

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

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Revenue		76,637	89,823	291,324	342,431
Other income		3,182	4,792	15,056	16,014
Raw materials and consumables used		(23,223)	(26,195)	(94,324)	(108,866)
Vendors' commissions		(8,485)	(9,359)	(33,864)	(39,939)
Transportation costs		(3,663)	(3,532)	(13,873)	(16,255)
Employee benefits expense		(28,728)	(31,802)	(130,239)	(129,089)
Depreciation and amortisation		(5,283)	(5,336)	(20,879)	(19,682)
Other expenses		(53,949)	(22,151)	(89,569)	(60,882)
Finance costs		(2,199)	(2,278)	(8,896)	(7,736)
Total costs		(125,530)	(100,653)	(391,644)	(382,449)
<b>Operating loss</b>		(45,711)	(6,038)	(85,264)	(24,004)
Share of results of associates		1,518	859	2,621	3,610
<b>Loss before tax</b>	5	(44,193)	(5,179)	(82,643)	(20,394)
Income tax /zakat	6	(130)	524	1,747	4,181
<b>Loss for the period, net of tax</b>		(44,323)	(4,655)	(80,896)	(16,213)
Other comprehensive income					
Actuarial gains on defined benefit obligations		2,211	155	2,211	155
Income tax relating to actuarial gains and losses on defined benefit obligations		(531)	(37)	(531)	(37)
Net gain on available-for-sale financial assets					
- Gain/(loss) on fair value changes		44	(352)	(200)	255
- Transfer to profit or loss upon disposal		-	(105)	(5,417)	(983)
Foreign currency translation		-	1	-	11
Other comprehensive profit/(loss) for the period, net of tax		1,724	(338)	(3,937)	(599)
<b>Total comprehensive loss for the period</b>		(42,599)	(4,993)	(84,833)	(16,812)

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Condensed Consolidated statement of comprehensive income (contd.)

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
<b>Loss attributable to:</b>					
Owners of the parent		(44,323)	(4,655)	(80,896)	(16,213)
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent		(42,599)	(4,993)	(84,833)	(16,812)
<b>Loss per share attributable to owners of the parent (sen):</b>					
Basic, for loss for the year	7	(40.03)	(4.20)	(73.05)	(14.64)
Diluted, for loss for the year	7	(40.03)	(4.20)	(73.05)	(14.64)

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 December 2014 RM'000	31 December 2013 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	271,072	270,300
Investment properties		17,536	14,348
Intangible assets	9	2,184	2,885
Investments in associates		26,132	27,391
Investment securities	12	2,392	18,780
Other investments	12	1,379	10,112
Deferred tax assets		277	110
Long term receivables		2,168	1,353
Trade and other receivables		-	13,445
		<u>323,140</u>	<u>358,724</u>
<b>Current assets</b>			
Inventories	10	22,132	23,503
Trade and other receivables		88,504	115,175
Investment securities	12	2,586	2,861
Cash and bank balances	11	64,445	32,882
		<u>177,667</u>	<u>174,421</u>
<b>Total assets</b>		<u>500,807</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		5,377	10,993
Retained earnings		28,191	107,407
<b>Total equity</b>		<u>195,005</u>	<u>279,837</u>

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Condensed Consolidated statement of financial position (contd.)

		31 December 2014	31 December 2013
	Note	RM'000	RM'000
<b>Non-current liabilities</b>			
Retirement benefit obligations		1,292	1,376
Loans and borrowings	14	89,099	98,546
Deferred tax liabilities		232	1,427
		<u>90,623</u>	<u>101,349</u>
<b>Current liabilities</b>			
Retirement benefit obligations		648	690
Loans and borrowings	14	126,138	96,029
Trade and other payables		88,132	54,575
Taxation		261	665
		<u>215,179</u>	<u>151,959</u>
<b>Total liabilities</b>		<u>305,802</u>	<u>253,308</u>
<b>Total equity and liabilities</b>		<u>500,807</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
<b>At 1 January 2013</b>	110,734	50,703	123,116	12,096	6,332	298	386	5,080	296,649
<b>Loss for the year</b>	-	-	(16,213)	-	-	-	-	-	(16,213)
<b>Comprehensive income</b>	-	-	118	(717)	(728)	11	-	-	(599)
<b>Transaction with owners</b>									
Forfeiture of share options granted under ESOS	-	-	386	(386)	-	-	(386)	-	-
<b>At 31 December 2013</b>	110,734	50,703	107,407	10,993	5,604	309	-	5,080	279,837
<b>At 1 January 2014</b>	110,734	50,703	107,407	10,993	5,604	309	-	5,080	279,837
<b>Loss for the year</b>	-	-	(80,896)	-	0	-	-	-	(80,896)
<b>Comprehensive income</b>	-	-	1,680	(5,616)	(5,617)	1	-	-	(3,936)
<b>At 31 December 2014</b>	110,734	50,703	28,191	5,377	(13)	310	-	5,080	195,005

