

7170-V

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the nine months period ended 30 September 2017 (unaudited)

Condensed Consolidated statement of comprehensive income

(a) Financial review for current quarter and financial year to date

	Individual Period (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	RM'000	%	Current Year Quarter	Preceding Year Corresponding Quarter	RM'000	%
	30/9/2017	30/9/2016			30/9/2017	30/9/2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	93,439	57,587	35,852	62%	188,780	163,402	25,378	16%
Operating Profit/(loss)	31,544	(17,194)	48,738	>100%	(2,158)	(58,850)	56,692	96%
Profit/(loss) Before Interest and Tax	33,578	(15,030)	48,608	>100%	4,079	(52,469)	56,548	>100%
Profit/(loss) Before Tax	31,460	(17,194)	48,654	>100%	(2,242)	(59,026)	56,784	96%
Profit/(loss) After Tax	31,449	(17,572)	49,021	>100%	(2,070)	(60,108)	58,038	97%
Profit/(loss) Attributable to Ordinary Equity Holders of the Parent	31,449	(17,572)	49,021	>100%	(2,070)	(60,108)	58,038	97%

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Condensed Consolidated statement of comprehensive income (contd.)

(b) Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate	Changes	
	30/09/2017	Preceding Quarter		
	RM'000	30/06/2017	RM'000	%
Revenue	93,439	53,831	39,608	74%
Operating profit/(loss)	31,544	(10,702)	42,246	>100%
Profit/(loss) Before Interest and Tax	33,578	(8,690)	42,268	>100%
Profit/(loss) Before Tax	31,460	(10,702)	31,460	>100%
Profit/(loss) After Tax	31,449	(10,677)	42,126	>100%
Profit/(loss) Attributable to Ordinary Equity Holders of the Parent	31,449	(10,677)	42,126	>100%

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

**Condensed consolidated interim financial statements
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Condensed Consolidated statement of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarters 9 months ended	
		30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Revenue		93,439	57,587	188,780	163,402
Other income		5,545	2,359	9,407	7,168
Raw materials and consumables used		(12,409)	(15,094)	(37,015)	(50,463)
Vendors' commissions		(6,197)	(6,283)	(18,229)	(19,467)
Transportation costs		(2,585)	(2,994)	(7,220)	(9,954)
Employee benefits expense		(29,101)	(31,578)	(88,790)	(95,298)
Depreciation and amortisation		(4,851)	(4,968)	(14,689)	(15,273)
Other expenses		(10,179)	(13,583)	(28,081)	(31,932)
Finance costs		(2,118)	(2,640)	(6,321)	(7,033)
Total costs		(67,440)	(77,140)	(200,345)	(229,420)
Operating profit/(loss)		31,544	(17,194)	(2,158)	(58,850)
Share of results of associates		(84)	-	(84)	(176)
Profit/(loss) before tax	5	31,460	(17,194)	(2,242)	(59,026)
Income tax expense	6	(11)	(378)	172	(1,082)
Profit/(loss) for the year, net of tax		31,449	(17,572)	(2,070)	(60,108)
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Net gain on available-for-sale financial assets					
- Gain/(loss) on fair value changes		22	27	(4)	46
- Transfer to profit or loss upon disposal					
Foreign currency translation		4	(6)	10	(3)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		26	21	6	43
Total comprehensive income/(loss) for the year		31,475	(17,551)	(2,064)	(60,065)

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Condensed Consolidated statement of comprehensive income (contd.)

	Note	Current quarter 3 months ended		Cumulative quarters 9 months ended	
		30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Profit/(loss) attributable to:					
Owners of the parent		31,449	(17,572)	(2,070)	(60,108)
Total comprehensive profit/(loss) attributable to:					
Owners of the parent		31,475	(17,551)	(2,064)	(60,065)
Profit/(loss) per share attributable to owners of the parent (sen):					
Basic, for profit/(loss) for the year	7	28.40	(15.87)	(1.87)	(54.28)

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

Condensed consolidated interim financial statements
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Condensed Consolidated statement of financial position (unaudited)

