current liabilities			
Retirement benefit obligations		1,178	1,376
Loans and borrowings	14	92,790	98,546
Deferred tax liabilities		204	1,427
		<u>94,172</u>	<u>101,349</u>
Current liabilities			
Retirement benefit obligations		591	690
Loans and borrowings	14	99,945	96,029
Trade and other payables		75,250	54,575
Taxation		658	665
		<u>176,444</u>	<u>151,959</u>
Total liabilities		<u>270,616</u>	<u>253,308</u>
Total equity and liabilities		<u>514,177</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-----]								
	-----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	Total equity 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	-	-	(6,892)	(764)	(756)	(8)	-	-	(7,656)
At 30 June 2013	110,734	50,703	115,620	11,332	5,576	290	386	5,080	288,389
At 1 January 2014	110,734	50,703	107,407	10,993	5,604	309	-	5,080	279,837
Total comprehensive income	-	-	(30,857)	(5,419)	(5,419)	-	-	-	(36,276)
At 30 June 2014	110,734	50,703	76,550	5,574	185	309	-	5,080	243,561

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

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Condensed consolidated interim financial statements
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Condensed consolidated statement of cash flows

	6 months ended	
	30 Jun 2014	30 Jun 2013
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(32,607)	(7,635)
Adjustments for:		
Impairment loss on trade and other receivables	2,644	819
Reversal of impairment loss on trade and other receivables	(225)	(181)
Net fair value loss on held for trading investment	13	69
Gain on disposal of held for trading investment	(89)	(224)
Gain on disposal of available-for-sale investment	(4,566)	(784)
Provision for retirement benefits	603	320
Share of results of associates	(838)	(2,059)
Interest income	(650)	(652)
Interest expenses	4,049	3,043
Depreciation of property, plant and equipment	9,937	8,867
Amortisation of intangible assets	391	273
Gain on disposal of property, plant and equipment	(104)	(93)
Inventories written down	-	66
Gain on disposal of a subsidiary	(442)	-
Dividend income	(550)	(332)
Operating loss before working capital changes	(22,434)	1,497
Increase in receivables	(9,410)	(4,672)
(Increase)/decrease in inventories	(1,942)	15,175
Increase in payables	25,424	5,762
Cash (used in)/generated from operations	(8,362)	17,762
Interest paid	(4,042)	(3,428)
Taxes paid	(1,089)	(1,702)
Zakat paid	-	(25)
Net cash (used in)/generated from operating activities	(13,493)	12,607

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Condensed consolidated statement of cash flows (contd.)

	6 months ended	
	30 Jun 2014	30 Jun 2013
	RM'000	RM'000
Cash flows from investing activities		
Interest received	650	652
Purchase of property, plant and equipment	(2,133)	(25,340)
Purchase of intangible assets	(56)	(38)
Proceeds from disposal of property, plant and equipment	105	93
Purchase of securities in held for trading investment	(3,174)	(3,444)
Proceeds from disposal of held for trading investment	3,504	1,895
Proceeds from disposal of available-for-sale investment	13,804	4,809
Dividends received	550	332
Disposal of a subsidiary, net of cash outflow	(650)	-
Net cash generated from/(used in) investing activities	<u>12,600</u>	<u>(21,041)</u>
Cash flows from financing activities		
Repayment of short term borrowings	(1,369)	(6,781)
Drawdown of term loan	3,630	16,182
Payment of hire purchase payables	(612)	(710)
Repayment of long term borrowings	(9,082)	(9,082)
Payment of retirement benefits	(900)	(1,197)
Withdrawal/(additional) of pledged fixed deposits	196	(603)
Net cash used in financing activities	<u>(8,137)</u>	<u>(2,191)</u>
Net decrease in cash and cash equivalents	(9,030)	(10,625)
Effects of foreign exchange rate changes	-	14
Cash and cash equivalents at 1 January	31,258	47,550
Cash and cash equivalents at 30 June	<u>22,228</u>	<u>36,939</u>

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

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

1. Corporate information

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

2. Basis of Preparation

These condensed consolidated interim financial statements, for the period ended 30 June 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.)

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
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)/profit before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 Jun 2014 RM'000	30 Jun 2013 RM'000	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Interest income	(329)	(334)	(650)	(652)
Interest expense	2,035	1,510	4,049	3,043
Net impairment loss on trade and other receivables	1,938	362	2,419	638
Gain on disposal of property, plant & equipment	(8)	(1)	(104)	(93)
Inventories written down	-	66	-	66
Net fair value loss on held for trading investment securities	(146)	59	13	69
Depreciation of property, plant and equipment	4,963	4,428	9,937	8,867
Amortisation of intangible assets	196	138	391	273

6. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 Jun 2014 RM'000	30 Jun 2013 RM'000	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Current tax:				
Malaysian income tax	(295)	(1,232)	125	(1,890)
Zakat	-	(12)	-	(25)
Deferred tax	102	(86)	1,625	2,658
	(193)	(1,330)	1,750	743

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)/profit Per Share

Basic (loss)/profit 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)/profit 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.

