

7170-V

Utusan Melayu (Malaysia) Berhad  
(Incorporated in Malaysia)



Condensed consolidated interim financial statements  
for the six months period ended 30 June 2018 (unaudited)

Condensed Consolidated statement of comprehensive income

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

|  | Individual Period<br>(2nd quarter) |  | Changes |      | Cumulative Period          |  | Changes |      |
|--|------------------------------------|--|---------|------|----------------------------|--|---------|------|
|  | Current<br>Year<br>Quarter         | Preceding Year<br>Corresponding<br>Quarter | RM'000  | %    | Current<br>Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | RM'000  | %    |
|  | 30/06/2018                         | 30/06/2017                                 |         |      | 30/06/2018                 | 30/06/2017                                 |         |      |
|  | RM'000                             | RM'000                                     | RM'000  | %    | RM'000                     | RM'000                                     | RM'000  | %    |
| Revenue  | 63,872                             | 53,831                                     | 10,041  | 19%  | 119,384                    | 95,341                                     | 24,043  | 25%  |
| Operating Loss   | (2,662)                            | (10,702)                                   | 8,040   | -75% | (8,729)                    | (33,702)                                   | 24,973  | -74% |
| Loss Before<br>Interest and Tax                                  | (838)                              | (8,690)                                    | 7,852   | -90% | (4,966)                    | (29,499)                                   | 24,533  | -83% |
| Loss Before Tax  | (2,662)                            | (10,702)                                   | 8,040   | -75% | (8,729)                    | (33,702)                                   | 24,973  | -74% |
| Loss After Tax   | (2,651)                            | (10,677)                                   | 8,026   | -75% | (8,496)                    | (33,519)                                   | 25,023  | -75% |
| Loss Attributable<br>to Ordinary Equity<br>Holders of the Parent | (2,651)                            | (10,677)                                   | 8,026   | -75% | (8,496)                    | (33,519)                                   | 25,023  | -75% |

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**Condensed consolidated interim financial statements  
for the six months period ended 30 June 2018 (unaudited)**

**Condensed Consolidated statement of comprehensive income (contd.)**

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

|   | Current Quarter<br>30/06/2018 | Immediate<br>Preceding Quarter<br>31/03/2018 | Changes |      |
|---|-------------------------------|--|---------|------|
|   |                               |  | RM'000  | %    |
|   | RM'000                        | RM'000                                       | RM'000  | %    |
| <b>Revenue</b>  | 63,872                        | 55,512                                       | 8,360   | 15%  |
| <b>Operating loss</b>   | (2,662)                       | (6,067)                                      | 3,405   | -56% |
| <b>Loss Before Interest and Tax</b>                                       | (838)                         | (4,128)                                      | 3,290   | -80% |
| <b>Loss Before Tax</b>  | (2,662)                       | (6,067)                                      | 3,405   | -56% |
| <b>Loss After Tax</b>   | (2,651)                       | (5,845)                                      | 3,194   | -55% |
| <b>Loss Attributable to<br/>Ordinary Equity<br/>Holders of the Parent</b> | (2,651)                       | (5,845)                                      | 3,194   | -55% |

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  
for the six months period ended 30 June 2018 (unaudited)**
**Condensed Consolidated statement of comprehensive income**