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	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(82,643)	(20,394)
Adjustments for:		
Impairment loss on trade and other receivables	33,511	10,803
Reversal of impairment loss on trade and other receivables	(4,508)	(2,953)
Bad debt written off	3,311	-
Net fair value loss on held for trading investment	948	243
Gain on disposal of held for trading investment	(245)	(598)
Gain on disposal of available-for-sale investment	(4,652)	(1,307)
(Reversal of provision)/provision for retirement benefits	(1,999)	551
Share of results of associates	(2,621)	(3,610)
Interest income	(912)	(1,393)
Interest expenses	8,268	7,260
Depreciation of property, plant and equipment	20,092	18,909
Amortisation of intangible assets	787	773
Gain on disposal of property, plant and equipment	(332)	(159)
Property, plant and equipment written off	-	6
Intangible assets written off	-	50
Deposit written off	-	361
Inventories written off	18	354
Inventories written down	726	2,810
Gain on disposal of a subsidiary	(442)	(993)
Impairment loss on investment in associate	2,680	-
Present value adjustment on preference shares	10,017	-
Dividend income	(594)	(2,204)
Operating loss before working capital changes	(18,590)	8,509
Decrease/(increase) in receivables	12,767	(16,607)
(Increase)/decrease in inventories	(2,164)	14,133
Increase in payables	38,244	4,818
Cash generated from operations	30,257	10,853
Interest paid	(8,200)	(7,314)
Taxes paid/refund	(1,754)	(3,163)
Zakat paid	(127)	(50)
Net cash generated from operating activities	20,176	326

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Condensed consolidated statement of cash flows (contd.)

	12 months ended	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000
<b>Cash flows from investing activities</b>		
Interest received	912	1,393
Investment in associate	-	(10)
Purchase of property, plant and equipment	(14,874)	(12,890)
Purchase of investment properties	-	(719)
Purchase of intangible assets	(85)	(732)
Proceeds from disposal of property, plant and equipment	361	159
Purchase of securities in held for trading investment	(6,273)	(8,926)
Proceeds from disposal of held for trading investment	5,846	6,420
Proceeds from disposal of available-for-sale investment	14,139	8,347
Dividends received	1,794	3,411
Disposal of a subsidiary, net of cash outflow	(650)	(433)
Net cash generated from/(used in) investing activities	1,170	(3,980)
<b>Cash flows from financing activities</b>		
Drawdown of short term borrowings	27,845	6,961
Drawdown of term loan	723	-
Payment of hire purchase payables	(1,224)	(1,223)
Repayment of long term borrowings	(15,913)	(16,163)
Payment of retirement benefits	(1,213)	(1,577)
Withdrawal/(additional) of pledged fixed deposits	173	(647)
Net cash used in financing activities	10,391	(12,649)
<b>Net decrease in cash and cash equivalents</b>	31,737	(16,303)
<b>Effects of foreign exchange rate changes</b>	(1)	11
<b>Cash and cash equivalents at 1 January</b>	31,258	47,550
<b>Cash and cash equivalents at 31 December</b>	62,994	31,258

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 2014**

## 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.)

<b>MFRS and Amendments to MFRSs</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 9 Financial Instruments	1 January 2015
Amendments to MFRS 7 Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosure	1 January 2015
MFRS 9 Financial Instruments: Hedge Accounting	1 January 2015
Amendments to MFRS 139 Financial Instruments: Recognition and Measurement	1 January 2015

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 12 months ended	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Interest income	(181)	(335)	(912)	(1,393)
Interest expense	2,046	2,104	8,268	7,260
Net impairment loss on trade and other receivables	24,534	7,040	29,003	7,850
Gain on disposal of property, plant & equipment	(27)	(35)	(332)	(159)
Inventories written down	726	2,127	726	2,810
Net fair value loss on held for trading investment securities	663	18	948	243
Depreciation of property, plant and equipment	5,085	5,041	20,092	18,909
Amortisation of intangible assets	199	295	787	773

