

7170-V

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the financial year ended 31 December 2017 (unaudited)

Condensed Consolidated statement of comprehensive income

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

	Individual Period (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	RM'000	%	Current Year Quarter	Preceding Year Corresponding Quarter	RM'000	%
	31/12/2017	31/12/2016			31/12/2017	31/12/2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	55,993	64,017	(8,024)	(13)%	244,773	227,419	17,354	8%
Operating Loss	(7,912)	(7,660)	(252)	3%	(10,070)	(66,509)	56,439	85%
Loss Before Interest and Tax	(5,897)	(5,298)	(599)	11%	(1,818)	(57,766)	55,948	97%
Loss Before Tax	(7,912)	(7,700)	(212)	3%	(10,154)	(66,725)	56,571	85%
Loss After Tax	(5,214)	(8,359)	3,145	(38)%	(7,284)	(68,466)	61,182	89%
Loss Attributable to Ordinary Equity Holders of the Parent	(5,214)	(8,359)	3,145	(38)%	(7,284)	(68,466)	61,182	89%

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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	
	31/12/2017	Preceding Quarter		
	RM'000	30/09/2017	RM'000	%
Revenue	55,993	93,439	(37,446)	(40)%
Operating (loss)/profit	(7,912)	31,544	(39,456)	>(100)%
(Loss)/Profit Before Interest and Tax	(5,897)	33,578	(39,475)	>(100)%
(Loss)/Profit Before Tax	(7,912)	31,460	(7,912)	>(100)%
(Loss)/Profit After Tax	(5,214)	31,449	(36,663)	>(100)%
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(5,214)	31,449	(36,663)	>(100)%

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

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	Note	Current quarter 3 months ended		Cumulative quarters 12 months ended	
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
		RM'000	RM'000	RM'000	RM'000
Revenue		55,993	64,017	244,773	227,419
Other income		3,745	5,140	13,152	12,309
Raw materials and consumables used		(13,234)	(17,046)	(50,249)	(67,508)
Vendors' commissions		(7,028)	(6,463)	(25,257)	(25,930)
Transportation costs		(2,193)	(2,101)	(9,413)	(12,055)
Employee benefits expense		(28,050)	(32,592)	(116,840)	(127,890)
Depreciation and amortisation		(4,783)	(5,442)	(19,472)	(20,489)
Other expenses		(10,347)	(11,247)	(38,428)	(43,406)
Finance costs		(2,015)	(1,926)	(8,336)	(8,959)
Total costs		(67,650)	(76,817)	(267,995)	(306,237)
Operating loss		(7,912)	(7,660)	(10,070)	(66,509)
Share of results of associates		-	(40)	(84)	(216)
Loss before tax	5	(7,912)	(7,700)	(10,154)	(66,725)
Income tax expense	6	2,698	(623)	2,870	(1,705)
Loss from continuing operation		(5,214)	(8,323)	(7,284)	(68,430)
Discontinuing operation					
Loss from discontinuing operation		-	(36)	-	(36)
Loss for the year, net of tax		(5,214)	(8,359)	(7,284)	(68,466)
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		16	(112)	12	(66)
- Transfer to profit or loss upon disposal					-
Foreign currency translation		20	(9)	30	(12)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		36	(121)	42	(78)

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Condensed Consolidated statement of comprehensive income (contd.)

	Current quarter		Cumulative quarters	
	3 months ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2017	2016	2017	2016
Note	RM'000	RM'000	RM'000	RM'000
<u>Other comprehensive income (contd.)</u>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
<i>Actuarial (losses)/gains on defined benefit obligations</i>				
	(304)	(608)	(304)	(608)
Net other comprehensive income/loss not to be reclassified to profit or loss in subsequent periods	(304)	(608)	(304)	(608)
Total other comprehensive loss for the year	(268)	(729)	(262)	(686)
Total comprehensive loss for the year	(5,482)	(9,088)	(7,546)	(69,152)
Loss attributable to:				
Owners of the parent	(5,214)	(8,359)	(7,284)	(68,466)
Total comprehensive loss attributable to:				
Owners of the parent	(5,482)	(9,088)	(7,546)	(69,152)
Loss per share attributable to owners of the parent (sen):				
Basic, for loss for the year	7 (4.71)	(7.55)	(6.58)	(61.83)