|  | Note | Current quarter<br>3 months ended |                           | Cumulative quarters<br>6 months ended |                           |
|--|------|-----------------------------------|---------------------------|---------------------------------------|---------------------------|
|  |      | 30 June<br>2018<br>RM'000         | 30 June<br>2017<br>RM'000 | 30 June<br>2018<br>RM'000             | 30 June<br>2017<br>RM'000 |
| Revenue  |      | 63,872                            | 53,831                    | 119,384                               | 95,341                    |
| Other income   |      | 20,413                            | 2,177                     | 22,251                                | 3,862                     |
| Raw materials and consumables used   |      | (11,008)                          | (12,042)                  | (22,242)                              | (24,606)                  |
| Vendors' commissions   |      | (6,196)                           | (6,102)                   | (12,108)                              | (12,032)                  |
| Transportation costs   |      | (1,891)                           | (2,051)                   | (4,230)                               | (4,635)                   |
| Employee benefits expense  |      | (43,180)                          | (29,483)                  | (72,641)                              | (59,689)                  |
| Depreciation and amortisation  |      | (4,760)                           | (4,897)                   | (9,520)                               | (9,838)                   |
| Other expenses   |      | (18,088)                          | (10,123)                  | (25,860)                              | (17,902)                  |
| Finance costs  |      | (1,824)                           | (2,012)                   | (3,763)                               | (4,203)                   |
| Total costs  |      | (86,947)                          | (66,710)                  | (150,364)                             | (132,905)                 |
| <b>Operating loss</b>  |      | (2,662)                           | (10,702)                  | (8,729)                               | (33,702)                  |
| Share of results of associates   |      | -                                 | -                         | -                                     | -                         |
| <b>Loss before tax</b>   | 5    | (2,662)                           | (10,702)                  | (8,729)                               | (33,702)                  |
| Income tax benefit   | 6    | 11                                | 25                        | 233                                   | 183                       |
| <b>Loss for the year, net of tax</b>   |      | (2,651)                           | (10,677)                  | (8,496)                               | (33,519)                  |
| <b><u>Other comprehensive income</u></b>   |      |                                   |                           |                                       |                           |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>  |      |                                   |                           |                                       |                           |
| Net gain on available-for-sale financial assets  |      |                                   |                           |                                       |                           |
| - Loss on fair value changes   |      | (28)                              | (32)                      | (86)                                  | (26)                      |
| Foreign currency translation   |      | -                                 | 6                         | 25                                    | 6                         |
| <b>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods</b> |      | (28)                              | (26)                      | (61)                                  | (20)                      |

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Condensed consolidated interim financial statements  
for the six months period ended 30 June 2018 (unaudited)

Condensed Consolidated statement of comprehensive income (contd.)

|   | Current quarter<br>3 months ended |                 | Cumulative quarters<br>6 months ended |                 |         |
|---|-----------------------------------|-----------------|---------------------------------------|-----------------|---------|
|   | 30 June<br>2018                   | 30 June<br>2017 | 30 June<br>2018                       | 30 June<br>2017 |         |
| Note  | RM'000                            | RM'000          | RM'000                                | RM'000          |         |
| <b><u>Other comprehensive income (contd.)</u></b>                             |                                   |                 |                                       |                 |         |
| <b>Total comprehensive loss<br/>for the year</b>                              | (2,679)                           | (10,703)        | (8,557)                               | (33,539)        |         |
| <b>Loss attributable to:<br/>Owners of the parent</b>                         | (2,651)                           | (10,677)        | (8,496)                               | (33,519)        |         |
| <b>Total comprehensive loss<br/>attributable to:<br/>Owners of the parent</b> | (2,679)                           | (10,703)        | (8,557)                               | (33,519)        |         |
| <b>Loss per share attributable to<br/>owners of the parent (sen):</b>         |                                   |                 |                                       |                 |         |
| Basic, for loss for the year  | 7                                 | (2.39)          | (9.64)                                | (7.67)          | (30.27) |

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

**Utusan Melayu (Malaysia) Berhad**  
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**Condensed consolidated interim financial statements**  
**for the six months period ended 30 June 2018 (unaudited)**

