



اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

*Annual*

# REPORT 2016



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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Forty-Ninth Annual General Meeting of Utusan Melayu (Malaysia) Berhad will be held at Dewan Besar, Level 1, Bangunan Korporat Utusan Melayu (Malaysia) Berhad, No. 44, Jalan Utusan Off Jalan Chan Sow Lin, 55200 Kuala Lumpur on Thursday, 25 May 2017 at 11.00 a.m. to transact the following businesses:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.  
(See Note 2)
2. To re-elect the following Directors who retire by rotation in accordance with Article 97 of the Company's Articles of Association and being eligible offer themselves for re-election:
  - i) Datuk Seri Ismail Yusof  
(Ordinary Resolution 1)
  - ii) Datuk Md Afendi Hamdan  
(Ordinary Resolution 2)
3. To re-elect Dato' Zakri Afandi Ismail who retires in accordance with Article 102 of the Company's Articles of Association and being eligible, offers himself for re-election.  
(Ordinary Resolution 3)
4. To approve the payment of Directors' fees of RM30,000 per annum for each of the Directors for the financial year ended 31 December 2016.  
(Ordinary Resolution 4)
5. To approve the payment of Directors' remuneration (excluding Directors' fee) to the Non-Executive Chairman and Non-Executive Directors up to an amount of RM619,700 from 1 January 2017 until the next Annual General Meeting of the Company.  
(Ordinary Resolution 5)
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Directors.  
(Ordinary Resolution 6)

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification, the following Resolution:

#### ORDINARY RESOLUTION

7. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016.  
"THAT pursuant to Section 75 of the Companies Act, 2016 and approvals of the relevant governmental/regulatory authorities, the Board of Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."  
(Ordinary Resolution 7)

# NOTICE OF ANNUAL GENERAL MEETING

8. To transact any other ordinary business of which due notice shall have been given.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 49th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 57(e) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 May 2017. Only a depositor whose name appears on the Record of Depositors as at 18 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD

SHUHAILA YAAKOB (MACS 01567)  
HANIZA AZIZAN (LS 0009244)  
Company Secretaries

Kuala Lumpur  
28 April 2017

# NOTICE OF ANNUAL GENERAL MEETING

## GENERAL NOTES:

### 1. Appointment of Proxy

- i) A member of the Company entitled to attend and vote at this meeting may appoint a proxy (or in a case of a corporation to appoint a representative) to attend and vote in his stead. A proxy need not be a member of the Company.
- ii) A member of the Company shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney or, if the appointor is a corporation, either under the common seal or under the hand of an officer on behalf of the corporation or attorney.
- iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one omnibus account, the exempt authorised nominee may appoint multiple proxies for each omnibus account it holds.
- v) To be valid the proxy form duly completed must be deposited at the Registrar's Office, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

### 2. Audited Financial Statements for the Financial Year Ended 31 December 2016

This Agenda is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1) of the Companies Act, 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

### 3. Directors' Remuneration

Section 230(1) of the Companies Act, 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, two (2) separate resolutions on the remuneration of the Directors will be presented to the shareholders at the 49th Annual General Meeting, for approval:

- Ordinary Resolution 4 : Payment of Directors' fees for the financial year ended 31 December 2016; and
- Ordinary Resolution 5 : Payment of Directors' remuneration (excluding Directors' fee) from 1 January 2017 until the next Annual General Meeting of the Company ('Relevant Period').

### 4. Directors' Fees

The Company's Articles of Association provides that the remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Such fees cannot be increased except pursuant to a resolution passed at the general meeting. Therefore, shareholders' approval is required for the payment of Directors' fees. Shareholders' approval on the Directors' fees was obtained at the 48th Annual General Meeting held on 25 May 2016 and there is no revision to the fees.

# NOTICE OF ANNUAL GENERAL MEETING

## 5. Directors' Remuneration (excluding Directors' fees)

The Directors' remuneration (excluding Directors' fees) comprises the allowances and other emoluments payable to the Chairman and members of the Board and Board Committees of Utusan Melayu (Malaysia) Berhad ('Utusan Melayu'). The Non-Executive Directors' ('NEDs') current remuneration policy is as set out below :

Description	Chairman	NEDs
Monthly Fixed Allowance	RM20,000 per month	Not Applicable
Benefit-In-Kind	RM7,200 per year	Not Applicable
Meeting Allowance (per meeting)		
• Board of Utusan Melayu	Not Applicable	RM2,500
• Board Committees	Not Applicable	RM2,500

The monthly fixed allowance are given to the Chairman of Utusan Melayu in recognition of the significant roles in leadership and the wide-ranging scope of responsibilities expected of him including but not limited to effective communication with the shareholders and relevant stakeholders.

In determining the estimated total amount of remuneration (excluding Directors' fees) for the NEDs including the Non-Executive Chairman of the Board of Utusan Melayu, various factors have been considered including the maximum number of meetings that the Board and Board Committees had in the past as well as the number of NEDs involved in these meetings. The estimated amount of RM619,700 for the Relevant Period is derived based on the estimated number of 26 meetings and payment of Chairman's allowance and benefit for the period from January 2017 to June 2018.

Payment of the NEDs' remuneration (excluding Directors' fees) will be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 5 has been passed at the 49th AGM. It is just and equitable for the NEDs to be paid the Directors' remuneration (excluding Directors' fees) on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

## 6. Appointment of Auditors

The Board at its meeting held on 20 April 2017 approved the recommendation by the Audit Committee on the re-appointment of Messrs. Ernst & Young as Auditors of the Company based on the criteria prescribed under Paragraph 15.21 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

## 7. Statement Accompanying Notice of Annual General Meeting of the Company

Additional information required under Appendix 8A of the Listing Requirements of the Bursa Malaysia Securities Berhad is set out in the Statement Accompanying Notice of Annual General Meeting of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES:

### 1. **Ordinary Resolution 7 - Authority to Issue Shares pursuant to Section 75 of the Companies Act, 2016**

The proposed Ordinary Resolution 7 is for the purpose of granting a renewal General Mandate ('General Mandate'), if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting ('AGM') of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Forty-Eighth Annual General Meeting held on 25 May 2016 and which will lapse at the conclusion of the Forty-Ninth Annual General Meeting.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY

**DIRECTORS** who are standing for re-election at the Forty-Ninth Annual General Meeting of the Company are:

- i) Datuk Seri Ismail Yusof
- ii) Datuk Md Afendi Hamdan
- iii) Dato' Zakri Afandi Ismail

The details of the three (3) Directors standing for re-election are set out in their respective profiles which appear in the Profile of the Board of Directors on pages 11 to 14 of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appears on page 181 of this Annual Report.

# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

GROUP REVENUE (RM'000)		GROUP LOSS BEFORE TAX (RM'000)		BASIC EARNINGS PER SHARE (SEN)	
'12	345,252	(16,162)	'12	(14.23)	'12
'13	342,432	(20,395)	'13	(14.64)	'13
'14	291,195	(83,650)	'14	(74.03)	'14
'15	248,867	(16,698)	'15	(18.96)	'15
'16	227,419	(66,725)	'16	(61.83)	'16

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	YEAR ENDED 31 DECEMBER				
	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Group Revenue	227,419	248,867	291,195	342,432	345,252
Group Loss Before Tax	(66,725)	(16,698)	(83,650)	(20,395)	(16,162)
Income Tax	(1,705)	(3,902)	1,798	4,231	444
Zakat	-	261	(127)	(50)	(36)
Loss from discontinuing operation, net of tax	(36)	(653)	-	-	-
<b>Group Loss For The Year</b>	<b>(68,466)</b>	<b>(20,992)</b>	<b>(81,979)</b>	<b>(16,214)</b>	<b>(15,754)</b>
Attributable to:					
Owners Of The Parent	(68,466)	(20,992)	(81,979)	(16,214)	(15,754)
Earnings Per Share Attributable To					
Owners Of The Parent (sen):					
Basic, For Loss For The Year	(61.83)	(18.96)	(74.03)	(14.64)	(14.23)
Gross Dividend Per Share (sen)	-	-	-	-	-

# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

NET TANGIBLE ASSET PER SHARE (RM)	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)	TOTAL ASSETS (RM'000)
'12 2.68	'12 296,649	'12 550,328
'13 2.53	'13 279,837	'13 533,145
'14 1.75	'14 193,921	'14 502,324
'15 1.56	'15 172,655	'15 469,309
'16 0.93	'16 103,503	'16 405,701

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 DECEMBER				
	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Share Capital	110,734	110,734	110,734	110,734	110,734
Reserves	(7,231)	61,921	83,187	169,103	185,915
Equity Attributable To Owners Of The Parent	103,503	172,655	193,921	279,837	296,649
Total Equity	103,503	172,655	193,921	279,837	296,649
Non-Current Liabilities	140,131	173,565	90,715	101,349	104,886
Current Liabilities	161,866	123,089	217,688	151,959	148,793
Liabilities Classified As Held For Sale	201	-	-	-	-
Total Liabilities	302,198	296,654	308,403	253,308	253,679
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>405,701</b>	<b>469,309</b>	<b>502,324</b>	<b>533,145</b>	<b>550,328</b>
Non-Current Assets	288,629	306,354	340,428	358,724	350,825
Current Assets	116,176	159,350	161,896	174,421	199,503
Asset Classified As Held For Sale	896	3,605	-	-	-
<b>TOTAL ASSETS</b>	<b>405,701</b>	<b>469,309</b>	<b>502,324</b>	<b>533,145</b>	<b>550,328</b>
Net Tangible Asset Per Share (RM)	0.93	1.56	1.75	2.53	2.68



اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

ASIA PACIFIC ENTREPRENEURSHIP  
AWARD 2015 (APEA 2015)  
MOST PROMISING CATEGORY



# BOARD OF DIRECTORS



# PROFILE OF THE BOARD OF DIRECTORS



**TAN SRI MOHAMAD  
FATMI CHE SALLEH**

- Chairman
- 60 years of age
- Male
- Malaysian

**INDEPENDENT** Non-Executive Chairman. Joined the Board of Utusan Melayu (Malaysia) Berhad on 1 December 2015. Currently is the Chairman of Land and Asset Development Committee and a member of the Board of UPM, UPM Holdings Sdn Bhd and UPM Education & Training Sdn Bhd. He served as Political Secretary to Prime Minister and Deputy Prime Minister for nine (9) years. Graduated with a Masters Degree in Business Administration (MBA) from Tulane University, New Orleans, Louisiana, United States of America and Bachelor of Science (BSc) Marketing from Southern Illinois University, Carbondale, Illinois, United States of America. Does not have any other directorships in other public companies.



**DATUK MOHD NOORDIN ABBAS**

- Group Managing Director
- 57 years of age
- Male
- Malaysian

**NON-INDEPENDENT** Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 5 June 2014. Joined Utusan Melayu (Malaysia) Berhad on 20 May 2014 as the Group Managing Director and also holds directorship in subsidiary companies within Utusan Group namely Utusan Karya Sdn Bhd, Utusan Media Sales Sdn Bhd, Utusan Publications & Distributors Sdn Bhd, Utusan Land Sdn Bhd, Juasa Holdings Sdn Bhd, Utusan Jobhouse Sdn Bhd (formerly known as Jobhouse Sdn Bhd) and Utusan Studios Sdn Bhd. He has extensive experience in development banking particularly with regard to international project finance and management. He has served as Chief Executive Officer in Malaysia Export Credit Insurance Berhad (MECIB) and Export-Import Bank of Malaysia Berhad (EXIM Bank). Holds a Bachelor Degree in Accounting and Finance from Southern Illinois University, United States of America and Masters Degree in Management Science (Operations Research) from St. Louis University, United States of America. Does not have any other directorships in other public companies.

# PROFILE OF THE BOARD OF DIRECTORS



## **DATUK ABDUL AZIZ ISHAK**

- Group Editor-in-Chief
- 53 years of age
- Male
- Malaysian

**NON-INDEPENDENT** Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 23 November 2009. He held the post of Acting Group Editor-in-Chief of Utusan's Group on 20 June 2008 before being appointed to the post on 1 December 2008. Joined Utusan Melayu (Malaysia) Berhad on 1 April 1984 and served in various capacities prior to his present post as the Group Editor-in-Chief. Holds a Degree in Strategic and Security Studies, National University of Malaysia and attended a Journalism Fellowship Programme in Securities Studies co-organised by the University of New York and East West Centre in Hawaii. Holds directorship in subsidiaries of Utusan Group namely Utusan Media Sales Sdn Bhd and Utusan Karya Sdn Bhd. He is also a Member of the Board of Governors of BERNAMA since 16 February 2009 and serves as a member of the Consultation & Corruption Prevention Panel since 15 August 2016. Does not have any other directorships in other public companies.



## **DATUK SERI ISMAIL YUSOF**

- 73 years of age
- Male
- Malaysian

**NON-INDEPENDENT** Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 15 January 2004. A member of the Audit Committee and Remuneration Committee of the Board. Graduated with a Bachelor of Arts (Honours), University of Malaya. Held several posts in the government sector from 1967 to 1991. Currently a member of the Board of Trustees and is the Executive Vice-Chairman of the Albukhary Foundation. Current directorships of public companies include South Malaysia Industries Berhad, MINHO (M) Berhad and BCB Berhad.

# PROFILE OF THE BOARD OF DIRECTORS



**DATUK SERI TENGKU SARIFFUDDIN TENGKU AHMAD**

- 54 years of age
- Male
- Malaysian

**INDEPENDENT** Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 23 November 2009. A member of the Audit Committee, Nomination Committee and Remuneration Committee of the Board. Holds a Diploma in Mass Communications from MARA University of Technology and attended the Fellowship Programme at the University of Seoul, Korea. He was a journalist at the New Straits Times Press (M) Berhad from 1987 till 1997. Serves in the government services as the Press Secretary to the Prime Minister of Malaysia from 1997 till now. He is also the Media Director of the Prime Minister's Office. Does not have any other directorships in other public companies.



**DATUK MD AFENDI HAMDAN**

- 55 years of age
- Male
- Malaysian

**INDEPENDENT** Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 25 March 2015. A member of the Nomination Committee and Remuneration Committee of the Board. Graduated with a Bachelor of Science in Business Administration and minoring in Management Information System (Computer Science) from University of Wisconsin – Steven Point, United States of America in 1989. He was the Chairman of the National Film Development Corporation Malaysia (FINAS) in 2011 and was a commission member of the Malaysian Communications and Multimedia Commission in 2009. He is currently the Managing Director of Rafflesia Corporate Holdings Sdn Bhd, which has a chain of restaurants in Malaysia and RaffComm Sdn Bhd, an information technology company and online service provider. Does not have any other directorships in other public companies.

# PROFILE OF THE BOARD OF DIRECTORS



**MOHD YUSOF  
ABU OTHMAN**

- 65 years of age
- Male
- Malaysian

**INDEPENDENT** Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 16 January 2014. He is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. Chairman of the Audit Committee and a member of the Remuneration Committee and Investment Committee of the Board. He began his career in 1981 as a Project Accountant with Pernas-Sime Darby Holdings Sdn Bhd. Held several very senior posts in numerous companies, including Selangor State-owned and Malaysian Federal Government-owned companies, in various sectors from 1982 to 2001; including as Group Financial Controller in Kumpulan Perangsang Selangor Bhd, Chief Executive Officer in Malaysian Kuwaiti Investment Co Sdn Bhd, SB Development Sdn Bhd, Tabung Amanah Saham Selangor Bhd and as Vice President – Revenue Development in MIDF Sisma Securities Sdn Bhd; as well as in several privately owned companies. He became the first Chief Executive Officer of Badan Pegawai Pemegang Saham Minoriti Berhad (MSWG) from 2001 to 2004 and served as a Chief Operating Officer in MK Land Holdings Bhd from 2008 to 2010. He is currently the Chairman of Medical Flexible Packaging Sdn Bhd, a privately owned company in which he is also a minority shareholder. He is also an independent consultant offering professional services in Corporate Startups and Corporate Change Management. Does not have any other directorships in other public companies.