	Note	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Assets			
Non-current assets			
Property, plant and equipment	8	213,158	228,444
Investment properties		84,531	50,705
Intangible assets	9	818	1,423
Investments in associates		818	862
Investment securities	12	1,141	1,145
Other investments	12	123	123
Deferred tax assets		481	222
Other receivables		2,187	1,928
Retirement benefit assets		4,034	3,777
		<u>307,291</u>	<u>288,629</u>
Current assets			
Inventories	10	18,085	15,380
Trade and other receivables		70,800	66,313
Tax recoverable		657	968
Investment securities	12	613	656
Cash and bank balances	11	12,554	32,859
		<u>102,709</u>	<u>116,176</u>
Assets classified as held for sale		-	896
Total assets		<u>410,000</u>	<u>405,701</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		(121)	(127)
Accumulated losses		(59,877)	(57,807)
Total equity		<u>101,439</u>	<u>103,503</u>

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Condensed consolidated interim financial statements
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Condensed Consolidated statement of financial position (contd.)

	Note	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Non-current liabilities			
Loans and borrowings	14	102,444	119,994
Trade and other payables		20,000	20,000
Deferred tax liabilities		-	137
		<u>122,444</u>	<u>140,131</u>
Current liabilities			
Loans and borrowings	14	53,283	53,933
Trade and other payables		132,755	107,396
Taxation		79	537
		<u>186,117</u>	<u>161,866</u>
Liabilities classified as held for sale		-	201
Total liabilities		<u>308,561</u>	<u>302,198</u>
Total equity and liabilities		<u>410,000</u>	<u>405,701</u>

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

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Condensed consolidated interim financial statements
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Condensed consolidated statement of changes in equity

	[-----Attributable to owners of the parent-----]						
	I-----Non-distributable-----		Distributable		I-----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	Total equity RM'000
At 1 January 2016	110,734	50,703	11,268	(49)	(344)	295	172,656
Loss for the year	-	-	(60,108)	-	-	-	(60,108)
Comprehensive income	-	-	-	43	46	(3)	43
At 30 September 2016	110,734	50,703	(48,840)	(6)	(298)	292	112,591
At 1 January 2017	110,734	50,703	(57,807)	(127)	(410)	283	103,503
Loss for the year	-	-	(2,070)	-	-	-	(2,070)
Comprehensive income	-	-	-	6	(4)	10	6
At 30 September 2017	110,734	50,703	(59,877)	(121)	(414)	293	101,439

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory information 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

	9 months ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Cash flows from operating activities		
Loss before taxation	(2,242)	(59,026)
Adjustments for:		
Impairment loss on trade and other receivables	2,020	2,105
Reversal of impairment loss on trade and other receivables	(756)	(919)
Net fair value loss on held for trading investment	50	195
Gain on disposal of held for trading investment	(258)	(76)
Gain on disposal of a subsidiary	(2,841)	-
Loss on disposal of other investment	-	8
Provision for retirement benefits	44	63
Share of loss of associates	84	176
Interest income	(121)	(245)
Interest expenses	6,321	6,557
Depreciation of property, plant and equipment and investment properties	14,084	14,592
Amortisation of intangible assets	605	681
Impairment of property, plant and equipment	1,421	
(Gain)/loss on disposal of property, plant and equipment	(20)	4
Gain on disposal of investment properties	(31,541)	(3,740)
Property, plant and equipment written off	16	76
Dividend income	(12)	(22)
Operating loss before working capital changes	(13,146)	(39,571)
Increase in receivables	(6,008)	(5,175)
Increase in inventories	(2,704)	(2,317)
Increase in payables	28,119	18,098
Cash generated from/(used in) operations	6,261	(28,965)
Payment of retirement benefits	(302)	(323)
Interest paid	(6,215)	(6,424)
Net taxes	(370)	(1,645)
RPGT	-	(187)
Net cash used in operating activities	(626)	(37,544)

