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Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the three months period ended 31 March 2018 (unaudited)

Condensed Consolidated statement of comprehensive income

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

	Individual Period (1st quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	RM'000	%	Current Year Quarter	Preceding Year Corresponding Quarter	RM'000	%
	31/03/2018	31/03/2017			31/03/2018	31/03/2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	55,512	41,510	14,002	34%	55,512	41,510	14,002	34%
Operating Loss	(6,067)	(22,999)	16,932	74%	(6,067)	(22,999)	16,932	74%
Loss Before Interest and Tax	(4,128)	(20,808)	16,680	80%	(4,128)	(20,808)	16,680	80%
Loss Before Tax	(6,067)	(22,999)	16,932	74%	(6,067)	(22,999)	16,932	74%
Loss After Tax	(5,845)	(22,842)	16,997	74%	(5,845)	(22,842)	16,997	74%
Loss Attributable to Ordinary Equity Holders of the Parent	(5,845)	(22,842)	16,997	74%	(5,845)	(22,842)	16,997	74%

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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	
	31/03/2018	Preceding Quarter		
	RM'000	31/12/2017	RM'000	%
Revenue	55,512	56,200	(688)	(1)%
Operating loss	(6,067)	(7,850)	1,783	23%
Loss Before Interest and Tax	(4,128)	(5,977)	1,849	31%
Loss Before Tax	(6,067)	(8,013)	1,946	24%
Loss After Tax	(5,845)	(5,385)	(460)	(9)%
Loss Attributable to Ordinary Equity Holders of the Parent	(5,845)	(5,385)	(460)	(9)%

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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Condensed Consolidated statement of comprehensive income

	Note	Current quarter 3 months ended		Cumulative quarters 3 months ended	
		31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Revenue		55,512	41,510	55,512	41,510
Other income		1,838	1,685	1,838	1,685
Raw materials and consumables used		(11,234)	(12,564)	(11,234)	(12,564)
Vendors' commissions		(5,912)	(5,930)	(5,912)	(5,930)
Transportation costs		(2,339)	(2,584)	(2,339)	(2,584)
Employee benefits expense		(29,461)	(30,206)	(29,461)	(30,206)
Depreciation and amortisation		(4,760)	(4,941)	(4,760)	(4,941)
Other expenses		(7,772)	(7,778)	(7,772)	(7,778)
Finance costs		(1,939)	(2,191)	(1,939)	(2,191)
Total costs		(63,417)	(66,194)	(63,417)	(66,194)
Operating loss		(6,067)	(22,999)	(6,067)	(22,999)
Share of results of associates		-	-	-	-
Loss before tax	5	(6,067)	(22,999)	(6,067)	(22,999)
Income tax benefit	6	222	158	222	158
Loss from continuing operation		(5,845)	(22,841)	(5,845)	(22,841)
Discontinuing operation					
Loss from discontinuing operation		-	(1)	-	(1)
Loss for the year, net of tax		(5,845)	(22,842)	(5,845)	(22,842)
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					
- (Loss)/gain on fair value changes		(58)	6	(58)	6
- Transfer to profit or loss upon disposal					-
Foreign currency translation		25	-	25	-
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(33)	6	(33)	6

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Condensed Consolidated statement of comprehensive income (contd.)

	Current quarter 3 months ended		Cumulative quarters 3 months ended		
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017	
Note	RM'000	RM'000	RM'000	RM'000	
<u>Other comprehensive income (contd.)</u>					
Total comprehensive loss for the year	(5,878)	(22,836)	(5,878)	(22,836)	
Loss attributable to: Owners of the parent	(5,845)	(22,842)	(5,845)	(22,842)	
Total comprehensive loss attributable to: Owners of the parent	(5,878)	(22,836)	(5,878)	(22,842)	
Loss per share attributable to owners of the parent (sen):					
Basic, for loss for the year	7	(5.28)	(20.63)	(5.28)	(20.63)