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	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Assets			
Non-current assets			
Property, plant and equipment	8	210,522	228,444
Investment properties		84,423	50,705
Intangible assets	9	691	1,423
Investments in associates		709	862
Investment securities	12	1,157	1,145
Other investments	12	75	123
Deferred tax assets		3,345	222
Other receivables		3,405	1,928
Retirement benefit assets		3,830	3,777
		<u>308,157</u>	<u>288,629</u>
Current assets			
Inventories	10	14,610	15,380
Trade and other receivables		81,700	66,313
Tax recoverable		577	968
Investment securities	12	464	656
Cash and bank balances	11	17,791	32,859
		<u>115,142</u>	<u>116,176</u>
Assets classified as held for sale		-	896
Total assets		<u>423,299</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		(85)	(127)
Accumulated losses		(65,395)	(57,807)
Total equity		<u>95,957</u>	<u>103,503</u>

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Condensed Consolidated statement of financial position (contd.)

		31 Dec	31 Dec
		2017	2016
	Note	RM'000	RM'000
Non-current liabilities			
Loans and borrowings	14	93,025	123,223
Trade and other payables		-	20,000
Deferred tax liabilities		-	137
		<u>93,025</u>	<u>143,360</u>
Current liabilities			
Loans and borrowings	14	63,985	50,704
Trade and other payables		170,272	107,396
Taxation		60	537
		<u>234,317</u>	<u>158,637</u>
Liabilities classified as held for sale		-	201
Total liabilities		<u>327,342</u>	<u>302,198</u>
Total equity and liabilities		<u>423,299</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 statement of changes in equity

	[-----Attributable to owners of the parent-----]						Total equity RM'000
	Non-distributable	Distributable		Non-distributable			
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	
At 1 January 2016	110,734	50,703	11,267	(49)	(344)	295	172,655
Loss for the year	-	-	(68,466)	-	-	-	(68,466)
Comprehensive income	-	-	(608)	(78)	(66)	(12)	(686)
At 31 December 2016	110,734	50,703	(57,807)	(127)	(410)	283	103,503
At 1 January 2017	110,734	50,703	(57,807)	(127)	(410)	283	103,503
Loss for the year	-	-	(7,284)	-	-	-	(7,284)
Comprehensive income	-	-	(304)	42	12	30	(262)
At 31 December 2017	110,734	50,703	(65,395)	(85)	(398)	313	95,957

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

	12 months ended	
	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(10,154)	(66,761)
Adjustments for:		
Impairment loss on trade and other receivables	2,621	2,891
Reversal of impairment loss on trade and other receivables	(1,172)	(1,251)
Net fair value loss on held for trading investment	183	290
Gain on disposal of held for trading investment	(323)	(84)
Gain on disposal of a subsidiary	(2,841)	-
Loss on disposal of other investment	-	8
Impairment loss on other investment	48	48
Impairment loss on investment in associates	109	-
Provision for retirement benefits	59	84
Share of loss of associates	84	216
Interest income	(179)	(300)
Interest expenses	8,336	8,959
Depreciation of property, plant and equipment and investment properties	18,740	19,585
Amortisation of intangible assets	732	904
Inventories written off/down	4,544	15
Impairment of property, plant and equipment	1,002	2,319
(Gain)/loss on disposal of property, plant and equipment	(30)	4
Gain on disposal of investment properties	(32,365)	(3,740)
Property, plant and equipment written off	29	76
Dividend income	(27)	(29)
Operating loss before working capital changes	(10,604)	(36,766)
(Increase)/decrease in receivables	(18,310)	6,063
Increase in inventories	(3,774)	(1,182)
Increase in payables	45,364	19,096
Cash generated from/(used in) operations	12,676	(12,789)
Payment of retirement benefits	(417)	(719)
Interest paid	(7,958)	(8,908)
Net taxes	(475)	(2,200)
RPGT	-	(187)
Net cash generated from/(used in) operating activities	3,826	(24,803)