## 6. Income tax expense

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Current tax:				
Malaysian income tax	539	(1,038)	512	(2,617)
Zakat	(127)	(12)	(127)	(50)
Deferred tax	(542)	1,574	1,362	6,848
	(130)	524	1,747	4,181

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 12 months ended	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Loss net of tax attributable to owners of the parent used in the computation of loss per share (RM'000)	(44,323)	(4,655)	(80,896)	(16,213)
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)	(40.03)	(4.20)	(73.05)	(14.64)
Diluted loss per share (sen)	(40.03)	(4.20)	(73.05)	(14.64)

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## 8. Property, plant and equipment

### Acquisitions and disposals

During the twelve months ended 31 December 2014, the Group acquired assets at a cost of RM24.1 million (31 December 2013: RM32.1 million). Included in the total assets acquired is an amount for construction work-in-progress of RM12.3 million (31 December 2013: RM384 thousand). 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 2014, resulting in a gain on disposal of RM331,718 (31 December 2013: RM158,906), 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.

## 10. Inventories

During the twelve months ended 31 December 2014, the Group recognised a write-down of inventories of RM726,207 (31 December 2013: RM2,810,403) 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 Dec 2014 RM'000</b>	<b>31 Dec 2013 RM'000</b>
Cash at bank and in hand	57,864	26,288
Short Term Deposit	6,581	6,594
Total cash and cash equivalents	<u>64,445</u>	<u>32,882</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 price (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 December 2014</b>				
<b>Available-for-sale financial assets</b>				
- Equity instrument	3,771	2,392	-	1,379
<b>Held for trading investments</b>				
- Equity instrument	2,586	2,586	-	-
<b>31 December 2013</b>				
<b>Available-for-sale financial assets</b>				
- Equity instrument	32,364	20,979	-	11,385
<b>Held for trading investments</b>				
- Equity instrument	2,506	2,506	-	-

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 December 2014.

### 14. Interest bearing loans and borrowings

	31 Dec 2014 RM'000	31 Dec 2013 RM'000
<b>Short term borrowings</b>		
Secured	19,401	17,137
Unsecured	106,737	78,892
	<u>126,138</u>	<u>96,029</u>
<b>Long term borrowings</b>		
Secured	89,099	98,546
Unsecured	-	-
	<u>89,099</u>	<u>98,546</u>
	<u>215,237</u>	<u>194,575</u>

### 15. Dividends

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

### 16. Commitments

	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	37,071	28,025

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### **17. Contingent liabilities**

There are three (3) new material litigation against the Group since the last status report for the position as at 30 September 2014. As at the reporting period, the contingent liabilities stood at RM 5.3 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 December 2014 and 31 December 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	7,393	9,726
Services rendered by Utusan Printcorp Sdn Bhd and Group, an associate	392	4,658

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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 Dec 2014 RM'000	31 Dec 2014 RM'000	31 Dec 2014 RM'000	31 Dec 2014 RM'000	31 Dec 2014 RM'000	31 Dec 2014 RM'000	31 Dec 2014 RM'000
Revenue:							
External customers	281,651	-	5	9,668	291,324	-	291,324
Inter-segment	10,285	-	156	430	10,871	(10,871)	-
Total revenue	291,936	-	161	10,098	302,195	(10,871)	291,324
Segment profit/(loss) (Note A)	(71,219)	(73)	(176)	(1,781)	(73,249)	(9,394)	(82,643)
	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	31 Dec 2013 RM'000
Revenue:							
External customers	328,977	-	1,282	12,172	342,431	-	342,431
Inter-segment	11,431	-	72	499	12,002	(12,002)	-
Total revenue	340,408	-	1,354	12,671	354,433	(12,002)	342,431
Segment profit/(loss) (Note A)	(27,895)	(81)	(1,474)	2,173	(27,277)	6,883	(20,394)

#### Note A

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

	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Segment profit/(loss)	(73,249)	(27,277)
Share of profit of associates	2,621	3,610
Finance costs	(8,896)	(7,736)
Unallocated corporate expenses (inter-co transactions)	(3,119)	11,009
Loss before tax	(82,643)	(20,394)



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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, online and outdoor 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 registered lower revenue of RM76.6 million for the current quarter under review as compared with RM89.8 million for the same quarter last year. Similarly for the year ended 31 December 2014, the Group's revenue declined from RM342.4 million to RM291.3 million. The decrease for the quarter and the year of RM13.2 million and RM51.1 million respectively were attributed to the publishing, distribution and advertisements segment. The Group recorded higher loss before tax (LBT) of RM44.2 million as compared with LBT of RM5.2 million for the corresponding quarter last year and higher LBT of RM82.6 million as compared with LBT of RM20.4 million last year. These are the results of lower revenue and higher impairment charges on trade and other receivables.