**DATO' ZAKRI  
AFANDI ISMAIL**

- 50 years of age
- Male
- Malaysian

**NON-INDEPENDENT** Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 13 April 2017. Dato' Zakri graduated with a Bachelor's Degree in Accountancy from Universiti Putra Malaysia. He is a member of the Certified Practising Accountants (CPA) Australia and a Certified Financial Planner. Dato' Zakri began his career with Price Waterhouse as an Auditor from 1991 until 1995 where he was also an accounting lecturer at the University Technology of Malaysia until 1996. He then served as Head of Internal Audit Department of EPE Power Corporation Berhad until 1997 before he joined HBN Management Sdn Bhd until his resignation in 1999. Currently, Dato' Zakri is a Director of Bintai Kinden Corporation Berhad and sits on the Board of various private companies involved in the businesses of maintenance of air traffic radar; maintenance of aircraft; mechanical and electrical; steel fabricator and general industries including integrated facilities management and maintenance in the healthcare industry.

# OTHER INFORMATION OF DIRECTORS

**i) Family Relationship**

None of the Directors have any family relationship with each other and/or major shareholders of the Company.

**ii) Conflict of Interest**

None of the Directors have any personal interest in any business arrangement with the Company.

**iii) List of Convictions for Offences**

None of the Directors have been convicted of any offences (other than traffic offences) within the past five (5) years.

**iv) Attendance of Directors at Board Meetings**

There were five (5) Board Meetings held during the financial year ended 31 December 2016. Details of attendance of the Directors at Board Meetings are as follows:

<b>DIRECTOR</b>	<b>ATTENDANCE</b>
Tan Sri Mohamad Fatmi Che Salleh	4/5
Datuk Mohd Noordin Abbas	4/5
Datuk Abdul Aziz Ishak	5/5
Datuk Seri Ismail Yusof	5/5
Datuk Seri Tengku Sariffuddin Tengku Ahmad	5/5
Datuk Md Afendi Hamdan	3/5
Mohd Yusof Abu Othman	5/5
Dato' Dr. Norraesah Mohamad <i>(Resigned w.e.f. 7 February 2017)</i>	4/5

**v) Securities Holdings in the Company and its Subsidiaries**

The Directors' shareholdings are disclosed on page 181 of this Annual Report.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**TAN SRI MOHAMAD FATMI CHE SALLEH**

*Independent Non-Executive Chairman*

**DATUK MOHD NOORDIN ABBAS**

*Group Managing Director*

**DATUK ABDUL AZIZ ISHAK**

*Group Editor-in-Chief*

**DATUK SERI ISMAIL YUSOF**

*Non-Independent Non-Executive Director*

**DATUK SERI TENGKU SARIFUDDIN TENGKU AHMAD**

*Independent Non-Executive Director*

**DATUK MD AFENDI HAMDAN**

*Independent Non-Executive Director*

**MOHD YUSOF ABU OTHMAN**

*Independent Non-Executive Director*

**DATO' ZAKRI AFANDI ISMAIL**

*Non-Independent Non-Executive Director*

*(Appointed w.e.f 13 April 2017)*

**DATO' DR. NORRAESAH MOHAMAD**

*Independent Non-Executive Director*

*(Resigned w.e.f 7 February 2017)*

## AUDIT COMMITTEE

**MOHD YUSOF ABU OTHMAN**

*(Chairman)*

**DATUK SERI ISMAIL YUSOF**

**DATUK SERI TENGKU SARIFUDDIN TENGKU AHMAD**

**DATO' DR. NORRAESAH MOHAMAD**

*(Resigned w.e.f 7 February 2017)*

## REMUNERATION COMMITTEE

**DATUK SERI TENGKU SARIFUDDIN TENGKU AHMAD**

**DATUK SERI ISMAIL YUSOF**

**DATUK MD AFENDI HAMDAN**

**MOHD YUSOF ABU OTHMAN**

## NOMINATION COMMITTEE

**DATUK SERI TENGKU SARIFUDDIN TENGKU AHMAD**

**DATUK MD AFENDI HAMDAN**

**DATO' DR. NORRAESAH MOHAMAD**

*(Resigned w.e.f 7 February 2017)*

## INVESTMENT COMMITTEE

**DATUK MOHD NOORDIN ABBAS**

**MOHD YUSOF ABU OTHMAN**

**W. NOR ASMAH W. ISMAIL**

**AHMAD RAZIF MOHAMED**

**DATO' DR. NORRAESAH MOHAMAD**

*(Resigned w.e.f 7 February 2017)*

## COMPANY SECRETARY

**SHUHAILA YAAKOB**

## REGISTERED OFFICE

No. 44, Jalan Utusan

Off Jalan Chan Sow Lin

55200 Kuala Lumpur

Tel : 03-92322600

Fax : 03-92210691

Website : [www.utusangroup.com.my](http://www.utusangroup.com.my)

## FOREIGN REPRESENTATIVE OFFICE

The Belleza Permata Hijau

25-vs-6 (Versailles Residence)

Jalan Arteri, Permata Hijau

12210 Jakarta Selatan

Jakarta, Indonesia

Tel/Fax : 021-25675848

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03-27839299

Fax : 03-27839222

## AUDITORS

Ernst & Young

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

## PRINCIPAL BANKERS

Malayan Banking Berhad

Affin Islamic Bank Berhad

Bank Muamalat Malaysia Berhad

## STOCK EXCHANGE LISTING

Main Board of the Bursa Malaysia Securities Berhad

Stock Name : UTUSAN

Stock Code : 5754

Listing Date : 16 August 1994

# MANAGEMENT AND HEADS OF DEPARTMENTS

**DATUK MOHD NOORDIN ABBAS**  
*Group Managing Director*

**DATUK ABDUL AZIZ ISHAK**  
*Group Editor-In-Chief*

**DATUK OTHMAN MOHAMAD**  
*Deputy Group Editor-In-Chief*

**W. NOR ASMAH W. ISMAIL**  
*Chief Financial Officer*

**MOHD NAZLAN OSMAN**  
*General Manager, Human Resource*

**ROSMAN ZULKIFLI**  
*General Manager, Marketing/Circulation*

**AHMAD KHAIRUMUZAMIL ABD RAHMAN**  
*General Manager, Special Projects  
at Group Managing Director's Office*

**AZLAN NAIM ABDULLAH**  
*General Manager at Group Managing Director's Office*

**AHMAD RAZIF MOHAMED**  
*General Manager, Corporate Services & Risk Management*

**JAMAL AHMED ALI AHMAD**  
*General Manager, Corporate Communications*

**FARIDAH HASHIM**  
*Senior Manager, Internal Audit & Group Compliance*

**NORIDZAN KAMAL**  
*Senior Manager, Information Centre*

**ZULKIFLI BASHARUDDIN**  
*Senior Manager, Property Services*

**FAISAL MOKHTAR**  
*Senior Manager, Procurement & Administration*

**FAROUQ AFFANDI MAMAT**  
*Senior Manager, Production*

**SITI ROHAYA SYED HASSAN**  
*Senior Manager, Information Technology*

**AINOL AMRIZ ISMAIL**  
*Manager, Editorial Department*

**ABDUL KADIR BACHOK**  
*Photo Editor*

**MOHAMAD RIZAL MOHAMED NOR**  
*Head, Graphic Unit*

**NURUL KHAIRANI ABDUL RASHID**  
*Assistant Manager, Legal*

**SHUHAILA YAKOUB**  
*Assistant Manager, Secretarial / Company Secretary*

## HEADS OF SUBSIDIARIES

**AHMAD RAZIF MOHAMED**  
*Director  
Juasa Holdings Sdn Bhd*

**MOHD YAZID AHMAD**  
*Executive Director  
Utusan Media Sales Sdn Bhd / Karya Outdoor Sdn Bhd*

**ROZITA YUSOFF**  
*Executive Director  
Utusan Publications & Distributors Sdn Bhd*

**DATO' SOBRI AHMAD**  
*Executive Director  
Utusan JobHouse Sdn Bhd  
(formerly known as Jobhouse Sdn Bhd)*

**ZULKIFLI BASHARUDDIN**  
*Executive Director  
Utusan Land Sdn Bhd*

**ARFFIN NORDIN**  
*Executive Director  
Utusan Karya Sdn Bhd*

**AZLAN NAIM ABDULLAH**  
*Director  
Utusan Studios Sdn Bhd*

# STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

**THIS** statement is prepared as required by the Listing Requirements of the Bursa Malaysia Securities Berhad.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

# PROFILE OF THE KEY SENIOR MANAGEMENT

Profile of **Datuk Mohd Noordin Abbas (Group Managing Director)** and **Datuk Abdul Aziz Ishak (Group Editor-In-Chief)** are disclosed in the Directors' Profile on page 11 to 12 of this Annual Report.