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

	12 months ended	
	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
Cash flows from investing activities		
Interest received	179	300
Purchase of property, plant and equipment	(856)	(1,349)
Purchase of investment properties	(1,347)	-
Proceeds from disposal of property, plant and equipment	31	7,349
Purchase of securities in held for trading investment	(499)	(1,118)
Purchase of other investment	-	(75)
Proceeds from disposal of held for trading investment	831	2,036
Proceeds from disposal of other investment	-	43,002
Disposal of subsidiary, net cash disposed	19	
Dividends received	27	29
Net cash (used in)/generated from investing activities	<u>(1,615)</u>	<u>50,174</u>
Cash flows from financing activities		
Repayment of borrowings	(25,628)	(20,040)
Drawdown/(repayment) of hire purchase payables	193	(20)
Placement of pledged fixed deposits	(348)	(521)
Net cash used in financing activities	<u>(25,783)</u>	<u>(20,581)</u>
Net decrease in cash and cash equivalents	(23,572)	4,790
Effects of foreign exchange rate changes	30	(12)
Cash and cash equivalents at 1 January	30,863	26,034
Cash and cash equivalents at 31 December	<u>7,321</u>	<u>30,812</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 financial year ended 31 December 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 financial year ended 31 December 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.

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
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 31 December 2017.

	RM'000
Property, plant & equipment	1
Inventories	844
Cash & bank balances	41
Trade and other payables	<u>(3,666)</u>
Total net liabilities	<u>(2,781)</u>
Total disposal proceed	60
Net liabilities disposed	<u>(2,781)</u>
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	<u>(41)</u>
Net cash inflow on disposal	<u>19</u>

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5. Loss before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Interest income	(58)	(55)	(179)	(300)
Interest expense	2,015	2,402	8,336	8,959
Net impairment loss on trade and other receivables	185	454	1,449	1,640
(Gain)/loss on disposal of property, plant & equipment	(26)	-	(30)	4
Gain on disposal of investment property	-	-	(32,365)	(3,740)
Net fair value loss on held for trading investment securities	233	95	183	290
Depreciation of property, plant and equipment/investment properties	4,656	4,993	18,740	19,585
Amortisation of intangible assets	127	223	732	904

6. Income tax expense

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Current tax:				
Malaysian income tax expense	(168)	(524)	(391)	(1,581)
RPGT	-	-	-	(187)
Deferred tax benefit	2,866	(99)	3,261	63
	<u>2,698</u>	<u>(623)</u>	<u>2,870</u>	<u>(1,705)</u>

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. Loss Per Share

Basic 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 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 (loss per share):

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Loss attributable to owners of parent (RM'000):	(5,214)	(8,359)	(7,284)	(68,466)
Weighted average number of ordinary shares in issue ('000)	110,734	110,734	110,734	110,734
Basic and diluted loss per share (sen)	(4.71)	(7.55)	(6.58)	(61.83)

8. Property, plant and equipment/investment properties

Acquisitions and disposals

During the current financial year ended 31 December 2017 an asset with RM6.0 million carrying amount was disposed by the Group resulting in a gain on disposal of RM32.4 million (31 December 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 Group has recognised a profit of RM32.4 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 financial year ended 31 December 2017, the Group acquired assets at a cost of RM41.5 million, inclusive of RM38.9 million for the project mentioned above (31 Dec 2016: RM5.1 million). Included in the total assets acquired is an amount for construction work-in-progress of RM1.3 million (31 Dec 2016: RM3.4 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 31 December 2017 (31 December 2016:RMNil).

10. Inventories

During the twelve months ended 31 December 2017, the Group recognised a write-down/off of inventories of RM4,543,726 (31 December 2016: RM15,002) and the cost was included in the statement of comprehensive income.

11. Cash and bank balances

Cash and cash equivalents comprised the following amounts

	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Cash at bank and in hand	14,570	30,800
Short Term Deposit	3,221	2,059
Cash and bank balances	<u>17,791</u>	<u>32,859</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
31 Dec 2017				
Available-for-sale financial assets				
- Equity instrument	1,232	1,157	-	75
Held for trading investments				
- Equity instrument	464	464	-	-
31 Dec 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 year ended 31 December 2017.