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

	9 months ended	
	30 Sept 2017	30 Sept 2016
	RM'000	RM'000
Cash flows from investing activities		
Interest received	121	245
Purchase of property, plant and equipment	(291)	(1,191)
Purchase of investment properties	(1,229)	-
Proceeds from disposal of property, plant and equipment	21	7,349
Purchase of securities in held for trading investment	(499)	(783)
Proceeds from disposal of held for trading investment	749	1,878
Proceeds from disposal of other investment	-	33,002
Disposal of subsidiary, net cash disposed	19	
Dividends received	12	22
Net cash (used in)/generated from investing activities	<u>(1,097)</u>	<u>40,522</u>
Cash flows from financing activities		
(Repayment)/drawdown of short term borrowings	(4,531)	6,931
Payment of hire purchase payables	(3)	(16)
Repayment of long term borrowings	(19,028)	(19,622)
(Placement)/withdrawal of pledged fixed deposits	(324)	7
Net cash used in financing activities	<u>(23,886)</u>	<u>(12,700)</u>
Net decrease in cash and cash equivalents	(25,609)	(9,722)
Effects of foreign exchange rate changes	10	(3)
Cash and cash equivalents at 1 January	30,863	26,085
Cash and cash equivalents at 30 September	<u>5,264</u>	<u>16,360</u>

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

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Explanatory notes pursuant to MFRS 134
For the nine-month period ended 30 September 2017

1. Corporate information

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

2. Basis of Preparation

These condensed consolidated interim financial statements, for the period ended 30 September 2017, 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 2016. 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 2016.

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 2016.

During the financial period, the Group has adopted the following applicable new MFRS, the revised MFRS and amendments to MFRS:

	Effective for annual periods beginning on or after
MFRS and Amendments to MFRSs	
Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12 Annual Improvements to MFRSs 2014 - 2016 Cycle	1 January 2017

The adoption of the above did not have any significant impact on the financial statements of the Group.

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2. Basis of Preparation (contd.)

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

	Effective for annual periods beginning on or after
MFRS and Amendments to MFRSs	
Annual Improvements to MFRSs 2014 - 2016 Cycle	
(i) Amendments to MFRS 1: First-time Adoption of Malaysia Financial Reporting Standard	1 January 2018
(ii) MFRS 128 Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 2 Share-based Payment: Classification and Measurement	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
Amendments to MFRS 140 Investment Property: Transfer of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above Standards, Interpretations and Amendments are not expected to 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.

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4. Changes in composition of the Group

There were no changes in the composition of the Group that have had a material effect in the current interim results except for the following:

- (a) On 23 August 2017 the Company had announced to Bursa Malaysia Securities Berhad that it had acquired two ordinary shares of RM1.00 each for a cash consideration of RM2.00 in the capital of Utusan Technology Asia Sdn Bhd. Subsequent to the said acquisition, Utusan Technology Asia Sdn Bhd becomes a wholly-owned subsidiary of the Company.
- (b) On 19 September 2017 the Company had announced that it had entered into a Share Sale Agreement ('the Agreement') with Rawdah S&S Sdn Bhd for the disposal of 60,000 ordinary shares of RM1.00 each which represent 60% of the total issued and paid-up capital in its wholly-owned subsidiary, Utusan Studios Sdn Bhd for a consideration of RM60,000, upon such terms and subject to the conditions of the Agreement. The Agreement was fully completed on the same date.

Upon completion of the disposal, Utusan Studios Sdn Bhd ceased to be a subsidiary, but became an associate of the Company.

The disposal had the following effects on the financial position of the Group as at 30 September 2017.

	RM'000
Property, plant & equipment	1
Inventories	844
Cash & bank balances	41
Trade and other payables	(3,666)
Total net liabilities	<u>(2,781)</u>
Total disposal proceed	60
Net liabilities disposed	(2,781)
Gain on disposal to the Group	<u>2,841</u>
Cash inflow arising from the disposal:	
Cash consideration	60
Cash and cash equivalent of subsidiary disposed	(41)
Net cash inflow on disposal	<u>19</u>

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5. Profit/(loss) before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Interest income	(39)	(37)	(121)	(245)
Interest expense	2,118	2,164	6,321	6,557
Net impairment loss on trade and other receivables	180	424	1,264	1,186
(Gain)/loss on disposal of property, plant & equipment	(6)	1	(20)	4
Gain on disposal of investment property	(31,541)	-	(31,541)	(3,740)
Net fair value loss/(gain) on held for trading investment securities	129	(29)	50	195
Depreciation of property, plant and equipment/investment properties	4,687	4,741	14,084	14,592
Amortisation of intangible assets	164	227	605	681

6. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Current tax:				
Malaysian income tax expense	(62)	(352)	(223)	(1,057)
RPGT	-	-	-	(187)
Deferred tax benefit	51	(26)	395	162
	(11)	(378)	172	(1,082)

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 Group reported tax benefit during the period principally due to unutilisation of unabsorbed tax losses and capital allowances.