**Condensed Consolidated statement of financial position (unaudited)**

|  |             | <b>30 June</b>        | <b>31 Dec</b>         |
|--|-------------|-----------------------|-----------------------|
|  |             | <b>2018</b>           | <b>2017</b>           |
|  | <b>Note</b> | <b>RM'000</b>         | <b>RM'000</b>         |
| <b>Assets</b>                                      |             |                       |                       |
| <b>Non-current assets</b>                          |             |                       |                       |
| Property, plant and equipment                      | 8           | 200,326               | 209,066               |
| Investment properties                              |             | 89,974                | 85,911                |
| Intangible assets                                  | 9           | 438                   | 691                   |
| Investments in associates                          |             | 546                   | 546                   |
| Investment securities                              | 12          | 1,071                 | 1,157                 |
| Other investments                                  | 12          | 75                    | 75                    |
| Deferred tax assets                                |             | 3,583                 | 3,243                 |
| Other receivables                                  |             | 2,207                 | 2,195                 |
| Retirement benefit assets                          |             | 3,927                 | 3,830                 |
|  |             | <u>302,147</u>        | <u>306,714</u>        |
| <b>Current assets</b>                              |             |                       |                       |
| Inventories  | 10          | 11,205                | 14,611                |
| Trade and other receivables                        |             | 60,666                | 83,825                |
| Tax recoverable                                    |             | 577                   | 549                   |
| Investment securities                              | 12          | 1,023                 | 464                   |
| Cash and bank balances                             | 11          | 13,774                | 17,788                |
|  |             | <u>87,245</u>         | <u>117,237</u>        |
| <b>Total assets</b>                                |             | <u><b>389,392</b></u> | <u><b>423,951</b></u> |
| <b>Equity and liabilities</b>                      |             |                       |                       |
| <b>Equity attributable to owners of the parent</b> |             |                       |                       |
| Share capital                                      |             | 161,437               | 161,437               |
| Other reserves                                     |             | (146)                 | (85)                  |
| Accumulated losses                                 |             | (74,063)              | (65,567)              |
| <b>Total equity</b>                                |             | <u><b>87,228</b></u>  | <u><b>95,785</b></u>  |

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

|                                     |             | <b>30 June<br/>2018<br/>RM'000</b> | <b>31 Dec<br/>2017<br/>RM'000</b> |
|-------------------------------------|-------------|------------------------------------|-----------------------------------|
|                                     | <b>Note</b> |                                    |                                   |
| <b>Non-current liabilities</b>      |             |                                    |                                   |
| Loans and borrowings                | 14          | 91,016                             | 93,025                            |
|                                     |             | <u>91,016</u>                      | <u>93,025</u>                     |
| <b>Current liabilities</b>          |             |                                    |                                   |
| Loans and borrowings                | 14          | 48,425                             | 63,985                            |
| Trade and other payables            |             | 162,721                            | 171,156                           |
| Taxation                            |             | 2                                  | -                                 |
|                                     |             | <u>211,148</u>                     | <u>235,141</u>                    |
| <b>Total liabilities</b>            |             | <u>302,164</u>                     | <u>328,166</u>                    |
| <b>Total equity and liabilities</b> |             | <u>389,392</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 interim financial statements  
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Condensed consolidated statement of changes in equity

|                     | [-----Attributable to owners of the parent-----] |                                |                               | Fair value<br>adjustment<br>reserve<br>RM'000 | Foreign<br>currency<br>translation<br>reserve<br>RM'000 | Total<br>equity<br>RM'000 |
|---------------------|--|--------------------------------|-------------------------------|---|---|---------------------------|
|                     | -----Non-distributable                           | Distributable                  | ----- Non-distributable ----- |   |   |                           |
|                     | Share<br>capital<br>RM'000                       | Retained<br>earnings<br>RM'000 | Other<br>reserves<br>RM'000   |   |   |                           |
| At 1 January 2017   | 161,437  | (57,807)                       | (127)                         | (410)   | 283   | 103,503                   |
| Loss for the year   | -  | (33,519)                       | -                             | -   | -   | (33,519)                  |
| Comprehensive loss  | -  | -                              | (20)                          | (26)  | 6   | (20)                      |
| At 30 June 2017     | 161,437  | (91,326)                       | (147)                         | (436)   | 289   | 69,964                    |
| At 1 January 2018   | 161,437  | (65,567)                       | (85)                          | (398)   | 313   | 95,785                    |
| Profit for the year | -  | (8,496)                        | -                             | -   | -   | (8,496)                   |
| Comprehensive loss  | -  | -                              | (61)                          | (86)  | 25  | (61)                      |
| At 30 June 2018     | 161,437  | (74,063)                       | (146)                         | (484)   | 338   | 87,228                    |