14. Interest bearing loans and borrowings

	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Short term borrowings		
Secured	24,524	21,215
Unsecured	39,461	29,489
	63,985	50,704
Long term borrowings		
Secured	76,025	94,223
Unsecured	17,000	29,000
	93,025	123,223
	157,010	173,927

15. Dividends

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

16. Commitments

	31 Dec 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 September 2017 to 31 December 2017. As at 31 December 2017, there are 7 ongoing defamation legal suits and the contingent liabilities stood at RM 1.44 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 31 December 2017 and 31 December 2016:

	2017	2016
	RM'000	RM'000
Services rendered by associates	-	6,421
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
	31 Dec 2017 RM'000	31 Dec 2017 RM'000	31 Dec 2017 RM'000	31 Dec 2017 RM'000	31 Dec 2017 RM'000
Revenue:					
External customers	211,878	32,895	244,773	-	244,773
Inter-segment	6,117	266	6,383	(6,383)	-
Total revenue	<u>217,995</u>	<u>33,161</u>	<u>251,156</u>	<u>(6,383)</u>	<u>244,773</u>
Segment loss (Note A)	<u>(25,020)</u>	<u>30,339</u>	<u>5,319</u>	<u>(15,473)</u>	<u>(10,154)</u>
	31 Dec 2016 RM'000	31 Dec 2016 RM'000	31 Dec 2016 RM'000	31 Dec 2016 RM'000	31 Dec 2016 RM'000
Revenue:					
External customers	226,500	919	227,419	-	227,419
Inter-segment	7,951	462	8,413	(8,413)	-
Total revenue	<u>234,451</u>	<u>1,381</u>	<u>235,832</u>	<u>(8,413)</u>	<u>227,419</u>
Segment loss (Note A)	<u>(62,863)</u>	<u>2,330</u>	<u>(60,533)</u>	<u>(6,192)</u>	<u>(66,725)</u>

Note A

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

	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Segment losses	5,319	(60,533)
Share of losses of associates	(84)	(216)
Finance costs	(8,336)	(8,959)
Unallocated corporate expenses (inter-co transactions)	(7,053)	2,983
Loss before tax	<u>(10,154)</u>	<u>(66,725)</u>

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**Explanatory notes pursuant to MFRS 134
For the financial year ended 31 December 2017**

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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Requirements: Chapter 9, Appendix 9B, Part A
For the twelve months period ended 31 December 2017

20. Performance review

Revenue for the current quarter under review of RM56.0 million declined by 12.5% as against that of the preceding year's corresponding quarter of RM64.0 million. The decrease was attributed to the advertisements segment. The reduction of total costs by RM9.2 million (11.9%) has lessened the impact of the reduction in revenue. The Group registered a slight increase in loss before tax (LBT) of RM7.9 million as compared with a LBT of RM7.7 million for the corresponding quarter last year.

On a year-to-date basis, the Group registered higher revenue of RM244.8 million for the year ended 31 December 2017 as compared with RM227.4 million previously. Higher revenue was attributed mainly to the recognition of gain on disposal of land of RM32.4 million and revenue from Tutor Guru dan Epaper. At the same time the Group has recorded a reduction of 12.5% in total costs. The higher revenue and lower costs enabled the Group to register a lower LBT of RM10.2 million as compared with LBT of RM66.7 million the year before.

21. Comparison with the immediate preceding quarter results

The Group posted lower revenue by RM37.4 million from RM93.4 million in the preceding quarter ended 30 September 2017 to RM56.0 million in the current quarter as a result of recognition of gain on disposal of land of RM32.4 million in the third quarter 2017. Accordingly the Group recorded a LBT of RM7.9 million as compared with profit before tax of RM31.5 million for the preceding quarter.

22. Comment on current year prospects

Malaysia's economic growth is set to be positive and encouraging on the back of strong domestic demand. However the management remain cautious as to the Group's performance in 2018 given the continuing downward trend of print newspaper industry that has hit the publishers globally in term of circulations and advertising revenue.

The Company has started to implement strategies to enhance our digital platform. This will be in line with the trend of a fast and reliable access to information. The Group will be more focused on digital products and securing non-media related businesses. Meanwhile the property, IT and environmental engineering segments are amongst non-media related businesses that have been identified by the management. The Board will continue to be kept updated on all efforts undertaken by the Company towards achieving its corporate plans

23. Profit forecast or profit guarantee

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

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24. Corporate proposals

There are no corporate proposals announced as at the date of this report.

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 2017 (31 December 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 financial year ended 31 December 2017 or the corresponding financial year ended 31 December 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.

BY ORDER OF THE BOARD

Shuhaila Yaakob
Company Secretary
Date: 28 February 2018