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 Mar 2018 RM'000	31 Dec 2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	8	204,695	209,066
Investment properties		88,927	85,911
Intangible assets	9	564	691
Investments in associates		546	546
Investment securities	12	1,099	1,157
Other investments	12	75	75
Deferred tax assets		3,520	3,243
Other receivables		2,246	2,195
Retirement benefit assets		3,884	3,830
		<u>305,556</u>	<u>306,714</u>
Current assets			
Inventories	10	15,633	14,611
Trade and other receivables		88,320	83,825
Tax recoverable		561	549
Investment securities	12	530	464
Cash and bank balances	11	13,022	17,788
		<u>118,066</u>	<u>117,237</u>
Total assets		<u>423,622</u>	<u>423,951</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		161,437	161,437
Other reserves		(118)	(85)
Accumulated losses		(71,412)	(65,567)
Total equity		<u>89,907</u>	<u>95,785</u>

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

		31 Mar 2018 RM'000	31 Dec 2017 RM'000
	Note		
Non-current liabilities			
Loans and borrowings	14	90,587	93,025
		<u>90,587</u>	<u>93,025</u>
Current liabilities			
Loans and borrowings	14	59,807	63,985
Trade and other payables		183,318	171,156
Taxation		3	-
		<u>243,128</u>	<u>235,141</u>
Total liabilities		<u>333,715</u>	<u>328,166</u>
Total equity and liabilities		<u>423,622</u>	<u>423,951</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	Retained earnings RM'000	Other reserves RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000		
At 1 January 2017	161,437	(57,807)	(127)	(410)	283	103,503	
Loss for the year	-	(22,842)	-	-	-	(22,842)	
Comprehensive income	-	-	6	6	-	6	
At 31 March 2017	161,437	(80,649)	(121)	(404)	283	80,667	
At 1 January 2018	161,437	(65,567)	(85)	(398)	313	95,785	
Loss for the year	-	(5,845)	-	-	-	(5,845)	
Comprehensive income	-	-	(33)	(58)	25	(33)	
At 31 March 2018	161,437	(71,412)	(118)	(456)	338	89,907	

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

	3 months ended	
	31 Mar 2018	31 Mar 2017
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation		
From continuing operation	(6,067)	(22,999)
From discontinuing operation	-	(1)
	<u>(6,067)</u>	<u>(23,000)</u>
Adjustments for:		
Impairment loss on trade and other receivables	523	674
Reversal of impairment loss on trade and other receivables	(192)	(184)
Net fair value loss/(gain) on held for trading investment	34	(128)
Gain on disposal of held for trading investment	-	(110)
Provision for retirement benefits	11	15
Interest income	(40)	(36)
Interest expenses	1,939	2,191
Depreciation of property, plant and equipment and investment properties	4,633	4,720
Amortisation of intangible assets	127	221
Loss on disposal of property, plant and equipment	12	-
Dividend income	(6)	-
Operating profit/(loss) before working capital changes	<u>974</u>	<u>(15,637)</u>
(Increase)/decrease in receivables	(4,878)	1,945
Increase in inventories	(1,022)	(3,947)
Increase in payables	12,163	11,916
Cash generated from/(used in) operations	<u>7,237</u>	<u>(5,723)</u>
Payment of retirement benefits	(65)	(49)
Interest paid	(1,939)	(2,140)
Net taxes	(64)	(42)
Net cash generated from/(used in) operating activities	<u>5,169</u>	<u>(7,954)</u>

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

	3 months ended	
	31 Mar 2018	31 Mar 2017
	RM'000	RM'000
Cash flows from investing activities		
Interest received	40	36
Purchase of property, plant and equipment	(170)	(230)
Purchase of investment properties	(32)	(1,226)
Proceeds from disposal of property, plant and equipment	189	-
Purchase of securities in held for trading investment	(100)	(398)
Proceeds from disposal of held for trading investment	-	269
Dividends received	6	-
Net cash used in investing activities	<u>(67)</u>	<u>(1,549)</u>
Cash flows from financing activities		
Repayment of borrowings	(9,888)	(4,911)
Repayment of hire purchase payables	(5)	(3)
Placement of pledged fixed deposits	(1)	(301)
Net cash used in financing activities	<u>(9,894)</u>	<u>(5,215)</u>
Net decrease in cash and cash equivalents	(4,792)	(14,718)
Effects of foreign exchange rate changes	25	-
Cash and cash equivalents at 1 January	16,043	30,812
Cash and cash equivalents at 31 March	<u>11,276</u>	<u>16,094</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 three-month period ended 31 March 2018

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 2017. 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 2017.