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  
for the six months period ended 30 June 2018 (unaudited)**

**Condensed consolidated statement of cash flows**

|  | <b>6 months ended</b> |                     |
|--|-----------------------|---------------------|
|  | <b>30 June 2018</b>   | <b>30 June 2017</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>       |
| <b>Cash flows from operating activities</b>                                |                       |                     |
| Loss before taxation   | (8,729)               | (33,702)            |
| Adjustments for:   |                       |                     |
| Impairment loss on trade and other receivables                             | 2,701                 | 1,387               |
| Reversal of impairment loss on trade and other receivables                 | (474)                 | (303)               |
| Net fair value loss/(gain) on held for trading investment                  | 135                   | (79)                |
| Gain on disposal of held for trading investment                            | (166)                 | (258)               |
| Provision for retirement benefits  | 21                    | 29                  |
| Interest income  | (77)                  | (82)                |
| Interest expenses  | 3,763                 | 4,203               |
| Depreciation of property, plant and equipment<br>and investment properties | 9,267                 | 9,397               |
| Amortisation of intangible assets  | 253                   | 441                 |
| Property, plant and equipment written off                                  |                       | (14)                |
| Loss on disposal of property, plant and equipment                          | 12                    | 1                   |
| Impairment loss on property, plant and equipment                           | 986                   |                     |
| Dividend income  | (12)                  | -                   |
| Operating profit/(loss) before working capital changes                     | 7,680                 | (18,980)            |
| Decrease in receivables  | 20,913                | 4,202               |
| Decrease/(increase) in inventories   | 3,406                 | (3,106)             |
| (Decrease)/increase in payables  | (8,193)               | 19,214              |
| Cash generated from operations   | 23,806                | 1,330               |
| Payment of retirement benefits   | (118)                 | (196)               |
| Interest paid  | (3,997)               | (4,137)             |
| Net taxes  | (133)                 | 73                  |
| Net cash generated from/(used in) operating activities                     | 19,558                | (2,930)             |



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

|   | <b>6 months ended</b> |                      |
|---|-----------------------|----------------------|
|   | <b>30 June 2018</b>   | <b>30 June 2017</b>  |
|   | <b>RM'000</b>         | <b>RM'000</b>        |
| <b>Cash flows from investing activities</b>             |                       |                      |
| Interest received                                       | 77                    | 82                   |
| Purchase of property, plant and equipment               | (1,126)               | (196)                |
| Purchase of investment properties                       | (74)                  | (1,367)              |
| Proceeds from disposal of property, plant and equipment | 189                   | 15                   |
| Purchase of securities in held for trading investment   | (1,605)               | (499)                |
| Proceeds from disposal of held for trading investment   | 1,077                 | 749                  |
| Dividends received                                      | 12                    | -                    |
| Net cash used in investing activities                   | <u>(1,450)</u>        | <u>(1,216)</u>       |
| <b>Cash flows from financing activities</b>             |                       |                      |
| Repayment of borrowings                                 | (22,136)              | (12,641)             |
| Repayment of hire purchase payables                     | (11)                  | (3)                  |
| Placement of pledged fixed deposits                     | (23)                  | (324)                |
| Net cash used in financing activities                   | <u>(22,170)</u>       | <u>(12,968)</u>      |
| <b>Net decrease in cash and cash equivalents</b>        | <b>(4,062)</b>        | <b>(17,114)</b>      |
| <b>Effects of foreign exchange rate changes</b>         | <b>25</b>             | <b>(5)</b>           |
| <b>Cash and cash equivalents at 1 January</b>           | <b>16,043</b>         | <b>30,812</b>        |
| <b>Cash and cash equivalents at 30 June</b>             | <b><u>12,006</u></b>  | <b><u>13,693</u></b> |

