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Utusan Melayu (Malaysia) Berhad
(Incorporated in Malaysia)



Condensed consolidated interim financial statements
for the six months period ended 30 June 2019 (unaudited)

Condensed Consolidated statement of comprehensive income

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

	Individual Period (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	RM'000	%	Current Year Quarter	Preceding Year Corresponding Quarter	RM'000	%
	30/06/2019	30/06/2018			30/06/2019	30/06/2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	25,908	63,872	(37,964)	-59%	52,655	119,384	(66,729)	-56%
Operating Loss	(3,866)	18,839	(22,705)	>100%	(12,056)	12,772	(24,828)	>100%
Loss Before Interest and Tax	(1,909)	20,663	(22,572)	>100%	(8,005)	16,535	(24,540)	>100%
Loss Before Tax	(3,866)	18,839	(22,705)	>100%	(12,056)	12,772	(24,828)	>100%
Loss After Tax	(3,890)	18,850	(22,740)	>100%	(12,086)	13,005	(25,091)	>100%
Loss Attributable to Ordinary Equity Holders of the Parent	(3,890)	18,850	(22,740)	>100%	(12,086)	13,005	(25,091)	>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	
	30/06/2019	Preceding Quarter		
	RM'000	31/03/2019	RM'000	%
Revenue	25,908	26,747	(839)	-3%
Operating loss	(3,866)	(8,190)	4,324	-53%
Loss Before Interest and Tax	(1,909)	(6,096)	4,187	-69%
Loss Before Tax	(3,866)	(8,190)	4,324	-53%
Loss After Tax	(3,890)	(8,196)	4,306	-53%
Loss Attributable to Ordinary Equity Holders of the Parent	(3,890)	(8,047)	4,157	-52%

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 6 months ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Revenue		25,908	63,872	52,655	119,384
Other income		1,863	20,413	3,240	22,251
Raw materials and consumables used		(7,748)	(11,008)	(15,463)	(22,242)
Vendors' commissions		(4,753)	(6,195)	(9,383)	(12,107)
Transportation costs		(1,801)	(1,891)	(3,443)	(4,230)
Employee benefits expense		(15,688)	(29,180)	(29,229)	(58,641)
Depreciation and amortisation		775	(4,760)	(3,168)	(9,520)
Other expenses		(465)	(10,588)	(3,214)	(18,360)
Finance costs		(1,957)	(1,824)	(4,051)	(3,763)
Total costs		(31,637)	(65,446)	(67,951)	(128,863)
Operating loss		(3,866)	18,839	(12,056)	12,772
Share of results of associates		-	-	-	-
Loss before tax	5	(3,866)	18,839	(12,056)	12,772
Income tax benefit	6	(24)	11	(30)	233
Loss for the year, net of tax		(3,890)	18,850	(12,086)	13,005
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Net gain on available-for-sale financial assets					
- Gain/(Loss) on fair value changes		-	(28)	-	(86)
- Transfer to profit or loss upon disposal		-	-	-	-
Foreign currency translation		-	(1)	-	24
Net other comprehensive profit/(loss) to be reclassified to profit or loss in subsequent periods		0	(29)	0	(62)

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Condensed Consolidated statement of comprehensive income (contd.)

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
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>				
Net gain on equity instruments designated at fair value through other comprehensive income				
- Gain on fair value changes	35	-	61	-
Net other comprehensive profit/(loss) not to be reclassified to profit or loss in subsequent periods	35	-	61	-
Total comprehensive loss for the year	(3,855)	18,821	(12,025)	12,943
Loss attributable to:				
Owners of the parent	(3,879)	18,850	(11,926)	13,005
Non Controlling Interest	(11)	-	(160)	-
	(3,890)	18,850	(12,086)	13,005
Total comprehensive loss attributable to:				
Owners of the parent	(3,844)	18,821	(11,865)	12,943
Non Controlling Interest	(11)	0	(160)	0
	(3,855)	18,821	(12,025)	12,943
Loss per share attributable to owners of the parent (sen):				
Basic, for loss for the year	7	(3.50)	17.02	(10.77)
				11.74

