

7170-V

Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the year ended 31 December 2018 (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	%
	31/12/2018	31/12/2017			31/12/2018	31/12/2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	34,239	56,200	(21,961)	-39%	193,736	244,980	(51,244)	-21%
Operating Loss	(140,459)	(7,851)	(132,608)	>100%	(183,121)	(10,009)	(173,112)	>100%
Loss Before Interest and Tax	(138,398)	(5,979)	(132,419)	>100%	(175,352)	(1,653)	(173,699)	>100%
Loss Before Tax	(140,459)	(8,014)	(132,445)	>100%	(183,121)	(10,255)	(172,866)	>100%
Loss After Tax	(144,221)	(5,386)	(138,835)	>100%	(186,619)	(7,456)	(179,163)	>100%
Loss Profit Attributable to Ordinary Equity Holders of the Parent	(144,221)	(5,386)	(138,835)	>100%	(186,619)	(7,456)	(179,163)	>100%

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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	
	31/12/2018	Preceding Quarter		
	RM'000	30/09/2018	RM'000	%
Revenue	34,239	40,113	(5,874)	-15%
Operating loss	(140,459)	(33,933)	(106,526)	>100%
Loss Before Interest and Tax	(138,398)	(31,988)	(106,410)	>100%
Loss Before Tax	(140,459)	(33,933)	(106,526)	>100%
Loss After Tax	(144,221)	(33,902)	(110,319)	>100%
Loss Attributable to Ordinary Equity Holders of the Parent	(144,221)	(33,902)	(110,319)	>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 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
		RM'000	RM'000	RM'000	RM'000
Revenue		34,239	56,200	193,736	244,980
Other income		2,180	3,750	25,478	13,157
Raw materials and consumables used		(8,663)	(13,288)	(40,636)	(50,303)
Vendors' commissions		(5,865)	(7,028)	(24,227)	(25,257)
Transportation costs		(1,157)	(2,193)	(7,141)	(9,413)
Employee benefits expense		(69,871)	(28,040)	(186,678)	(116,830)
Depreciation and amortisation		(4,074)	(4,751)	(17,901)	(19,440)
Other expenses		(85,196)	(10,465)	(117,992)	(38,546)
Finance costs		(2,052)	(2,036)	(7,760)	(8,357)
Total costs		(176,878)	(67,801)	(402,335)	(268,146)
Operating loss		(140,459)	(7,851)	(183,121)	(10,009)
Share of results of associates		-	(163)	-	(246)
Loss before tax	5	(140,459)	(8,014)	(183,121)	(10,255)
Income tax benefit/(expense)	6	(3,762)	2,628	(3,498)	2,799
Loss for the year, net of tax		(144,221)	(5,386)	(186,619)	(7,456)
<u>Other comprehensive income</u>					
<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		40	(4)	(61)	12
- Transfer to profit or loss upon disposal		-	-	(95)	-
Foreign currency translation		(18)	10	14	30
Net other comprehensive profit/(loss) to be reclassified to profit or loss in subsequent periods		22	6	(142)	42

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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
	2018	2017	2018	2017
Note	RM'000	RM'000	RM'000	RM'000
<u>Other comprehensive income (contd.)</u>				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial losses on defined benefit obligations:				
-Remeasurement of opening balance	(15)	(21)	(15)	(21)
-Remeasurement of experience losses	(118)	(283)	(118)	(283)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	(133)	(304)	(133)	(304)
<u>Other comprehensive income (contd.)</u>				
Total comprehensive loss for the year	(144,332)	(5,684)	(186,894)	(7,718)
Loss attributable to:				
Owners of the parent	(144,221)	(5,386)	(186,619)	(7,456)
Total comprehensive loss attributable to:				
Owners of the parent	(144,332)	(5,684)	(186,894)	(7,456)
Loss per share attributable to owners of the parent (sen):				
Basic, for loss for the year	7 (130.24)	(4.86)	(168.53)	(6.73)

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 financial position (unaudited)