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 for the current quarter decreased by RM11.8 million or 13.5% mainly due to a significant reduction in revenue from advertising revenue. Coupled with higher impairment costs in the fourth quarter, the Group posted higher LBT of RM29.1 million as compared with LBT of RM8.3 million in the corresponding quarter.

Similarly on yearly basis, this segment posted 14.4% lower revenue which was primarily contributed by a significant reduction in revenue from sub-segment publishing and distribution. Lower revenue and higher operating costs have resulted in this segment posting higher LBT of RM71.2 million as compared with RM27.9 million in the previous year. Even though raw material and vendors' commission expenses have shown a significant reduction, total costs for this segment increased by 2.4% mainly due to impairment on trade and other receivables.

ii. Information technology and multimedia

Revenue for the current quarter decreased by RM115 thousand. Similarly on yearly basis this segment recorded a reduction in revenue by RM1.3 million mainly due to the disposal of a subsidiary in the third quarter of 2013 which was the main contributor to this segment. However this segment registered a lower LBT of RM116 thousand for the current quarter and lower LBT of RM176 thousand for the year as compared with LBT of RM0.7 million and RM1.5 million respectively last year as the disposed subsidiary was a loss-making company.

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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 47.9%, mainly due to lower revenue from the investment holding subsidiary. This has resulted in higher LBT of RM4.5 million as compared with LBT of RM1.0 million in the same quarter last year. Beside the reduction of revenue, this segment also has reported higher operating expenses due to impairment losses on trade and other receivables and investment on quoted securities. Similarly on yearly basis, this segment's revenue decreased by 20.6% mainly due to lower revenue from management services. Accordingly coupled with higher operating costs, this segment reported a LBT of RM1.8 million as compared with a PBT of RM2.2 million last year.

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

The Group posted a higher revenue by RM1.8 million from RM74.8 million in the preceding quarter ended 30 September 2014 to RM76.6 million in the current quarter derived mainly from higher circulation of newspapers. However total costs increased by RM41.3 million mainly due to higher other operating expenses as a result of higher impairment expenses in the fourth quarter. Hence the Group recorded a higher LBT of RM44.2 million as compared with LBT of RM5.8 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 3.0% mainly contributed by publishing and distribution of books revenue, whilst revenue from advertisement sub-segment decreased by 4.2%. However, due to higher operating expenses particularly impairment on trade and other receivables, this segment registered higher LBT of RM29.1 million as compared with LBT of RM5.8 million.
- ii. Information technology and multimedia  
This segment posted a LBT of RM116 thousand in the current quarter as compared with PBT of RM28 thousand in the preceding quarter as a result of the decline in revenue.
- iii. Investment holding, management services and others  
This segment registered a slightly lower revenue by RM173 thousand. However this segment posted higher LBT of RM4.5 million as compared with LBT of RM344 thousand in the preceding quarter mainly due to higher impairment expenses on trade and other receivables and investment on quoted securities in the current quarter.

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## **22. Comment on current year prospects**

The Group expects the year of 2015 to remain challenging in view of increasing competition for the market share of advertising expenditure (ADEX) and circulation of newspapers. Nevertheless we will continue with our newspapers' content improvement strategies and offer creative packages for advertisements.

On 19 October 2014, we have introduced a new masthead for our flagship newspapers, Utusan Malaysia and Mingguan Malaysia. Alongside this, the contents and layout have been improved to include new and refreshed columns. Our Utusan Online has also been given a new look offering more videos and interesting features in order to attract more visitors. Meanwhile our e-learning product, Tutor.com.my has been made interactive for a more effective learning experience.

The Group will continue to adopt prudent cost saving strategies in its business operations. Amongst others, the Group is undertaking measures to reduce the return rate by employing efficient allocation of newspapers and magazine supplies. Administration, production and staff costs are being aggressively monitored.

## **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.

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#### **24. Corporate proposals (contd.)**

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.

#### **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 December 2014 (31 December 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 December 2014 or the corresponding quarter ended 31 December 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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اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

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### 30. Supplementary information

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	(22,686)	50,633
- Unrealised	(193)	(1,555)
	(22,879)	49,078
Total share of retained profits from associated companies		
- Realised	24,888	23,650
- Unrealised	245	62
	25,133	23,712
	2,254	72,790
Add: Consolidation adjustments	25,937	34,617
Total group retained profits	28,191	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: 25 February 2015