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 2017.

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	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

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

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Explanatory notes pursuant to MFRS 134
For the three-month period ended 31 March 2018

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 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.

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:

On 18 January 2018 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 Asian Environmental Engineering Sdn Bhd. Subsequent to the said acquisition, Asian Environmental Engineering Sdn Bhd became a wholly-owned subsidiary of the Company.

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Explanatory notes pursuant to MFRS 134
For the three-month period ended 31 March 2018

5. Loss before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarters 3 months ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Interest income	(40)	(36)	(40)	(36)
Interest expense	1,939	2,191	1,939	2,191
Net impairment loss on trade and other receivables	331	490	331	490
Loss on disposal of property, plant & equipment	12	-	12	-
Net fair value profit/(loss) on held for trading investment securities	34	(128)	34	(128)
Depreciation of property, plant and equipment/investment properties	4,633	4,720	4,633	4,720
Amortisation of intangible assets	127	221	127	221

6. Income tax benefit

	Current quarter 3 months ended		Cumulative quarters 3 months ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Current tax:				
Malaysian income tax expense	(55)	(118)	(55)	(118)
Deferred tax benefit	277	276	277	276
	222	158	222	158

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		Cumulative quarters	
	3 months ended		3 months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2018	2017	2018	2017
Loss attributable to owners of parent (RM'000):	(5,845)	(22,842)	(5,845)	(22,842)
Weighted average number of ordinary shares in issue ('000)	110,734	110,734	110,734	110,734
Basic and diluted loss per share (sen)	(5.28)	(20.63)	(5.28)	(20.63)

8. Property, plant and equipment/investment properties

Acquisitions and disposals

During the three months ended 31 March 2018, the Group acquired assets at a cost of RM3.5 million (31 March 2017: RM1.9 million). Included in the total assets acquired is an amount for construction work-in-progress of RM3.3 million (31 March 2017: RM1.7 million). This construction work-in-progress represents the expenditure incurred for the acquisition of investment properties which are under construction.

Assets with RM0.2 million carrying amount were disposed of by the Group during the three months ended 31 March 2018, resulting in a loss on disposal of RM12 thousand (31 March 2017: RMNil), recognised and included in revenue in the statement of comprehensive income.

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For the three-month period ended 31 March 2018

9. Intangible assets

No goodwill was recognised in the intangible assets as at 31 March 2018 (31 March 2017: RMNil).

10. Inventories

There was no inventories written down/off for the financial periods ended 31 March 2018 and 2017.

11. Cash and bank balances

Cash and cash equivalents comprised the following amounts

	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Cash at bank and in hand	9,900	16,357
Short Term Deposit	3,122	2,411
Cash and bank balances	13,022	18,768

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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 March 2018				
Available-for-sale financial assets				
- Equity instrument	1,174	1,099	-	75
Held for trading investments				
- Equity instrument	530	530	-	-
31 March 2017				
Available-for-sale financial assets				
- Equity instrument	1,232	1,157	-	75
Held for trading investments				
- Equity instrument	464	464	-	-

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 March 2018.

14. Interest bearing loans and borrowings

	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Short term borrowings		
Secured	24,460	22,156
Unsecured	35,347	35,801
	<u>59,807</u>	<u>57,957</u>
Long term borrowings		
Secured	75,954	89,630
Unsecured	14,633	21,750
	<u>90,587</u>	<u>111,380</u>
	<u>150,394</u>	<u>169,337</u>

15. Dividends

The directors did not pay any dividend in respect of the financial year ended 31 December 2017.