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 6 months ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
(Loss)/profit net of tax attributable to owners of the parent used in the computation of (loss)/earnings per share (RM'000)	(11,050)	1,922	(30,857)	(6,892)
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)/profit per share (sen)	(9.98)	1.74	(27.87)	(6.22)
Diluted (loss)/profit per share (sen)	(9.98)	1.74	(27.87)	(6.22)

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8. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2014, the Group acquired assets at a cost of RM5.2 million (30 June 2013: RM25.3 million). Included in the total assets acquired is an amount for construction work-in-progress of RM1.2 million (30 June 2013: RM23.7 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 six months ended 30 June 2014, resulting in a gain on disposal of RM95,548 (30 June 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. (30 June 2013: RM50,000).

10. Inventories

During the six months ended 30 June 2014, the Group recognised a write-down of inventories of RMNil (30 June 2013: RM66,108) and the cost was included in the statement of comprehensive income.

11. Cash and cash equivalents

Cash and cash equivalents compared the following amounts

	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Cash at bank and in hand	19,345	28,090
Short Term Deposit	6,845	10,953
Total cash and cash equivalents	<u>26,190</u>	<u>39,043</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
30 June 2014				
Available-for-sale financial assets				
- Equity instrument	14,236	4,124	-	10,112
Held for trading investments				
- Equity instrument	2,608	2,608	-	-
30 June 2013				
Available-for-sale financial assets				
- Equity instrument	31,878	20,493	-	11,385
Held for trading investments				
- Equity instrument	1,704	1,704	-	-

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 30 June 2014.

14. Interest bearing loans and borrowings

	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Short term borrowings		
Secured	19,888	19,386
Unsecured	80,057	65,674
	<u>99,945</u>	<u>85,060</u>
Long term borrowings		
Secured	92,790	100,872
Unsecured	-	-
	<u>92,790</u>	<u>100,872</u>
	<u>192,735</u>	<u>185,932</u>

15. Dividends

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

16. Commitments

	30 Jun 2014 RM'000	31 Dec 2013 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	44,480	43,705

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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 31 March 2014. As at the reporting period, the contingent liabilities stood at RM 7.05 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 30 June 2014 and 30 June 2013:

	2014	2013
	RM'000	RM'000
Services rendered by Utusan Transport Sdn Bhd and Group, an associate	3,883	5,261
Services rendered by Utusan Printcorp Sdn Bhd and Group, an associate	392	2,881

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Explanatory notes pursuant to MFRS 134
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19. Segment information

	Publishing, distribution and advertisements	Printing	Information technology and multimedia	Investment holding, management services and others	Total	Adjustments and eliminations	Per consolidated financial statements
	30 Jun 2014 RM'000	30 Jun 2014 RM'000	30 Jun 2014 RM'000	30 Jun 2014 RM'000	30 Jun 2014 RM'000	30 Jun 2014 RM'000	30 Jun 2014 RM'000
Revenue:							
External customers	133,186	-	24	6,654	139,864	-	139,864
Inter-segment	4,778	-	4	270	5,052	(5,052)	-
Total revenue	137,964	-	28	6,924	144,916	(5,052)	139,864
Segment profit/(loss) (Note A)	(36,322)	(48)	(89)	3,014	(33,445)	838	(32,607)
	30 Jun 2013 RM'000	30 Jun 2013 RM'000	30 Jun 2013 RM'000	30 Jun 2013 RM'000	30 Jun 2013 RM'000	30 Jun 2013 RM'000	30 Jun 2013 RM'000
Revenue:							
External customers	163,800	-	895	7,401	172,096	-	172,096
Inter-segment	5,220	-	20	239	5,479	(5,479)	-
Total revenue	169,020	-	915	7,640	177,575	(5,479)	172,096
Segment profit/(loss) (Note A)	(11,569)	(20)	(1,035)	3,101	(9,523)	1,888	(7,635)

Note A

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

	30 Jun 2014 RM'000	30 Jun 2013 RM'000
Segment profit/(loss)	(33,445)	(9,523)
Share of profit of associates	838	2,059
Finance costs	(4,358)	(3,229)
Unallocated corporate expenses	4,358	3,058
Loss before tax	(32,607)	(7,635)

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Explanatory notes pursuant to MFRS 134
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19. Segment information (contd)

The Group comprises the following main business segments:

- (i) Publishing, distribution and advertisements - publishing and distribution of newspapers, magazines and books and print and online advertising;
- (ii) 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

The Group posted revenue of RM74.4 million for the current quarter as compared with RM96.1 million in the corresponding quarter ended 30 Jun 2013. The significant decline was mainly derived from publishing and distribution segment. Consequently, the Group recorded lower total costs by 10.5%. However lower revenue coupled with lower contribution from share of results of associates have resulted in a loss before taxation (LBT) of RM10.9 million as compared with profit before taxation (PBT) of RM3.3 million for the corresponding quarter last year.