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 six-month period ended 30 June 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:

| <b>MFRS and Amendments to MFRSs</b>   | <b>Effective for<br/>annual periods<br/>beginning on<br/>or after</b> |
|---|---|
| MFRS 2 Classification and Measurement of Share-based Payment Transactions<br>(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 six-month period ended 30 June 2018**

## **2. Basis of Preparation (contd.)**

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

| <b>MFRS and Amendments to MFRSs</b>  | <b>Effective for<br/>annual periods<br/>beginning on<br/>or after</b> |
|--|---|
| MFRS 9 Prepayment Features with Negative Compensation<br>(Amendments to MFRS 9)  | 1 January 2019  |
| MFRS 16 Leases   | 1 January 2019  |
| MFRS 128 Long-term Interests in Associates and Joint Ventures<br>(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<br>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 six-month period ended 30 June 2018

## 5. Loss before tax

Included in the loss before tax are the following items:

|   | Current quarter<br>3 months ended |                           | Cumulative quarters<br>6 months ended |                           |
|---|-----------------------------------|---------------------------|---------------------------------------|---------------------------|
|   | 30 June<br>2018<br>RM'000         | 30 June<br>2017<br>RM'000 | 30 June<br>2018<br>RM'000             | 30 June<br>2017<br>RM'000 |
| Interest income   | (37)                              | (46)                      | (77)                                  | (82)                      |
| Interest expense  | 1,824                             | 2,012                     | 3,763                                 | 4,203                     |
| Net impairment loss on trade<br>and other receivables                     | 1,896                             | 594                       | 2,227                                 | 1,084                     |
| (Loss)/profit on disposal of property,<br>plant & equipment               | -                                 | (14)                      | 12                                    | 1                         |
| Net fair value profit/(loss) on held for<br>trading investment securities | 101                               | 49                        | 135                                   | (79)                      |
| Depreciation of property, plant<br>and equipment/investment<br>properties | 4,634                             | 4,482                     | 9,267                                 | 9,397                     |
| Amortisation of intangible<br>assets                                      | 126                               | 220                       | 253                                   | 441                       |

## 6. Income tax benefit

|                              | Current quarter<br>3 months ended |                           | Cumulative quarters<br>6 months ended |                           |
|------------------------------|-----------------------------------|---------------------------|---------------------------------------|---------------------------|
|                              | 30 June<br>2018<br>RM'000         | 30 June<br>2017<br>RM'000 | 30 June<br>2018<br>RM'000             | 30 June<br>2017<br>RM'000 |
| Current tax:                 |                                   |                           |                                       |                           |
| Malaysian income tax expense | (52)                              | (43)                      | (107)                                 | (161)                     |
| Deferred tax benefit         | 63                                | 68                        | 340                                   | 344                       |
|                              | 11                                | 25                        | 233                                   | 183                       |

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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For the six-month period ended 30 June 2018

## 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  |          | 6 months ended      |          |
|  | 30 June         | 30 June  | 30 June             | 30 June  |
|  | 2018            | 2017     | 2018                | 2017     |
| Loss attributable to owners of parent (RM'000):            | (2,651)         | (10,677) | (8,496)             | (33,519) |
| Weighted average number of ordinary shares in issue ('000) | 110,734         | 110,734  | 110,734             | 110,734  |
| Basic and diluted loss per share (sen)                     | (2.39)          | (9.64)   | (7.67)              | (30.27)  |

## 8. Property, plant and equipment/investment properties

### Acquisitions and disposals

During the six months ended 30 June 2018, the Group acquired assets at a cost of RM5.8 million (30 June 2017: RM2.0 million). Included in the total assets acquired is an amount for construction work-in-progress of RM4.7 million (30 June 2017: RM1.8 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 30 June 2018, resulting in a loss on disposal of RM12 thousand (30 June 2017: RMNil), recognised and included in revenue in the statement of comprehensive income.

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#### 9. Intangible assets

No goodwill was recognised in the intangible assets as at 30 June 2018 (30 June 2017: RMNil).

#### 10. Inventories

There was no inventories written down/off for the financial periods ended 30 June 2018 and 2017.