	Note	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	8	165,161	209,066
Investment properties		88,927	85,911
Intangible assets	9	219	691
Investments in associates		545	546
Investment securities	12	394	1,157
Other investments	12	50	75
Deferred tax assets		33	3,243
Other receivables		2,191	2,195
Retirement benefit assets		2,433	3,830
		259,953	306,714
Current assets			
Inventories	10	1,913	14,611
Trade and other receivables		26,985	83,825
Tax recoverable		274	549
Held for Trading Marketable Securities	12	121	464
Cash and bank balances	11	8,298	17,788
		37,591	117,237
Assets classified as held for sale		4,907	-
Total assets		302,451	423,951
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		161,437	161,437
Other reserves		(227)	(85)
Accumulated losses		(252,319)	(65,567)
Total equity		(91,109)	95,785

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Condensed Consolidated statement of financial position (contd.)

	Note	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Non-current liabilities			
Loans and borrowings	14	84,052	93,025
		<u>84,052</u>	<u>93,025</u>
Current liabilities			
Loans and borrowings	14	54,599	63,985
Trade and other payables		254,823	171,156
Taxation		86	-
		<u>309,508</u>	<u>235,141</u>
Total liabilities		<u>393,560</u>	<u>328,166</u>
Total equity and liabilities		<u>302,451</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-----]					
	I-----Non-distributable			Distributable I----- 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	Total equity RM'000
At 1 January 2017	161,437	(57,807)	(127)	(410)	283	103,503
Loss for the year	-	(7,456)	-	-	-	(7,456)
Comprehensive loss	-	(304)	42	12	30	(262)
At 31 December 2017	161,437	(65,567)	(85)	(398)	313	95,785
At 1 January 2018	161,437	(65,567)	(85)	(398)	313	95,785
Loss for the year	-	(186,619)	-	-	-	(186,619)
Comprehensive loss	-	(133)	(142)	(156)	14	(275)
At 31 December 2018	161,437	(252,319)	(227)	(554)	327	(91,109)

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 2018	31 Dec 2017
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(183,121)	(10,255)
Adjustments for:		
Impairment loss on trade and other receivables	49,841	2,669
Reversal of impairment loss on trade and other receivables	(9,372)	(1,168)
Impairment loss on investment in associates	-	109
Gain on disposal of held for trading investment	(71)	(323)
Gain on disposal of a subsidiary	-	(2,840)
Net fair value loss on held for trading investment	125	183
Gain on disposal of available for sale investment	(95)	-
Provision for retirement benefits	1,737	59
Provision of employee Voluntary Separation Scheme	81,107	-
Share of loss of associates	-	246
(Reversal of)/provision for litigations	-	(735)
Reversal of provision for returns	-	(27)
Interest income	(117)	(203)
Interest expenses	7,769	8,356
Depreciation of property, plant and equipment and investment properties	17,533	18,708
Amortisation of intangible assets	368	732
Inventories written off/down	4,616	4,545
Creditors written off	-	(729)
Property, plant and equipment written off	15	29
Loss/(gain) on disposal of property, plant and equipment	119	(30)
Loss/(Gain) on disposal of investment properties	-	(32,365)
Impairment loss on property, plant and equipment	25,539	1,002
Impairment loss on other investment	-	48
Dividend income	(12)	(27)
Operating loss before working capital changes	(4,019)	(12,016)
Decrease/(increase) in receivables	32,823	(18,383)
Decrease/(increase) in inventories	8,082	(4,621)
Increase in payables	(16,214)	47,986
Cash generated from operations	20,672	12,966
Payment of retirement benefits	(472)	(417)
Interest paid	(5,442)	(8,226)
Net taxes	(204)	(474)
Net cash generated from/(used in) operating activities	14,554	3,849