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Condensed Consolidated statement of financial position (unaudited)

		30 June	31 Dec
		2019	2018
	Note	RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment	8	3,073	2,913
Investment properties		17,454	17,454
Intangible assets	9	128	219
Investments in associates		155	155
Investment securities	12	455	394
Other investments	12	50	50
Other receivables		1,074	1,075
Retirement benefit assets		-	2,433
		<u>22,389</u>	<u>24,693</u>
Current assets			
Inventories	10	1,830	1,913
Trade and other receivables		24,912	18,467
Tax recoverable		416	395
Investment securities	12	132	121
Cash and bank balances	11	9,711	10,087
		<u>37,001</u>	<u>30,983</u>
Assets classified as held for sale		233,760	238,759
Total assets		<u>293,150</u>	<u>294,435</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		161,437	161,437
Other reserves		(140)	(201)
Accumulated losses		<u>(261,611)</u>	<u>(249,685)</u>
Equity attributable to owners of the parent		(100,314)	(88,449)
Non controlling interest		-	-
Total equity		<u>(100,314)</u>	<u>(88,449)</u>

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Condensed Consolidated statement of financial position (contd.)

		30 June	31 Dec
		2019	2018
	Note	RM'000	RM'000
Non-current liabilities			
Loans and borrowings	14	137	150
Retirement benefits liabilities		1,003	0
		<u>1,140</u>	<u>150</u>
Current liabilities			
Loans and borrowings	14	139,057	138,215
Trade and other payables		252,448	238,246
Contract liabilities		805	6,185
Tax payables		14	85
		<u>392,324</u>	<u>382,731</u>
Liabilities classified as held for sales		-	3
Total liabilities		<u>393,464</u>	<u>382,884</u>
Total equity and liabilities		<u>293,150</u>	<u>294,435</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-----]			[----- Non-distributable -----]		Foreign currency translation reserve RM'000	Non Controlling Interest RM'000	Total equity RM'000
	Share capital RM'000	Retained earnings RM'000	Other reserves RM'000	Fair value reserve of available for sale financial assets RM'000	Fair value reserve of financial assets at FVOCI RM'000			
At 1 January 2018	161,437	(65,567)	(85)	(398)	-	313	-	95,785
Loss for the year	-	(5,845)	-	-	-	-	-	(5,845)
Other comprehensive loss	-	-	(33)	(58)	-	25	-	(33)
At 30 June 2018	161,437	(71,412)	(118)	(456)	-	338	-	89,907
At 1 January 2019	161,437	(249,685)	(201)	-	(529)	328	-	(88,449)
Loss for the year	-	(11,926)	-	-	-	-	(160)	(12,086)
Other comprehensive loss	-	-	61	-	61	-	-	61
Acquisition of non controlling interest	-	-	-	-	-	-	160	160
At 30 June 2019	161,437	(261,611)	(140)	-	(468)	328	-	(100,314)

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

	6 months ended	
	30 June 2019	30 June 2018
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(12,056)	12,772
From continuing operation		
Adjustments for:		
Allowance for expected credit losses on trade and other receivables	2	1,201
Reversal of allowance for expected credit losses on trade and other receivables	(6,819)	(474)
Fair values loss on equity instrument designated at fair value through profit or loss	(11)	135
Gain on disposal of held for trading investment	-	(166)
Gain on disposal of a subsidiary	(6)	-
Gain on disposal of non current asset held for sale	(415)	-
Provision for retirement benefits	33	21
Interest income	(104)	(77)
Interest expenses	4,051	3,763
Depreciation of property, plant and equipment and investment properties	7,957	9,267
Amortisation of intangible assets	91	253
Loss on disposal of property, plant and equipment	-	12
Impairment loss on property, plant and equipment	(4,873)	986
Dividend income	-	(12)
Operating profit/(loss) before working capital changes	<u>(12,150)</u>	<u>27,681</u>
Decrease in receivables	423	20,913
Decrease/(increase) in inventories	83	3,406
(Decrease)/increase in payables	13,279	<u>(28,193)</u>
Cash generated from operations	1,635	23,807
Payment of retirement benefits	-	(118)
Interest paid	(4,051)	(3,997)
Net taxes	(83)	(133)
Net cash generated from/(used in) operating activities	<u>(2,499)</u>	<u>19,559</u>