## **DATUK OTHMAN MOHAMAD**

*(Deputy Group Editor-In-Chief, 58 years of age, Male – Malaysian)*

### **DATE OF APPOINTMENT**

1 December 2008

### **ACADEMIC/PROFESIONAL QUALIFICATIONS(S)**

- Bachelor of Arts (Honours), Universiti Kebangsaan Malaysia

### **PRESENT DIRECTORSHIP(S)**

- Listed Entity – Nil
- Other Public Companies - Nil

### **WORKING EXPERIENCE**

Joined Utusan Group in 1998 as the Assistant News Editor. Had served as the News Editor, Senior News Editor, Assistant Editor and Editor of Utusan Malaysia before being appointed as the Assistant Editor-in-Chief 1 of Utusan Group.

Prior to joining Utusan Group, he served at the Malaysian National News Agency ('BERNAMA') since 1984. In BERNAMA, he served as the News Official, Johor Bureau Chief and Sub-Editor Bahasa Melayu.



## **W. NOR ASMAH W. ISMAIL**

*(Chief Financial Officer, 53 years of age, Female – Malaysian)*

### **DATE OF APPOINTMENT**

8 March 2001

### **ACADEMIC/PROFESIONAL QUALIFICATIONS(S)**

- Fellow Member of The Association of Chartered Certified Accountants
- BA (Hons) in Finance with Accounting, The North East London Polytechnic
- Member of the Malaysian Institute of Accountants

### **PRESENT DIRECTORSHIP(S)**

- Listed Entity – Nil
- Other Public Companies - Nil

### **WORKING EXPERIENCE**

Joined Utusan Melayu (Malaysia) Berhad ('Utusan') on 8 March 2001 as the Group Manager, Finance, the post that was later redesignated as Chief Financial Officer in 2004.

She began her career as an Examiner with Bank Negara Malaysia in 1988. Joined Credit Corporation (M) Berhad, a member of DRB-Hicom Berhad's Group in 1997 as the Finance Manager cum Joint Company Secretary before joining Utusan.



# PROFILE OF THE KEY SENIOR MANAGEMENT



## **ROSMAN ZULKIFLI**

*(General Manager, Marketing/Circulation, 52 years of age, Male – Malaysian)*

### **DATE OF APPOINTMENT**

1 January 2014

### **ACADEMIC/PROFESIONAL QUALIFICATIONS(S)**

- Diploma in Accounting, Institut Teknologi Mara

### **PRESENT DIRECTORSHIP(S)**

- Listed Entity – Nil
- Other Public Companies - Nil

### **WORKING EXPERIENCE**

Joined Utusan Melayu (Malaysia) Berhad ('Utusan') in 1989 and has held various position in Utusan Group.

Prior to joining Utusan Group, he served in an audit firm.

## **FAROUQ AFFANDI MAMAT**

*(Senior Manager, Production, 38 years of age, Male – Malaysian)*

### **DATE OF APPOINTMENT**

1 April 2012

### **ACADEMIC/PROFESIONAL QUALIFICATIONS(S)**

- Masters in Business Administration (Techno-Entrepreneurship), Universiti Teknologi Malaysia
- Bachelor of Engineering (Honours) Mechanical, Leicester University, United Kingdom

### **PRESENT DIRECTORSHIP(S)**

- Listed Entity – Nil
- Other Public Companies - ASEAN Newspaper Printers Ltd, Singapore

### **WORKING EXPERIENCE**

Joined Utusan Melayu (Malaysia) Berhad ('Utusan') in 2008 as the Maintenance Manager in Sri Utusan Bangi, and then as Maintenance and Production Manager and as Senior Production Manager in 2012. Currently, he is also the acting head of Production Department.

Among his achievements while in Utusan are the ISO 9001: 2008 certification (2008-2014) and won the International Newspaper Colour Quality Club Award for four (4) years (2010-2014).

Before joining Utusan, he served at The New Straits Times Press Group ('NSTP') in Shah Alam for eight (8) years, starting as Mechanical Plant Engineer in 1999 to the post of Technical Support and Service Manager.



# PROFILE OF THE KEY SENIOR MANAGEMENT



## **MOHD YAZID AHMAD**

*(Executive Director, Utusan Media Sales Sdn Bhd, 54 years of age, Male – Malaysian)*

### **DATE OF APPOINTMENT**

1 December 2015

### **ACADEMIC/PROFESIONAL QUALIFICATIONS(S)**

- Member of the Chartered Institute of Marketing, United Kingdom
- Diploma in Marketing, Universiti Teknologi Mara

### **PRESENT DIRECTORSHIP(S)**

- Listed Entity – Nil
- Other Public Companies - Nil

### **WORKING EXPERIENCE**

Joined Utusan Media Sales Sdn Bhd ('UMES') in 1990 as the Marketing Executive and has held various position in UMES. His last position before being appointed as the Executive Director of UMES in 2015 was as the Chief Executive Officer.

Prior to joining UMES, he served as a Marketing Executive at The New Straits Times Press (M) Berhad from 1987 to 1989.

## **ROZITA YUSOFF**

*(Executive Director, Utusan Publications & Distributors Sdn Bhd, 51 years of age, Female – Malaysian)*

### **DATE OF APPOINTMENT**

1 April 2015

### **ACADEMIC/PROFESIONAL QUALIFICATIONS(S)**

- Bachelor of Commerce, Australian National University
- Certified Practising Accountants (CPA), Australian Society of CPAs

### **PRESENT DIRECTORSHIP(S)**

- Listed Entity – Nil
- Other Public Companies - Nil

### **WORKING EXPERIENCE**

Joined Utusan Melayu (Malaysia) Berhad on 4 September 1996 as the Senior Accountant and has held various position in Utusan Group.

Prior to joining Utusan Group, she served as an Accountant at Business Focus Sdn Bhd in 1994.



# PROFILE OF THE KEY SENIOR MANAGEMENT

## **ZULKIFLI BASHARUDDIN**

*(Executive Director, Utusan Land Sdn Bhd,  
55 years of age, Male – Malaysian)*

### **DATE OF APPOINTMENT**

1 March 2013

### **ACADEMIC/PROFESIONAL QUALIFICATIONS(S)**

- Diploma in Investment Analysis from The Research Institute of Investment Analysts Malaysia (collaboration with Royal Melbourne Institute of Technology [RMIT])

### **PRESENT DIRECTORSHIP(S)**

- Listed Entity – Nil
- Other Public Companies - Nil

### **WORKING EXPERIENCE**

Joined Utusan Melayu (Malaysia) Berhad ('Utusan') on 1 November 1994 as the Senior Executive, Internal Audit and has held various position in Utusan.

On 1 March 2013 he was seconded to Utusan Land Sdn Bhd, a wholly owned subsidiary of Utusan, as the Chief Executive Officer, the post that was later redesignated as Executive Director on 16 January 2016.

Currently, he is also the Senior Manager, Property Services of Utusan since January 2016.

Before joining Utusan, he began his career with Messrs Kassim & Chan Deloitte in 1989 and later served at Bursa Saham Kuala Lumpur in 1993.