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7. Profit/(loss) Per Share

Basic profit/(loss) per share amounts are calculated by dividing profit/(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 profit/(loss) per share amounts are calculated by dividing profit/(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 profit/(loss) per share:

	Current quarter 3 months ended		Cumulative quarters 9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
Profit/(loss) attributable to owners of parent (RM'000):	31,449	(17,572)	(2,070)	(60,108)
Weighted average number of ordinary shares in issue ('000)	110,734	110,734	110,734	110,734
Basic and diluted profit/(loss) per share (sen)	28.40	(15.87)	(1.87)	(54.28)

8. Property, plant and equipment/investment properties

Acquisitions and disposals

During the current financial period ended 30 September 2017 an asset with RM6.8 million carrying amount was disposed by the Group resulting in a gain on disposal of RM31.6 million (30 September 2016: gain of RM3.7 million), recognised and included in the revenue in the statement of comprehensive income.

The disposal was in relation to a Joint Venture Agreement ('JVA') entered into by the Company's wholly owned subsidiary, Juasa Holdings Sdn Bhd ('Juasa') with Insan Tiara Sdn Bhd on 9 September 2011. Under the said JVA, Juasa surrendered the land for the development into a fourteen storey building project and in return will receive a certain portion of the completed project. The project was completed in the third quarter of 2017. Accordingly Juasa has recognised a profit of RM31.5 million upon acquiring its portion of the project.

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8. Property, plant and equipment/investment properties (contd.)

Acquisitions and disposals (contd.)

During the nine months ended 30 September 2017, the Group acquired assets at a cost of RM40.9 million, inclusive of RM38.3 million for the project mentioned above (30 Sept 2016: RM3.8 million). Included in the total assets acquired is an amount for construction work-in-progress of RM1.3 million (30 Sept 2016: RM3.0 million). This construction work-in-progress represents the expenditure incurred for the acquisition of investment properties which are under construction.

9. Intangible assets

No goodwill was recognised in the intangible assets as at 30 September 2017 (30 September 2016:RMNil).

10. Inventories

There were no inventories written down/off for the financial periods ended 30 September 2017 (30 September 2016: RM15,002).

11. Cash and bank balances

Cash and cash equivalents comprised the following amounts

	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Cash at bank and in hand	10,182	17,075
Short Term Deposit	2,434	2,028
Cash and bank balances	12,616	19,103

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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
30 Sept 2017				
Available-for-sale financial assets				
- Equity instrument	1,264	1,141	-	123
Held for trading investments				
- Equity instrument	613	613	-	-
30 Sept 2016				
Available-for-sale financial assets				
- Equity instrument	1,268	1,145	-	123
Held for trading investments				
- Equity instrument	656	656	-	-

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 is no movement in share capital and share premium during the financial period ended 30 September 2017.

14. Interest bearing loans and borrowings

	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Short term borrowings		
Secured	25,631	17,451
Unsecured	27,652	34,151
	53,283	51,602
Long term borrowings		
Secured	80,444	99,436
Unsecured	22,000	29,000
	102,444	128,436
	155,727	180,038

15. Dividends

The directors did not pay any dividend in respect of the financial year ended 31 December 2016.

16. Commitments

	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Capital expenditure		
Approved and contracted for:		
Investment properties	15,069	16,811

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17. Contingent liabilities

There are no new material litigation against the Group for the quarter starting 30 June 2017 to 30 September 2017. As at 30 September 2017, there are 8 ongoing defamation legal suits and the contingent liabilities stood at RM 1.67 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 cumulative quarters ended 30 September 2017 and 30 September 2016:

	2017 RM'000	2016 RM'000
Services rendered by associates	-	5,952
Advances received from related entity	-	5,000
	<hr/>	<hr/>