#### 11. Cash and bank balances

Cash and cash equivalents comprised the following amounts

|                          | <b>30 June<br/>2018<br/>RM'000</b> | <b>30 June<br/>2017<br/>RM'000</b> |
|--------------------------|------------------------------------|------------------------------------|
| Cash at bank and in hand | 11,066                             | 13,631                             |
| Short Term Deposit       | 2,708                              | 2,433                              |
| Cash and bank balances   | <u>13,774</u>                      | <u>16,064</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<br>RM'000 | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 |
|--|-----------------|-------------------|-------------------|-------------------|
| <b>30 June 2018</b>                        |                 |                   |                   |                   |
| <b>Available-for-sale financial assets</b> |                 |                   |                   |                   |
| - Equity instrument                        | 1,146           | 1,071             | -                 | 75                |
| <b>Held for trading investments</b>        |                 |                   |                   |                   |
| - Equity instrument                        | 1,023           | 1,023             | -                 | -                 |
| <b>30 June 2017</b>                        |                 |                   |                   |                   |
| <b>Available-for-sale financial assets</b> |                 |                   |                   |                   |
| - Equity instrument                        | 1,232           | 1,157             | -                 | 75                |
| <b>Held for trading investments</b>        |                 |                   |                   |                   |
| - 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 30 June 2018.

### 14. Interest bearing loans and borrowings

|                              | 30 June<br>2018<br>RM'000 | 30 June<br>2017<br>RM'000 |
|------------------------------|---------------------------|---------------------------|
| <b>Short term borrowings</b> |                           |                           |
| Secured                      | 24,127                    | 22,656                    |
| Unsecured                    | 24,298                    | 29,196                    |
|                              | <u>48,425</u>             | <u>51,852</u>             |
| <b>Long term borrowings</b>  |                           |                           |
| Secured                      | 71,678                    | 85,037                    |
| Unsecured                    | 19,338                    | 24,838                    |
|                              | <u>91,016</u>             | <u>109,875</u>            |
|                              | <u>139,441</u>            | <u>161,727</u>            |

### 15. Dividends

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

### 16. Commitments

|                              | 30 June<br>2018<br>RM'000 | 31 Dec<br>2017<br>RM'000 |
|------------------------------|---------------------------|--------------------------|
| Capital expenditure          |                           |                          |
| Approved and contracted for: |                           |                          |
| Investment properties        | 10,491                    | 15,069                   |



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### 17. Subsequent Event

On 20 August 2018, the Group has made a First Announcement that the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(f) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) as the Company has defaulted in loan repayment as announced by the Company on 10 August 2018 pursuant to paragraph 9.19A of the Listing Requirements.

There were no other subsequent events during the quarter under review

### 18. Contingent liabilities

There is one new material litigation against the Group for the quarter period starting 1 April 2018 to 30 June 2018. As at 30 June 2018, there are ten ongoing defamation legal suits and the contingent liabilities stood at RM 2.11 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.

### 19. 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 June 2018 and 30 June 2017:

| <b>Group</b>                          | <b>2018</b><br><b>RM'000</b> | <b>2017</b><br><b>RM'000</b> |
|---------------------------------------|------------------------------|------------------------------|
| Services rendered by associates       | Nil                          | Nil                          |
| Advances received from related entity | Nil                          | Nil                          |

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UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