## **ARFFIN NORDIN**

*(Executive Director, Utusan Karya Sdn Bhd,  
57 years of age, Male – Malaysian)*

### **DATE OF APPOINTMENT**

1 April 2016

### **ACADEMIC/PROFESIONAL QUALIFICATIONS(S)**

- Sijil Tinggi Persekolahan Malaysia

### **PRESENT DIRECTORSHIP(S)**

- Listed Entity – Nil
- Other Public Companies - Nil

### **WORKING EXPERIENCE**

Joined Utusan Melayu (Malaysia) Berhad ('Utusan') on 1 June 1980 as a reporter and has held various positions in Utusan. His last position before being appointed as the Executive Director of Utusan Karya Sdn Bhd in 2016 was Assistant Editor 2, Utusan Malaysia.

Currently, he is also the Chief Editor, Magazine in Utusan Karya Sdn Bhd.



# PROFILE OF THE KEY SENIOR MANAGEMENT

Save as disclosed, the above Key Senior Management members have no family relationship with any Director and/or major shareholders of Utusan Melayu (Malaysia) Berhad ('Utusan'), have no conflict of interest with Utusan, have not been convicted of any offences within the past five (5) years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

The disclosure on the particulars of the Key Senior Management of Utusan is made in compliance with the requirements under Appendix 9C of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

# AUDIT COMMITTEE REPORT

## 1. MEMBERSHIP

The Audit Committee ('the Committee') comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:

**MOHD YUSOF ABU OTHMAN - CHAIRMAN**

*Independent Non-Executive Director*

**DATUK SERI ISMAIL YUSOF**

*Non-Independent Non-Executive Director*

**DATUK SERI TENGKU SARIFFUDDIN TENGKU AHMAD**

*Independent Non-Executive Director*

**DATO' DR. NORRAESAH MOHAMAD**

*Independent Non-Executive Director*

*(Resigned w.e.f. 7 February 2017)*

## 2. MEETINGS AND ATTENDANCE

A total of seven (7) meetings were held during the financial year ended 31 December 2016. The details of the attendance of each Committee member are as follows:

MEMBERS	ATTENDANCE
Mohd Yusof Abu Othman	7/7
Datuk Seri Ismail Yusof	7/7
Datuk Seri Tengku Sariffuddin Tengku Ahmad	7/7
Dato' Dr. Norraesah Mohamad <i>(Resigned w.e.f. 7 February 2017)</i>	6/7

## 3. COMPOSITION AND TERMS OF REFERENCE

### 3.1 Composition

The members of the Committee shall be appointed by the Board of Directors of Utusan Melayu (Malaysia) Berhad from amongst its directors which fulfills the following requirements:

- a. The Committee shall comprise not less than three (3) members, all of whom shall be Non-Executive Directors. The majority of the Committee members shall be Independent Directors.
- b. At least one (1) member of the Committee:
  - i. must be a member of the Malaysian Institute of Accountants ('MIA'); or
  - ii. if he is not a member of the MIA, he must have at least three (3) years working experience and:
    - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.
  - iii. fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- c. The members shall elect a Chairman from amongst them whom shall be an independent director.

# AUDIT COMMITTEE REPORT

## 3.2 Procedure Of Meetings

- a. Meetings shall be held not less than four (4) times a year.
- b. A quorum for the meeting shall be at least two (2) members and the majority present must be independent directors.
- c. The Chief Financial Officer and the head of Group Internal Audit shall normally attend the meetings to assist in deliberation and resolution of matters raised.
- d. At least twice a year, the Committee shall meet with the external auditors without the presence of Management.
- e. The Company Secretary shall be appointed as the Secretary of the Committee.

## 3.3 Rights

The Committee is authorised by the Board of Directors to have the following rights:

- a. authority to investigate any activity within its terms of reference and the resources to do so.
- b. have full and unrestricted access to any information and documents pertaining to the Group.
- c. have direct communication channels with the external and internal auditors.
- d. obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.
- e. convene meetings with the external and the internal auditors without the attendance of Management whenever deemed necessary.

## 3.4 Responsibilities and Duties

The following is a summary of the main responsibilities and duties of the Committee and the same would be reviewed and reported to the Board:

- a. External Audit
  - to discuss the audit plan and scope whilst evaluating the Group's system of risk management and internal controls with the external auditors.
  - to review the audit reports and to discuss any issues arising from the statutory audits.
  - to assess the performance of the external auditors and make recommendations to the Board on their appointment and removal.
- b. Financial Reporting
  - to ensure that the financial report presents a true and fair view of the Group's financial position and performance in compliance with regulatory requirements.
  - to review the quarterly results and year-end financial statements, before submission to the Board, focusing particularly on:
    - changes in or implementation of new accounting policies and practices;
    - significant or material adjustments with financial impact arising from the audit;
    - significant unusual events or exceptional activities; and
    - compliance with approved accounting standards and other legal and regulatory requirements.
- c. Internal Audit
  - to review and approve the Group Internal Audit ('GIA') Charter.
  - to review the adequacy of the scope, functions, competency and resources of the GIA, and that it has the necessary authority to carry out its work.
  - to review the internal audit plan and results of the internal audit process to ensure that appropriate and adequate remedial actions are taken by the Management on significant lapses in controls and procedures that are identified.
  - to approve the appointment, replacement and dismissal of the head of the GIA.
- d. Related Party Transactions
  - to review any related party transactions and conflict of interests situation that may arise within the Company or Group and any other major transactions outside the normal course of business of the Company and Group.
- e. Other Matters
  - to consider such other matters as the Committee considers appropriate or as authorised by the Board.

# AUDIT COMMITTEE REPORT

## 4. SUMMARY OF ACTIVITIES OF THE COMMITTEE

The following activities were performed by the Audit Committee during the financial year ended 31 December 2016:

### 4.1 External Audit

- a. The Committee met the external auditors twice a year in April and November whereby the following activities were performed:
  - reviewed with the external auditors their audit plan and scope covering areas of audit emphasis, the Group's system of risk management and internal control, new and revised auditor reporting standards and changes in other regulatory environment.
  - reviewed the audited financial statements and key changes in financial results and positions.
  - reviewed the auditors' report on the audited financial statements.
  - deliberated on issues arising from the statutory audits and at some points, in the absence of the Management.
- b. Reviewed the performance and independence of the external auditors and made recommendations to the Board on their re-appointment and remuneration.

### 4.2 Internal Audit

- a. Reviewed with the Group Internal Audit ('GIA') Department the annual audit plan to ensure the scope and coverage over the activities of the Group is adequate and comprehensive and to ensure the principal risk areas are adequately identified and covered in the plan.
- b. Reviewed the effectiveness of the audit process and resource requirements for the year.
- c. Reviewed the GIA reports which were tabled during the year, the audit recommendations made and Management's response to these recommendations. Where appropriate, the Committee has directed Management to rectify and improve control procedures and workflow processes based on the internal auditors' recommendations and suggestions for improvement.
- d. Monitored the corrective actions taken on the outstanding audit issues to ensure that all the key risks and control lapses have been addressed.

### 4.3 Financial Reporting

- a. Reviewed the quarterly results with the Chief Financial Officer and the Group Managing Director before recommending to the Board for approval focusing on:
  - Significant or material financial impact arising from any development in business activities during the reporting period;
  - Material events or exceptional activities that may have significant financial impact in the future;
  - Changes in the financial positions and liquidity position;
  - Changes in or implementation of new accounting policies and practices; and
  - Overall compliance with approved accounting standards and other regulatory requirements.
- b. Reviewed the year-end audited financial statements with the Chief Financial Officer, the Group Managing Director and the external auditors before recommending to the Board for approval focusing on the same aspects as stated above to ensure that the audited financial statements present a true and fair view of the Group's performance and financial position in compliance with regulatory requirements.
- c. Deliberated on significant issues highlighted by the Chief Financial Officer and the Group Managing Director or issues arising from external audit for resolution.
- d. Upon conclusion of each meeting, recommended to the Management of the Group to improve on the internal controls, procedures and system of the Group where deemed appropriate.