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19. Segment information

	Publishing, distribution and advertisements	Others	Total	Adjustments and eliminations	Per consolidated financial statements
	30 Sept 2017 RM'000	30 Sept 2017 RM'000	30 Sept 2017 RM'000	30 Sept 2017 RM'000	30 Sept 2017 RM'000
Revenue:					
External customers	156,783	31,997	188,780	-	188,780
Inter-segment	4,698	335	5,033	(5,033)	-
Total revenue	<u>161,481</u>	<u>32,332</u>	<u>193,813</u>	<u>(5,033)</u>	<u>188,780</u>
Segment loss (Note A)	<u>(37,259)</u>	<u>30,450</u>	<u>(6,809)</u>	<u>4,567</u>	<u>(2,242)</u>
	30 Sept 2016 RM'000	30 Sept 2016 RM'000	30 Sept 2016 RM'000	30 Sept 2016 RM'000	30 Sept 2016 RM'000
Revenue:					
External customers	158,863	4,539	163,402	-	163,402
Inter-segment	5,781	379	6,160	(6,160)	-
Total revenue	<u>164,644</u>	<u>4,918</u>	<u>169,562</u>	<u>(6,160)</u>	<u>163,402</u>
Segment loss (Note A)	<u>(62,133)</u>	<u>3,189</u>	<u>(58,944)</u>	<u>(82)</u>	<u>(59,026)</u>

Note A

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

	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Segment losses	(6,809)	(58,944)
Share of losses of associates	(84)	(176)
Finance costs	(6,321)	(7,033)
Unallocated corporate expenses (inter-co transactions)	10,972	7,127
Loss before tax	<u>(2,242)</u>	<u>(59,026)</u>

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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) Others - investment holding, management services, property development and others.

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20. Performance review

The Group posted revenue of RM93.4 million for the current quarter as compared with RM57.6 million in the corresponding quarter last year mainly attributed to the recognition of gain on disposal of land of RM31.5 million in the current quarter. Accordingly the Group recognised profit before tax ("PBT") of RM31.5 million as compared with loss before tax ("LBT") of RM17.2 million last year.

Similarly on a year-to-date basis, the Group registered higher revenue of RM188.8 million for the period ended 30 September 2017 as compared with RM163.4 million last year. Higher revenue was attributed mainly to the recognition of gain on disposal of land as mentioned above and revenue from distribution of Tutor Guru dan Epaper. At the same time the Group has recorded a reduction of 12.7% in total costs and higher other income, i.e. gain from disposal of 60% interest in one subsidiary. Hence, the Group registered a lower LBT of RM2.2 million as compared with LBT of RM59.0 million last year.

21. Comparison with the immediate preceding quarter results

The Group posted higher revenue by RM39.6 million from RM53.8 million in the preceding quarter ended 30 June 2017 to RM93.4 million in the current quarter as a result of recognition of gain on disposal of land of RM31.5 million. Accordingly the Group recorded PBT of RM31.5 million as compared with LBT of RM10.7 million for the preceding quarter.

22. Comment on current year prospects

The Malaysian economy is expected to continue on a moderate growth path in 2017. Given the continuing challenges faced by print-based media companies, the directors remain cautious with regard to the Group's performance in 2017.

Whilst our core business remains in print media, we are actively seeking new businesses to support our core business activities. The property and information technology sectors are the new business segments that we have identified and currently exploring. Meanwhile, the supply of computer tablets under an award by the Ministry of Education which were uploaded with our digital newspapers has seen an increase in our subscribers' base to above 180,000. After successful delivery of the computer tablets to all teachers in the states of Sarawak, Kuala Lumpur, Selangor, Putrajaya, Negeri Sembilan and Perak, we expect to do the same for teachers in other states after the opening of 2018 school session.

The development of our property in Jalan Chan Sow Lin, Kuala Lumpur through a joint venture with a third party, has been completed in the current quarter and has increased the Group's asset value.

The Group will continue with its cost rationalization strategies to mitigate the effect of declining revenue.

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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.

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 September 2017 (30 September 2016: 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 September 2017 or the corresponding quarter ended 30 September 2016.

29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

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30. Supplementary information

Breakdown of retained losses into realised and unrealised

	As at 30/6/2017 RM'000	As at 30/9/2016 RM'000
Total retained (losses)/profits of the Company and its subsidiaries		
- Realised	(26,672)	(11,397)
- Unrealised loss	(4,168)	(2,600)
	(30,840)	(13,997)
Total share of retained profits from associated companies		
- Realised	690	832
- Unrealised loss	-	-
	690	832
	(30,150)	(13,165)
Add: Consolidation adjustments	(29,727)	(35,675)
Total group retained losses	(59,877)	(48,840)

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

Shuhaila Yaakob

Company Secretary

Date: 30 November 2017