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

	6 months ended	
	30 June 2019	30 June 2018
	RM'000	RM'000
Cash flows from investing activities		
Interest received	104	77
Purchase of property, plant and equipment	(638)	(1,126)
Purchase of investment properties	-	(74)
Proceeds from disposal of property, plant and equipment	2,760	189
Purchase of securities in held for trading investment	-	(1,605)
Disposal of subsidiary, net cash disposed	6	1,077
Dividends received	-	12
Net cash from/(used in) investing activities	<u>2,232</u>	<u>(1,450)</u>
Cash flows from financing activities		
Drawdown/(Repayment) of borrowings	365	(22,136)
Repayment of hire purchase payables	(6)	(11)
Placement of pledged fixed deposits	(26)	(23)
Net cash from/(used in) financing activities	<u>333</u>	<u>(22,170)</u>
Net decrease in cash and cash equivalents	66	(4,061)
Effects of foreign exchange rate changes	(467)	24
Cash and cash equivalents at 1 January	8,277	16,043
Cash and cash equivalents at 30 June	<u>7,876</u>	<u>12,006</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 six-month period ended 30 June 2019

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 2018, 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 2018. 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 2018.

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 2018.

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 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
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

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

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2. Basis of Preparation (contd.)

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

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 3 : Definition of a Business	1 January 2020
Amendments to MFRS 10 and MFRS 128: Definition of Material	1 January 2020
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:

Acquisition of subsidiary:

On 5 March 2019, the Company had acquired 240,000 shares of RM1 each for a cash consideration of RM240,000 in Media House Entertainment Sdn Bhd ("MHE"), which represent 60% of the issued and paid up share capital of MHE. The principal activity of MHE is that of providing media entertainment business and services. Subsequent to the said acquisition, MHE became subsidiary of the Company. On 23 April 2019, MHE had incorporated a wholly-owned subsidiary, namely MHE Pictures Sdn Bhd ("MHE Pictures"), which comprising 2 ordinary shares of RM1 each. The principal activities of MHE Pictures are production house and media, motion picture, video and television programme production activities and to operate and manage a news syndicate and news agency activities furnishing news, pictures and features to the media.

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4. Changes in composition of the Group (contd.)

Disposal of subsidiary:

On 20 March 2019, the Company had entered into a Share Sale Agreement ('the Agreement') with two individuals for the disposal of 1,000,000 ordinary shares of RM1.00 each which represent 100% of the total issued and paid-up capital in its wholly-owned subsidiary, Asian Environmental Engineering Sdn. Bhd. for a consideration of RM3,000 upon such terms and subject to the conditions of the Agreement. The Agreement was fully completed on the same date.

Disposal of subsidiary:

On 25 March 2019, the Company had entered into a Share Sale Agreement ('the Agreement') with DBMM Jaya Sdn Bhd for the disposal of 2 ordinary shares of RM1.00 each which represent 100% of the total issued and paid-up capital in its wholly-owned subsidiary, Litegreen Technology Sdn Bhd (formerly known as Utusan Technology Asia Sdn Bhd) for a consideration of RM5,000 upon such terms and subject to the conditions of the Agreement. The Agreement was fully completed on the same date.

Upon completion of the disposal of Asia Environmental Engineering Sdn Bhd and Utusan Technology Asia Sdn Bhd, both ceased to be a subsidiary.

The disposal had the following effects on the financial position of the Group as at 30 June 2019.