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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 2018	31 Dec 2017
	RM'000	RM'000
Cash flows from investing activities		
Interest received	117	204
Purchase of property, plant and equipment	(1,197)	(777)
Purchase of investment properties	(143)	(1,229)
Proceeds from disposal of property, plant and equipment	439	31
Purchase of securities in held for trading investment	(2,000)	(499)
Proceeds from disposal of held for trading investment	2,289	831
Proceeds from disposal of available for sale investment	701	-
Disposal of subsidiary, net cash disposed	-	19
Dividends received	12	27
Net cash generated from/(used in) investing activities	<u>218</u>	<u>(1,393)</u>
Cash flows from financing activities		
Repayment of borrowings	(24,253)	(17,553)
Repayment of hire purchase payables	(22)	(3)
Placement of pledged fixed deposits	(24)	302
Net cash used in financing activities	<u>(24,299)</u>	<u>(17,254)</u>
Net decrease in cash and cash equivalents	(9,527)	(14,798)
Effects of foreign exchange rate changes	14	29
Cash and cash equivalents at 1 January	16,043	30,812
Cash and cash equivalents at 31 December	<u>6,530</u>	<u>16,043</u>

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

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Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 December 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
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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 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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**Explanatory notes pursuant to MFRS 134
For the nine-month period ended 31 December 2018**

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:

Acquisition of subsidiary:

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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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 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Interest income	-	(82)	(117)	(203)
Interest expense	2,061	2,035	7,769	8,356
Net impairment loss on trade and other receivables	37,151	237	40,469	1,501
Loss/(gain) on disposal of property, plant & equipment	(3)	(10)	119	(30)
Gain on disposal of investment property	-	(824)	-	(32,365)
Net fair value loss on held for trading investment securities	31	133	125	183
Impairment loss on property, plant and equipment	25,539	-	25,539	1,002
Depreciation of property, plant and equipment/investment properties	4,018	4,624	17,533	18,708
Provision of employee Voluntary Separation Scheme	47,107	-	81,107	-
Amortisation of intangible assets	55	127	368	732

6. Income tax benefit/(expense)

	Current quarter 3 months ended		Cumulative quarters 12 months ended	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Current tax:				
Malaysian income tax expense	(46)	(134)	(287)	(357)
Deferred tax benefit	(3,717)	2,762	(3,211)	3,156
	(3,763)	2,628	(3,498)	2,799

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 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
(Loss)/profit attributable to owners of parent (RM'000):	(144,221)	(5,386)	(186,619)	(7,456)
Weighted average number of ordinary shares in issue ('000)	110,734	110,734	110,734	110,734
Basic and diluted loss per share (sen)	(130.24)	(4.86)	(168.53)	(6.73)

8. Property, plant and equipment/investment properties

Acquisitions and disposals

During the year ended 31 December 2018, the Group acquired assets at a cost of RM7.6 million (31 December 2017: RM41.5 million). Included in the total assets acquired is an amount for construction work-in-progress of RM6.3 million (31 December 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 RM0.6 million carrying amount were disposed of by the Group during the year ended 31 December 2018, resulting in a loss on disposal of RM119,000 (31 December 2017: RM6.0 million), 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 31 December 2018 (31 December 2017: RMNil).

10. Inventories

During the year ended 31 December 2018, the Group recognised a write-down/off of inventories of RM4.6 million (31 December 2017: RM4.5 million) 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 2018 RM'000	31 Dec 2017 RM'000
Cash at bank and in hand	6,092	14,567
Short Term Deposit	2,206	3,221
Cash and bank balances	8,298	17,788

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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 December 2018				
Available-for-sale financial assets				
- Equity instrument	444	394	-	50
Held for trading investments				
- Equity instrument	121	121	-	-
31 December 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 December 2018.

14. Interest bearing loans and borrowings

	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Short term borrowings		
Secured	26,224	24,524
Unsecured	28,375	39,461
	<u>54,599</u>	<u>63,985</u>
Long term borrowings		
Secured	69,827	76,025
Unsecured	14,225	17,000
	<u>84,052</u>	<u>93,025</u>
	<u>138,651</u>	<u>157,010</u>

15. Dividends

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

16. Commitments

	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Capital expenditure		
Approved and contracted for:		
Investment properties	10,491	15,069

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17. Contingent liabilities

There are no new material litigations against the Group for the quarter period starting 1 Oct 2018 to 31 December 2018 and as at 31 December 2018, there are nine ongoing defamation legal suits and two ongoing suits on breach of contract, the contingent liabilities stood at RM19.77 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:

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

19. Segment information

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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19. Segment information (contd)

	Publishing, distribution and advertisements	Others	Total	Adjustments and eliminations	Per consolidated financial statements
	31 Dec 2018 RM'000	31 Dec 2018 RM'000	31 Dec 2018 RM'000	31 Dec 2018 RM'000	31 Dec 2018 RM'000
Revenue:					
External customers	193,120	616	193,736	-	193,736
Inter-segment	4,000	262	4,262	(4,262)	-
Total revenue	197,120	878	197,998	(4,262)	193,736
Segment loss (Note A)	(186,487)	(6,743)	(193,230)	10,109	(183,121)
	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	211,947	33,033	244,980	-	244,980
Inter-segment	6,117	266	6,383	(6,383)	-
Total revenue	218,064	33,299	251,363	(6,383)	244,980
Segment loss (Note A)	(25,016)	30,395	5,379	(15,634)	(10,255)

Note A

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

	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Segment losses	(193,230)	5,379
Share of losses of associates	-	(246)
Finance costs	(7,760)	(8,357)
Unallocated corporate expenses (inter-co transactions)	17,869	(7,031)
Loss before tax	(183,121)	(10,255)

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Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A for the year ended 31 December 2018 (unaudited)

20. Performance review

The Group posted lower revenue of RM34.2 million for the current quarter as compared with RM56.2 million in the corresponding quarter last year. The decrease was attributed to the reduction in publishing, distribution and advertising by RM23.8 million. The significant increase in total cost in the current quarter mainly due to impairment loss on plant property and equipment of RM25.5 million, impairment on receivables of RM37.2 million and provision of employee voluntary separation scheme cost amounting to RM15.5 million. Hence, the Group registered a loss before tax ("LBT") of RM140.5 million as compared with a LBT of RM8.0 million for the corresponding quarter last year.

On a year-to-date basis, the Group registered lower revenue of RM193.7 million for the year ended 31 December 2018 as compared with RM245.0 million last year mainly due to recognition of gain on disposal of land of RM31.5 million recorded last year. Total costs increased by 50% mainly from provision of voluntary separation scheme of RM81 million and total impairment of RM66.0 million. Accordingly the Group registered a higher LBT of RM183.1 million as compared with LBT of RM10.3 million last year.

21. Comparison with the immediate preceding quarter results

The Group posted lower revenue by RM5.8 million from RM40.1 million in the preceding quarter ended 30 September 2018 to RM34.2 million in the current quarter mainly attributed to the publishing, distribution and advertising segment. Total cost also higher due to provision of voluntary separation scheme and impairment on plant and machinery and receivables. Accordingly the Group recorded higher LBT of RM140.4 million as compared with LBT of RM33.9 million for the preceding quarter.

22. Comment on current year prospects

Malaysia's economy is going strong and the gross domestic product (GDP) is expected to expand a further 4.9% in 2019 after recording a 4.7% growth in 2018 as reported by Bank Negara Malaysia.

After the recent change in the shareholder structure of the Company and the successful implementation of Voluntary Separation Scheme, the Board is very positive that the Company will be able to bounce back from its financial crisis. A lot of efforts have been undertaken to rebrand the products and contents. The Company will continue to work on formulating a regularisation plan to address its PN17 status and will make the necessary announcement on the regularisation plan in due course.

The Company has been classified as a Practice Note 17 (PN17) company on 20 August 2018 and in the midst of formulating a regularisation plan to address its PN17 status. The Company has also submitted the first proposal on Debt Restructuring Scheme to Corporate Debt Restructuring Committee on 26 October 2018.

Utusan Melayu (Malaysia) Berhad
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Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
for the year ended 31 December 2018 (unaudited)

23. Profit forecast or profit guarantee

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

24. Corporate proposals

There are no corporate proposals announced as at the date of this report except for the restructuring exercise submitted to Corporate Debt Restructuring Committee.

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 2018 (31 December 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 December 2018 or the corresponding financial year ended 31 December 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

Tharwah Kassim
Company Secretary
Date: 28 February 2019