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## 20. Segment information

|                       | Publishing,<br>distribution<br>and<br>advertisements | Others                    | Total                     | Adjustments<br>and<br>eliminations | Per consolidated<br>financial<br>statements |
|-----------------------|--|---------------------------|---------------------------|------------------------------------|---|
|                       | 30 June<br>2018<br>RM'000                            | 30 June<br>2018<br>RM'000 | 30 June<br>2018<br>RM'000 | 30 June<br>2018<br>RM'000          | 30 June<br>2018<br>RM'000                   |
| Revenue:              |  |                           |                           |                                    |   |
| External customers    | 119,076  | 308                       | 119,384                   | -                                  | 119,384                                     |
| Inter-segment         | 2,479  | 211                       | 2,690                     | (2,690)                            | -   |
| Total revenue         | <u>121,555</u>                                       | <u>519</u>                | <u>122,074</u>            | <u>(2,690)</u>                     | <u>119,384</u>                              |
| Segment loss (Note A) | <u>(9,977)</u>                                       | <u>(1,196)</u>            | <u>(11,173)</u>           | 2,444                              | <u>(8,729)</u>                              |
|                       | 30 June<br>2017<br>RM'000                            | 30 June<br>2017<br>RM'000 | 30 June<br>2017<br>RM'000 | 30 June<br>2017<br>RM'000          | 30 June<br>2017<br>RM'000                   |
| Revenue:              |  |                           |                           |                                    |   |
| External customers    | 94,939   | 402                       | 95,341                    | -                                  | 95,341                                      |
| Inter-segment         | 3,037  | 264                       | 3,301                     | (3,301)                            | -   |
| Total revenue         | <u>97,976</u>  | <u>666</u>                | <u>98,642</u>             | <u>(3,301)</u>                     | <u>95,341</u>                               |
| Segment loss (Note A) | <u>(33,304)</u>                                      | <u>(362)</u>              | <u>(33,666)</u>           | (36)                               | <u>(33,702)</u>                             |

### Note A

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

|  | 30 June<br>2018<br>RM'000 | 30 June<br>2017<br>RM'000 |
|--|---------------------------|---------------------------|
| Segment losses   | <u>(11,173)</u>           | <u>(33,666)</u>           |
| Share of losses of associates                          | -                         | -                         |
| Finance costs  | (3,763)                   | (4,203)                   |
| Unallocated corporate expenses (inter-co transactions) | 6,207                     | 4,167                     |
| Loss before tax  | <u>(8,729)</u>            | <u>(33,702)</u>           |

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**20. 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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## **21. Performance review**

The Group registered a higher revenue of RM63.9 million for the current quarter under review as compared with RM53.8 million for the same quarter last year. Higher revenue was attributed mainly from recognition of income from Tutor Guru and Epaper in relation to Tablet Project. At the same time the Group has recorded higher other income derived from a printing job. Nevertheless during the quarter the Group recorded an increase in total operating cost by 30.3%. Hence, the Group registered a lower loss before tax ('LBT') of RM2.7 million as compared with LBT of RM10.7 million for the corresponding period last year.

On year-to-date basis, the Group registered a lower LBT of RM8.5 million as compared with LBT of RM33.5 million last year.

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

The Group posted a higher revenue by RM8.5 million from RM55.5 million in the preceding quarter ended 31 March 2018 to RM63.9 million in the current quarter. The Group has also shown an increase in other income of RM18.6 million. Nevertheless, the total cost increased by RM23.5 million due to higher employee benefits and other expenses. Accordingly the Group recorded a lower LBT of RM2.7 million as compared with LBT of RM5.8 million for the preceding quarter.

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

The Malaysia economy is expected to grow at a moderate pace for this year at 5.5% after recording better-than expected growth last year at 5.9%. However, the Board remains cautious as to the Group's performance in 2018 given the continuing downward trend of print newspaper industry and increasing demand for online news..

The Board is positive that the Group will be able to sail through this challenging period. The Group will continue to strategize its business and operation including rationalizing its cost structure to ensure its sustainability.

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**24. Profit forecast or profit guarantee**

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

**25. Corporate proposals**

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

**26. Changes in material litigation**

There was no material litigation against the Group except as disclosed in Note 18.

**27. Dividend payable**

No interim ordinary dividend has been declared for the quarter ended 30 June 2018 (30 June 2017: Nil)

**28. Disclosure of outstanding derivatives**

There were no outstanding derivatives as at the end of the reporting period.

**29. Rationale for entering into derivatives**

The group did not enter into any derivatives during the financial year ended 30 June 2018 or the corresponding financial year ended 30 June 2017.

**30. 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**

**Haniza Azizan**

Company Secretary

Date: 27 August 2018