# AUDIT COMMITTEE REPORT

## 5. INTERNAL AUDIT FUNCTION

The in-house Group Internal Audit ('GIA') provides independent and objective assessment on the adequacy, integrity and effectiveness of the system of internal controls, risk management and governance processes throughout the Group. The purpose, authority and responsibility of the GIA are reflected in the GIA's Charter. GIA has a total of 9 staff as at 31 December 2016. The total operation costs of the department for 2016 was RM888,378 (2015:RM922,149) comprising mainly salaries, staff welfare and travelling costs. GIA reports directly to the Audit Committee.

The GIA adopts a risk-based audit approach in formulating the Annual Audit Plan. The GIA also maintains a flexible audit approach and a dynamic audit plan that appropriately addresses current issues and risks as well as potential risk exposures over key business processes within the Group. All high risk activities in each auditable unit are audited annually. The coverage of auditable areas takes into consideration the strategic and operational risks, audit history and request by the Top Management/Audit Committee that is aligned to the organizational strategic objectives.

GIA adopts the International Professional Practices Framework (IPPF) inclusive of the mandatory elements; Core Principles for the Professional Practice of Internal Auditing, International Standards For The Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing and Code of Ethics to manage its functions and perform the audit engagement.

During the year, the GIA conducted finance, operations, management, compliance as well as network and information technology reviews. Among the key areas covered were:-

- Billing and collection
- Procurement
- Accounting and financial activities
- Operations and maintenance
- Sales and marketing
- Newspaper print order and unsold management
- Project management
- Asset management
- IT security and data management
- Network security
- Regulatory compliance.

In performing such reviews, recommendations for improvement and enhancements to the existing system of internal controls and work processes are made. The resulting reports of audits undertaken were presented to the Audit Committee and forwarded to the Management's concerned for their attention and necessary corrective actions. The Management is responsible for ensuring that corrective actions on reported weaknesses as recommended are taken within the required time frame.

The GIA continuously monitors the implementation of audit recommendations through periodic follow up reviews and works closely with the external auditors to resolve any control issues and assists in ensuring that appropriate Management actions are taken. The GIA works collaboratively with the Corporate Services and Risk Management Department to review and assess the risk management processes throughout the Group in respect of their adequacy and effectiveness.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## BOARD'S RESPONSIBILITIES

The Board of Directors ('Board') acknowledges its overall responsibility for the Group's risk management and system of internal control and for reviewing its adequacy and integrity in order to safeguard the Group's assets and shareholders' investments.

The risk management and system of internal control comprises risk management, financial, operational and compliance controls. Such a system is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group. It can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

## THE FRAMEWORK OF THE GROUP'S INTERNAL CONTROL SYSTEM

- The Senior Management oversees the conduct of the Group's business and review the adequacy and integrity of the risk management and internal control system and compliance to applicable law and regulations. The Audit Committee ('AC') and the Board also review the operational and financial performance of the Group at Audit Committee and Board meetings.
- The Group Managing Director provides the Board with quarterly financial information. These include amongst others, the monitoring of results against budget with major variances being followed up and management action taken, where necessary. Business plan and budget are reviewed and approved by the Board on an annual basis. These processes are also practiced at each subsidiary level.
- The AC on behalf of the Board regularly reviews the effectiveness of the internal control system reported by the Group Internal Audit Department ('GIAD') and the external auditors. The AC also reviews the adequacy of scope, functions and resources of GIAD.
- The Group Managing Director supported by heads of business functions ('The Management') are entrusted with the responsibility of assisting the Board in overseeing the risk management practices throughout the Group. The Management reviews and recommends overall risk management policies and processes and monitors significant risks through review of risks profile and its mitigation plans.
- The Investment Committee comprising one (1) Non-Executive Director, the Group Managing Director, Chief Financial Officer and General Manager, Corporate Services & Risk Management, is primarily responsible for assessing the viability of any investment proposal for the Group before recommending the same for the Board's approval.
- Policies and procedures of key business processes are documented in the Operating Manuals and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements.
- Clear limits of authority are imposed in respect of day-to-day operations which sets the limit for operating and capital expenditure for each level of Management within the Group.

## INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department which is independent of the activities or operations of the Group. GIAD conducts independent risk-based audits based on an approved Internal Audit Plan to ensure that the system of internal controls is effective and operating satisfactorily. GIAD reports directly to AC where significant findings and recommendations for improvement are highlighted on quarterly basis. GIAD's practices and conduct are governed by the Internal Audit Charter.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT FRAMEWORK

The Board recognises that one of the key elements of a sound internal control is the management of risks associated with the Group's business. The Group has developed a risk management framework to identify the key risks facing the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage the risks to the desired level.

The Corporate Services & Risk Management Department ('CSRMD') has been entrusted to assist the Board in managing the risks within the Group. The CSRMD reports directly to the Group Managing Director and its major roles pertaining to risk management are to:

- be a central platform, whereby risks throughout the Group can be viewed on an enterprise-wide basis;
- standardise the risk measurement methodology in order to enable comparability;
- act as a central resource for evaluating risks to assist management, business and operating units;
- recommend means to control or minimise risks; and
- facilitate each department and subsidiary within the Group in the process of identifying, evaluating, managing and monitoring risks.

The Management conducts review of the status of risk management for the Group on a periodical basis.

The Board approved the Group's Risk Management Policy. The policy outlines the role of the Board, the management and the staff of the Group pertaining to risk management.

Based on the risk management and internal control system stated above, we, Datuk Mohd Noordin Abbas and Datuk Abdul Aziz Ishak being two of the Directors of Utusan Melayu (Malaysia) Berhad ('UMMB') and W. Nor Asmah W. Ismail, being the officer primarily responsible for the financial management of UMMB do hereby assure that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

Statement made in accordance with the resolution of the Board of Directors dated 20 April 2017.

# STATEMENT ON CORPORATE GOVERNANCE

## INTRODUCTION

The Board of Directors ('the Board') of Utusan Melayu (Malaysia) Berhad ('Utusan' or 'the Company') recognises the importance of adopting high standards of corporate governance in order to protect shareholders' interest and to enhance shareholders' value. In this context, the Board strives to ensure that the relevant principles and recommendations of the Malaysian Code on Corporate Governance 2012 ('the Code') are applied throughout the Company and its subsidiaries ('the Group').

The Board is pleased to present below, a statement on the application of the principles and the extent to which the Company has complied with the recommendations in the Code throughout the financial year ended 31 December 2016 ('FY2016').

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1. Functions of the Board and Management

The Board is overall responsible for corporate governance, strategic direction, establishing corporate goals and monitoring the achievements of these goals in order to foster long term success of the Group. The Board delegates the responsibility of implementing the Group's strategies, business plans, policies and decisions to the Management which is led by the Group Managing Director ('GMD').

### 1.2. Roles and Responsibilities of the Board

The Board has full control over the businesses and affairs of the Company and the Group. The Board assumes the following responsibilities :

- formulating the business direction and objectives of the Group;
- reviewing, adopting and approving the Group's annual budgets, strategic plans, key operational initiatives, major investments and funding decision;
- overseeing the conduct of business of the Group;
- reviewing the adequacy and integrity of risk management and internal control systems and management information system to ensure compliance with relevant laws, rules, regulations, directives and guidelines; and
- assuming its responsibility in succession planning within the Group.

The Board is also assisted by the Board Committees in carrying out its duties and responsibilities.

### 1.3. Directors' Code of Ethics

Utusan has established a Directors' Code of Ethics to guide the Board in discharging its oversight role effectively. The Code of Ethics requires all directors to observe high ethical business standards of honesty and integrity and to apply these values to all aspects of our business and professional practices and act in good faith in the best interests of the Group and its shareholders. The Directors' Code of Ethics is available on the Company's corporate website at [www.utusangroup.com.my](http://www.utusangroup.com.my).