16. Commitments

	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Capital expenditure		
Approved and contracted for:		
Investment properties	11,791	15,069

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17. Contingent liabilities

There are three new material litigation against the Group for the quarter period starting 1 January 2018 to 31 March 2018. As at 31 March 2018, there are nine ongoing defamation legal suits and the contingent liabilities stood at RM 1.81 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 2018 and 31 December 2017:

	2018	2017
	RM'000	RM'000
Services rendered by associates	-	-
Advances received from related entity	-	-
	<hr/>	<hr/>

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Explanatory notes pursuant to MFRS 134
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19. Segment information

	Publishing, distribution and advertisements	Others	Total	Adjustments and eliminations	Per consolidated financial statements
	31 Mar 2018 RM'000	31 Mar 2018 RM'000	31 Mar 2018 RM'000	31 Mar 2018 RM'000	31 Mar 2018 RM'000
Revenue:					
External customers	55,444	68	55,512	-	55,512
Inter-segment	1,013	169	1,182	(1,182)	-
Total revenue	<u>56,457</u>	<u>237</u>	<u>56,694</u>	<u>(1,182)</u>	<u>55,512</u>
Segment loss (Note A)	<u>(5,661)</u>	<u>(507)</u>	<u>(6,168)</u>	101	<u>(6,067)</u>
	31 Mar 2017 RM'000	31 Mar 2017 RM'000	31 Mar 2017 RM'000	31 Mar 2017 RM'000	31 Mar 2017 RM'000
Revenue:					
External customers	41,327	183	41,510	-	41,510
Inter-segment	1,264	78	1,342	(1,342)	-
Total revenue	<u>42,591</u>	<u>261</u>	<u>42,852</u>	<u>(1,342)</u>	<u>41,510</u>
Segment loss (Note A)	<u>(22,293)</u>	<u>(245)</u>	<u>(22,538)</u>	(461)	<u>(22,999)</u>

Note A

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

	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Segment losses	(6,168)	(22,538)
Share of losses of associates	-	-
Finance costs	(1,939)	(2,191)
Unallocated corporate expenses (inter-co transactions)	2,040	1,730
Loss before tax	<u>(6,067)</u>	<u>(22,999)</u>

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**Explanatory notes pursuant to MFRS 134
For the three-month period ended 31 March 2018**

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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**Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
For the three months period ended 31 March 2018**

20. Performance review

The Group registered a higher revenue of RM55.5 million for the current quarter under review as compared with RM41.5 million for the same quarter last year. Higher revenue was attributed mainly from revenue of distribution of Tutor Guru and Epaper. At the same time the Group has recorded a reduction of 4.2% in total costs. Hence, the Group registered a lower loss before tax ('LBT') of RM6.1 million as compared with LBT of RM23.0 million for the corresponding period last year.

21. Comparison with the immediate preceding quarter results

The Group posted a slight lower revenue by RM0.7 million from RM56.2 million in the preceding quarter ended 31 December 2017 to RM55.5 million in the current quarter. Total costs dropped by RM4.4 million as higher cost in raw materials and impairment losses were recorded in the fourth quarter of 2017. Accordingly the Group recorded a LBT of RM6.1 million as compared with LBT of RM8.0 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.

In view of the recent development after the 14th General Election, the Group has restructured its publishing, distribution and advertisement segment. The Board and the management have expressed their commitment to adopt a more balanced reporting but to remain being critical in championing various issues involving national sovereignty and diversity.

The management has also reaffirmed and intensified its efforts to rationalise the operating costs especially staff costs. Staff costs represent almost 50% of total costs.

The Board is also committed to ensure its core business which is the publishing of newspapers remain relevant besides ensuring aggressive transformation towards digital platform.

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.

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**Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
For the three months period ended 31 March 2018**

25. Changes in material litigation

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

26. Dividend payable

No interim ordinary dividend has been declared for the quarter ended 31 March 2018 (31 March 2017: 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 March 2018 or the corresponding financial year ended 31 March 2017.

29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

BY ORDER OF THE BOARD

Shuhaila Yaakob
Company Secretary
Date: 22 May 2018