Similarly on a year-to-date basis the Group registered lower revenue of RM139.9 million for the period ended 30 June 2014 as compared with RM172.1 million last year. Accordingly the Group registered a higher LBT of RM32.6 million as compared with LBT of RM7.6 million last year. A reduction of 4.0% in total costs has lessened the impact of significant reduction in revenue and lower share of results of associates.

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 RM20.6 million or 22.5% mainly due to lower circulation of newspapers and distribution of books. Meanwhile advertising revenue dropped by 2.3%. Lower other income due to lesser printing jobs in the current quarter has also contributed to higher LBT of RM23.6 million as compared with LBT of RM11.6 million in the corresponding quarter last year.

Similarly on year to date basis, this segment posted 18.71% lower revenue which was primarily contributed by a significant reduction in revenue from circulation of newspapers. Even though this segment posted higher employee benefit expenses due to a voluntary separation scheme implemented by a subsidiary company, this was mitigated by a reduction in raw material costs. This segment reported a higher LBT of RM36.3 million as compared with LBT of RM11.6 million last year.

ii. **Information technology and multimedia**

For both current quarter and six months period ended 30 June 2014 this segment recorded a reduction in revenue by RM0.3 million and RM0.9 million respectively mainly due to the disposal of a subsidiary in the third quarter 2013 who was the main contributor to this segment. However for both periods this segment registered lower LBT of RM43 thousand and RM88 thousand as compared with RM0.4 million and RM1.0 million respectively last year as the disposed subsidiary was a loss-making company.

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

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

iii. Investment holding, management services and others

Revenue for the current quarter declined by 18.4%, mainly due to lower revenue from recruitment services. This has resulted in lower profit before tax (PBT) of RM1.8 million as compared with PBT of RM2.1 million in the same quarter last year. Similarly on a year-to-date basis, this segment's revenue decreased by 10.1% due to the same reason even though the investment holding subsidiary has reported an improvement in revenue by 25.1%. Accordingly this segment reported a slightly lower PBT of RM3.0 million as compared with RM3.1 million last year.

21. Comparison with the immediate preceding quarter results

The Group posted higher revenue by RM9.0 million from RM65.4 million in the preceding quarter ended 31 March 2014 to RM74.4 million in the current quarter derived mainly from advertisement revenue. Total costs decreased by RM4.3 million mainly due to lower employee benefit expenses. However this was offset by higher raw material costs and lower other income arising from gain on disposal of available-for-sale investments captured in the preceding quarter. Consequently the Group recorded a lower LBT of RM10.9 million as compared with LBT of RM21.8 million in the preceding quarter.

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

i. Publication, distribution and advertisements

This segment's revenue increased by 14.3% mainly contributed by advertisement segment as advertisers usually start their promotional campaigns towards second quarter onwards. Meanwhile revenue from publishing and distribution sub-segment increased by only 0.5%. Hence this segment registered lower LBT of RM12.7 million as compared to LBT of RM23.6 million.

ii. Information technology and multimedia

There are no material changes in this segment which posted LBT of RM43 thousand in the current quarter.

iii. Investment holding, management services and others

Revenue increased by 4.0% primarily due to gain on disposal of quoted securities in the second quarter resulting in higher PBT by RM0.5 million.

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22. Comment on current year prospects

The Group expects the second half of 2014 to remain challenging in view of increasing competition for the market share of advertising expenditure (ADEX). Nevertheless we will continue with our newspaper content improvement strategies and offer creative packages for advertisements.

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 aggressively 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.

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.

On 12 December 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.

Subsequently on 27 August 2014 the Board of Directors of UMMB had announced to Bursa Malaysia that the Board has decided to abort the Proposals after due and careful consideration and re-evaluation of the viability of the Proposals. Notwithstanding, the Board will continue to explore other fund-raising proposals to address the capital requirements of the Group and if required, an announcement will be made accordingly.

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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 30 June 2014 (30 June 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 30 June 2014 or the corresponding quarter ended 30 June 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 30/6/2014 RM'000	As at 30/6/2013 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	27,792	50,633
- Unrealised loss	70	(1,555)
	27,862	49,078
Total share of retained profits from associated companies		
- Realised	24,886	23,650
- Unrealised loss	(336)	62
	24,550	23,712
	52,412	72,790
Add: Consolidation adjustments	24,138	34,617
Total group retained profits	76,550	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: 27 August 2014