### 1.4. Sustainability Policy

The Board acknowledges the importance of sustainability and its increasing impact to the business and is committed to understanding and implementing sustainable practices. Utusan will take necessary action to formalise its Sustainability Policy and set long term and short term targets for its sustainability efforts in order to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

# STATEMENT ON CORPORATE GOVERNANCE

## 1.5. Supply of Information

The Board is supplied with full access to all relevant information to discharge its duty effectively. The Board is furnished with ad-hoc reports to ensure that they are appraised on key business, operational, financial, corporate, legal, regulatory and industry matters, as and when the need arises. All Directors have direct access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. Directors are also at liberty to seek external independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate at the Company's expense.

The Board is notified of any corporate announcements releases to Bursa Malaysia Securities Berhad. They are also notified of the impending restrictions in dealing with the securities of the Company at least one (1) month prior to the release of the quarterly financial results announcement.

The proceedings and resolutions reached at each Board meeting are recorded in the Minutes Book kept at the corporate office. Besides Board meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' Resolutions.

## 1.6. Company Secretary

The Company Secretary provides a central source of guidance and advice to the Board, on matters of ethics and good corporate governance. The Company Secretary is required to provide the Directors, collectively and individually, with detailed guidance on their duties and responsibilities. The Company Secretary assists in determining the annual Board plan and Board agenda and in formulating governance and Board-related matters. The Board has unrestricted access to the advice and services of the Company Secretary who is responsible for providing Directors with the Board's papers and related matters. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management.

The Company has appointed a new Company Secretary, Cik Shuhaila Yaakob on 28 March 2017 in place of Encik Shirad Anuar who has resigned on 28 February 2017.

## 1.7. Board Charter

As part of the governance process, the Board has formalized and adopted the Board Charter which serves as a guide to the Board of Utusan. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board Charter is available on the Company's corporate website at [www.utusangroup.com.my](http://www.utusangroup.com.my).

## 1.8. Whistleblowing Policy

The Company has in place a Whistleblowing Policy to inculcate the culture of good business ethics and governance within the Group and provide employees with an accessible avenue to disclose any improper conduct or any action that is, or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders. The Whistleblowing Policy is available on the Company's corporate website at [www.utusangroup.com.my](http://www.utusangroup.com.my).

## 2. STRENGTHENING BOARD COMPOSITION

### 2.1. Composition of the Board

The Board currently consists of eight (8) members comprising:

- One (1) Independent Non-Executive Chairman
- Two (2) Executive Directors
- Three (3) Independent Non-Executive Directors
- Two (2) Non-Independent Non-Executive Director

This current composition of Board comprises a balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

# STATEMENT ON CORPORATE GOVERNANCE

The Executive Directors are overall responsible for implementing the strategies and decisions of the Board, overseeing the Group's day-to-day operations and businesses. The Independent Directors, with their different backgrounds, professions and experiences effectively contribute to independent view and judgement to facilitate the decision making process of the Group with regards to the various business strategies and performance. No individual or group of individuals dominates the Board's decision making process.

In discharging its duties, the Board is assisted by the Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Investment Committee. Each committee operates within its respective Terms of Reference ('TOR').

A brief profile of each Director is presented on pages 11 to 14 of the Annual Report.

## 2.2. Board Committees

The following Board Committees have been established to assist the Directors in the execution of its responsibilities:

### (a) Audit Committee

The composition, terms of reference and the Report of Audit Committee are set out separately in the Audit Committee Report as laid out on page 24 to 27 of this Annual Report.

### (b) Nomination Committee

#### (i) Composition

The members of the Nomination Committee comprise Independent Non-Executive Directors as follows:

- Datuk Seri Tengku Sariffuddin Tengku Ahmad
- Datuk Md Afendi Hamdan
- Dato' Dr. Norraesah Mohamad (*Resigned w.e.f 7 February 2017*)

#### (ii) Responsibilities

The primary responsibilities of the Nomination Committee are as follows:

- To make proposals to the Board on suitable candidates for appointment as Directors;
- To ensure that the Board has an appropriate balance of skills, expertise, attributes and competencies from its members;
- To regularly review profiles of the required skills, expertise, attributes and core competencies for membership of the Board;
- To review succession plans for members of the Board;
- To recommend to the Board the name of Directors to fill the seats on Board committees; and
- To assess annually the effectiveness of the Board, the committees of the Board and the contribution of each individual Director.

#### (iii) Boardroom Diversity

The Nomination Committee and Board views diversity in the Boardroom as an essential factor in ensuring an effective and well-functioning Board and that its composition :

- is currently comprised of Directors from a diverse background;
- age ranges from 50 years to 73 years; and
- drawn from different socio-economic background and is sufficiently diverse to ensure that different viewpoints are considered in the decision making process.

The only female director of the Company, Dato' Dr. Norraesah Mohamad has resigned on 7 February 2017. The Board recognizes the important of gender diversity in the Board and will give due consideration in balancing its gender composition in its future director nomination and appointment.

The Nomination Committee will also continue to improve the Board's approach towards Boardroom diversity from time to time.

# STATEMENT ON CORPORATE GOVERNANCE

## **(iv) Appointment and Re-election to the Board**

The Nomination Committee will make recommendation to the Board who will thereon assess the candidate and arrive at a decision on the appointment of the Director. The candidate will be assess based on the mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/ or other commitments that the candidate shall bring to complement the Board. During the FY2016, there was no new appointment of Director. On 13 April 2017, Dato' Zakri Afandi Ismail was appointed as the Non-Independent Non-Executive Director of the Company.

In accordance with the Company's Articles of Association ('Articles'), those Directors who are appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors are subject to re-election by shareholders at the Annual General Meeting ('AGM') following their appointments. The Articles also provide that one-third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office provided always that all Directors shall retire from office at least once in each three (3) years. All retiring Directors are eligible to offer themselves for re-election at the AGM. During the FY2016, Datuk Seri Tengku Sariffuddin Tengku Ahmad, Encik Mohd Yusof Abu Othman and Tan Sri Mohamad Fatmi Che Salleh were re-elected as Directors of the Company.

Directors over the age of 70 are required to seek re-appointment annually in accordance with the Companies Act, 1965. During the FY2016, Datuk Seri Ismail Yusof has been re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.

However, pursuant to the Companies Act, 2016 which came into force on 31 January 2017, Directors who have attained the age of 70 years and above are no longer required to retire and seek re-appointment at each annual general meeting.

## **(v) Activities**

The Nomination Committee met once during the FY2016 which it recommended to the Board amongst others, the re-election and re-appointment of Directors who retired at the 2016 Annual General Meeting. The Nomination Committee also reviewed and recommended the appointment of members of the Board Committees of the Company and carried out the assessment on the Board.

## **(c) Remuneration Committee**

The Remuneration Committee assists the Board in establishing and recommending the remuneration package and policy for the Executive Directors and Non-Executive Directors. The reviews cover all aspects of remuneration, including but not limited to Director's fees, salaries, bonuses, allowances and benefits-in-kind based on the performances of the Company and individual as well as the level of responsibilities undertaken by the particular Director concerned.

The members of the Remuneration Committee are as follows:

- Datuk Seri Ismail Yusof
- Mohd Yusof Abu Othman
- Datuk Seri Tengku Sariffuddin Tengku Ahmad
- Datuk Md Afendi Hamdan

The Remuneration Committee met twice during the FY2016 and recommended to the Board amongst others, revision of remuneration packages for Non-Executive Chairman and the Non-Executive Directors, the approval of Annual Directors' Fee and salary increment and bonus of key senior management.

# STATEMENT ON CORPORATE GOVERNANCE

## (d) Investment Committee

The Investment Committee was established on 24 December 2012 to evaluate all investment proposals prior to approval by the Board for the Group's implementation. The Committee is to consider all investment proposals based upon the necessary criteria for investment, return on investment and source of funding.