	RM'000
Property, plant & equipment	-
Inventories	-
Cash & bank balances	2
Trade and other payables	(2)
Total net liabilities	<u>0</u>
Total disposal proceed	8
Net liabilities disposed	<u>0</u>
Gain on disposal to the Group	<u>8</u>
Cash inflow arising from the disposal:	
Cash consideration	8
Cash and cash equivalent of subsidiary disposed	<u>(2)</u>
Net cash inflow on disposal	<u>6</u>

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5. Loss before tax

Included in the loss before tax are the following items:

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Interest income	(54)	(37)	(104)	(77)
Interest expense	1,957	1,824	4,051	3,763
Net allowance for expected credit losses on trade and other receivables	(6,887)	396	(6,817)	727
Loss on disposal of property, plant & equipment	-	-	-	12
Gain on disposal of non current asset held for sale	(415)	-	(415)	-
Fair value loss on equity instrument designated at fair value through profit and loss	(33)	101	(11)	135
Impairment loss on property, plant and equipment	(2,433)	986	(4,873)	986
Depreciation of property, plant and equipment/investment properties	4,060	4,634	7,957	9,267
Amortisation of intangible assets	45	126	91	253

6. Income tax benefit

	Current quarter 3 months ended		Cumulative quarters 6 months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Current tax:				
Malaysian income tax expense	(24)	(43)	(30)	(161)
Deferred tax benefit	-	68	-	344
	(24)	25	(30)	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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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 6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Loss attributable to owners of parent (RM'000):	(3,879)	18,850	(11,926)	13,005
Weighted average number of ordinary shares in issue ('000)	110,734	110,734	110,734	110,734
Basic and diluted loss per share (sen)	(3.50)	17.02	(10.77)	11.74

8. Property, plant and equipment/investment properties

Acquisitions and disposals

During the six months ended 30 June 2019, the Group acquired assets at a cost of RM0.64 million (30 June 2018: RM5.8 million). Included in the total assets acquired is an amount for construction work-in-progress of RMNil million (30 June 2018: RM4.7 million). This construction work-in-progress represents the expenditure incurred for the acquisition of investment properties which are under construction.

Assets with RMNil million carrying amount were disposed of by the Group during the six months ended 30 June 2019, resulting in no gain/no loss on disposal (30 June 2018: RM12 thousand), 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 2019 (30 June 2018: RMNil).

10. Inventories

There was no inventories written down/off for the financial periods ended 30 June 2019 and 2018.

11. Cash and bank balances

Cash and cash equivalents comprised the following amounts

	30 June 2019 RM'000	30 June 2018 RM'000
Cash at bank and in hand	2,236	11,289
Short Term Deposit	7,475	2,484
Cash and bank balances	<u>9,711</u>	<u>13,773</u>

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12. Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

As at reporting date, the Group held the following financial assets that are measured at fair value:

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30 June 2019				
Available-for-sale financial assets				
- Equity instrument	505	455	-	50
Held for trading investments				
- Equity instrument	132	132	-	-
30 June 2018				
Available-for-sale financial assets				
- Equity instrument	444	394	-	50
Held for trading investments				
- Equity instrument	121	121	-	-

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 2019.

14. Interest bearing loans and borrowings

	30 June 2019 RM'000	30 June 2018 RM'000
Short term borrowings		
Secured	95,615	24,127
Unsecured	43,442	24,298
	139,057	48,425
Long term borrowings		
Secured	137	71,678
Unsecured	-	19,338
	137	91,016
	139,194	139,441

15. Dividends

The directors did not pay any dividend in respect of the financial year ended 31 December 2018.

16. Commitments

	30 June 2019 RM'000	30 June 2018 RM'000
Capital expenditure		
Approved and contracted for:		
Investment properties	9,087	10,491

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17. Contingent liabilities

There are nine new material litigation against the Group for the quarter period starting 1 April 2019 to 30 June 2019. As at 30 June 2019, there are twelve ongoing defamation legal suits and the contingent liabilities stood at RM 3.32 million.

After taking appropriate legal advice, no provision has been made in the financial results of the Group as at the reporting date as the Directors are of the opinion that the expected outcome of the legal suits against the Group is not expected to have any material impact on the financial position of the Group.

18. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the cumulative quarters ended 30 June 2019 and 30 June 2018:

<u>Group</u>	2019 RM'000	2018 RM'000
Services rendered by associates	Nil	Nil
Advances received from related entity	Nil	Nil

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19. Segment information (contd)

The Group comprises the following main business segments:

- (i) Publishing, distribution and advertisements - publishing and distribution of newspapers, magazines and books and print, online and outdoor advertising;
- (ii) Others - investment holding, management services, property development and others.

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19. Segment information

	Publishing, distribution and advertisements	Others	Total	Adjustments and eliminations	Per consolidated financial statements
	30 June 2019 RM'000	30 June 2019 RM'000	30 June 2019 RM'000	30 June 2019 RM'000	30 June 2019 RM'000
Revenue:					
External customers	51,595	1,060	52,655	-	52,655
Inter-segment	1,351	182	1,533	(1,533)	-
Total revenue	<u>52,946</u>	<u>1,242</u>	<u>54,188</u>	<u>(1,533)</u>	<u>52,655</u>
Segment loss (Note A)	<u>(10,352)</u>	<u>(1,723)</u>	<u>(12,075)</u>	19	<u>(12,056)</u>
	30 June 2018 RM'000	30 June 2018 RM'000	30 June 2018 RM'000	30 June 2018 RM'000	30 June 2018 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>11,523</u>	<u>(1,196)</u>	10,327	2,445	<u>12,772</u>

Note A

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

	30 June 2019 RM'000	30 June 2018 RM'000
Segment profit/(losses)	<u>(12,075)</u>	<u>10,327</u>
Share of losses of associates	-	-
Finance costs	(4,051)	(3,763)
Unallocated corporate expenses (inter-co transactions)	4,070	6,208
Profit/(loss) before tax	<u>(12,056)</u>	<u>12,772</u>

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Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A for the six months period ended 30 June 2019 (unaudited)

20. Performance review

The Group registered a lower revenue of RM25.91 million for the current quarter under review as compared with RM63.87 million for the same quarter last year. The decrease was attributed to the reduction in publishing, distribution and advertising by RM37.96 million. Hence, the Group registered a loss before tax ('LBT') of RM3.89 million as compared with profit before tax of RM18.85 million for the corresponding period last year.

Similarly on a year-to-date basis, the Group registered lower revenue of RM52.66 million for the period ended 30 June 2019 as compared with RM119.38 million last year also due to distribution of Tutor Guru and Epaper. The Group posted lower other income by RM19.01 million but higher operating costs by RM60.91 million. Accordingly the Group registered a LBT of RM12.06 million as compared with profit before tax of RM12.77 million last year.

21. Comparison with the immediate preceding quarter results

The Group posted a lower revenue by RM0.84 million from RM26.75 million in the preceding quarter ended 31 March 2019 to RM25.91 million in the current quarter. The total cost decreased by RM4.68 million due to higher employee benefits. Accordingly the Group recorded a lower LBT of RM3.87 million as compared with LBT of RM8.19 million for the preceding quarter.

22. Comment on current year prospects

The second half of 2019 continues to be very challenging for the Group both in terms of profitability and liquidity as the Group continue to report losses in the second quarter of the year. Based on the current performance of our Publishing, Distribution and Advertising segment, the Board is unsure that the Group will turn around by the end of financial year 2019.

Due to the above declining results, the Group is experiencing a cashflow constraint and has seriously addressed the issue by intensifying its efforts for the disposal of the properties. However the disposal progress is much affected by the slow market sentiment, restriction and requirement by the relevant authorities and thus has not able to resolve the cashflow issues immediately.

It is also impossible for the Group to convince potential investors to revive the business. A few potential identified parties has declined to participate due to Group's huge liabilities.

Therefore, in view of the above and further to its compliance under the Main Market Listing Requirements, the Board is of the view that it is now unable to meet the requirement of the Regularisation Plan after being classified as PN17 on 20 August 2018.

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Explanatory notes pursuant to Bursa Malaysia Listing
Requirements: Chapter 9, Appendix 9B, Part A
for the six months period ended 30 June 2019 (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.

25. Changes in material litigation

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

26. Dividend payable

No interim ordinary dividend has been declared for the quarter ended 30 June 2019 (30 June 2018: 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 30 June 2019 or the corresponding financial year ended 30 June 2018.

29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 has included an emphasis of matter paragraph to draw attention to the material uncertainty related to going concern.

BY ORDER OF THE BOARD

Ain Syuhada Jamaluddin

Company Secretary

Date: 19 August 2019