The Committee reports to the Board and comprises the following members:

- Datuk Mohd Noordin Abbas
- Mohd Yusof Abu Othman
- W. Nor Asmah W. Ismail
- Ahmad Razif Mohamed
- Dato' Dr. Norraesah Mohamad (*Resigned w.e.f 7 February 2017*)

## 2.3. Directors' Remuneration

The aggregate Directors' remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2016 are as follows:

	<b>Non-Executive Chairman RM</b>	<b>Executive Directors RM</b>	<b>Non-Executive Directors RM</b>
Salaries/Incentives	-	1,170,655	-
Directors' Fees	-	60,000	150,000
Allowances	240,000	-	112,000
Benefits-In-Kind	7,200	24,300	-
<b>Total</b>	<b>247,200</b>	<b>1,254,955</b>	<b>262,000</b>

The number of Directors of the Company whose total remuneration fall within the following bands for the financial year ended 31 December 2016 are as follows:

<b>Range of Remuneration</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,000	-	1
RM50,001 – RM100,000	-	4
RM200,001 – RM250,000	-	1
RM500,001 – RM550,000	1	-
RM700,001 – RM750,000	1	-

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors needed to run the Company successfully. The Non-Executive Directors' remuneration is determined by the Board. Non-Executive Directors are paid annual fee and attendance allowances for attending Board/Committee meetings.

# STATEMENT ON CORPORATE GOVERNANCE

The Board in its meeting held on 24 February 2016 has approved the payment of a monthly fixed allowance of RM20,000 to its Independent Non-Executive Chairman effective from the date of his appointment. The Board believes that this amount was necessary for him to perform his task of ensuring effective communication with the shareholders and relevant stakeholders. With the approval of the above allowance, no annual director's fee and meeting allowance is paid or payable to the Independent Non-Executive Chairman.

On 31 May 2016, the Board has approved an increase in the Attendance Allowance for Board Meetings from RM1,500 to RM2,500 and Attendance Allowance for Committee Meetings from RM1,000 to RM2,500.

The Board is of the opinion that the band disclosure made above is in compliance with Paragraph 11(b) Part A of Appendix 9C of the Listing Requirements of Bursa Malaysia Securities Berhad ('BMLR').

## 3. REINFORCE INDEPENDENCE

### 3.1. Independent Directors

The Board adopts the concept of independence in tandem with the definition of 'Independent Director' under Paragraph 1.01 of the BMLR. The current composition of three (3) Independent Non-Executive Directors meets the current 1/3 requirement for Independent Non-Executive Directors under BMLR. The Board is satisfied with the level of independence demonstrated by them and their abilities to act in the best interest of the Company and/or the Group.

The tenure of the Independent Directors should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. The Board may seek shareholders' approval to retain him or her as Independent Director in the next AGM if the Board is satisfied that he or she is able to bring independent judgment to the Board deliberations.

### 3.2. Distinct Roles Between the Chairman and the GMD

There is a distinct and clear division of responsibility between the Chairman who is an Independent Non-Executive Director and the GMD. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the GMD has overall responsibilities over the operating units, organizational effectiveness and implementation of Board's policies and decisions as well as developing and implementing business and corporate strategies.

The roles and responsibilities of the Chairman and GMD are prescribed in the Board Charter which is available on the Company's corporate website at [www.utusangroup.com.my](http://www.utusangroup.com.my).

## 4. FOSTER COMMITMENT

The Board is aware of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. The annual schedule of Board and Board Committee meetings and the AGM are set out at the beginning of each financial year to enable Directors to plan ahead. Additional meetings are scheduled as and when necessary.

### 4.1. Board Meetings

During the financial year ended 31 December 2016, five (5) Board meetings were held. The Board members will receive in advance documents on matters requiring its consideration with detailed management reports, proposal papers and supporting documents before the Board meetings. Senior management and advisers were invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at Board meetings.

# STATEMENT ON CORPORATE GOVERNANCE

As at 31 December 2016, the details of Directors on the Board and their attendance at meetings held during the year are as follows :-

<b>Directors</b>	<b>Attendance</b>
Tan Sri Mohamad Fatmi Che Salleh	4/5
Datuk Mohd Noordin Abbas	4/5
Datuk Abdul Aziz Ishak	5/5
Datuk Seri Ismail Yusof	5/5
Datuk Seri Tengku Sariffuddin Tengku Ahmad	5/5
Mohd Yusof Abu Othman	5/5
Datuk Md Afendi Hamdan	3/5
Dato' Dr. Norraesah Mohamad <i>(Resigned w.e.f 7 February 2017)</i>	4/5

## **4.2. Director's Training**

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast with the latest developments in the industry and market place, to effectively carry out their duties and responsibilities as Directors in compliance with the BMLR.

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Board will continue to evaluate and determine the training needs of its Directors on an on-going basis.

During the financial year under review, various members of the Board have attended the following seminars:

- Corporate Governance Breakfast Series with Director: Improving Board Risk Oversight Effectiveness with COSO;
- Audit Committee Conference 2016;
- Sustainability Reporting in Malaysia: Putting Public Listed Issuers in the Know
- Stewardship Matters – For Long Term Sustainability;
- Companies Act 2016 – Key Insights and Implication For Directors/Shareholders;
- Expectations on PLCs and Directors In Disclosure & Compliance Requirements Under The Listing Requirements; and
- Insider Dealing A Criminal Offence.

## **5. INTEGRITY IN FINANCIAL REPORTING**

### **5.1. Financial Reporting**

The annual financial statements and quarterly results are reviewed by the Audit Committee and approved by the Board of Directors prior to public release. A statement by the Directors explaining the Board's responsibilities for preparing the annual financial statements is set out on page 18 of this Annual Report.

### **5.2. External Auditors**

Through the Audit Committee, the Company has established a formal and transparent relationship with the external auditors. The external auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention.

The Audit Committee meets with the external auditors without the Management or the Executive Directors presence at least twice (2) a year.

# STATEMENT ON CORPORATE GOVERNANCE

## 6. RECOGNISE AND MANAGE RISKS

### 6.1. Risk Management Framework and Internal Control

A Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal control within the Group is disclosed on pages 28 to 29 of this Annual Report.

### 6.2. Internal Audit Function

An adequately resourced Internal Audit Division is in place to assist the Board in maintaining a system of internal control to safeguard shareholders' investment and the Group's assets. An overview of the Internal Audit function is disclosed on pages 27 of this Annual Report.

## 7. TIMELY AND QUALITY DISCLOSURE

The Board is committed to provide a timely and accurate information to the shareholders in compliance with the disclosure requirements as set out in the BMLR.

The Group strives to ensure that shareholders and the general public would have an easy and convenient access to the Group's corporate information via its website at [www.utusangroup.com.my](http://www.utusangroup.com.my).

The shareholders and the investors are also able to access the latest corporate, financial and market information of the Company via the Bursa Malaysia Securities Berhad at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## 8. RELATIONSHIP WITH THE SHAREHOLDERS

### 8.1. Annual General Meeting

The AGM is the principal forum for dialogue with shareholders and investors, where they may seek clarifications on the Group's performance, major developments of the Group as well as on the resolutions being proposed. Members of the Board as well as the external auditors are present to answer questions raised.

As per the Articles of Association of the Company, shareholders have the right to call for poll voting during general meetings. The results of all resolutions table and passed at the AGM are released to Bursa Malaysia after the meeting to enable the public to know the outcome thereof.

### 8.2. Investor Relations

Shareholders and investors can also convey their concerns and queries to Encik Mohd Yusof Abu Othman, the Independent Non-Executive Director of the Company at fax no. 03-92210691 or by mail to the registered office of the Company at No. 44, Jalan Utusan Off Jalan Chan Sow Lin, 55200 Kuala Lumpur.

This Statement was approved by the Board of Directors on 20 April 2017.

# OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

## 1. AUDIT AND NON-AUDIT FEES

The details of the statutory audit and non-audit fees paid/payable to Messrs Ernst & Young for services rendered to the Company and the Group for the financial year ended 31 December 2016, are as follows:

	<b>Group RM</b>	<b>Company RM</b>
Statutory Audit Fees	208,275	89,250
Non-Audit Fees	14,500	14,500

## 2. INTERNAL AUDIT FUNCTIONS

The Group has an in-house Internal Audit Department to undertake the internal audit functions.

## 3. MATERIAL CONTRACTS

There were no material contracts which had been entered into by the Group involving the interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

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اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

6TH MIDDLE EAST  
BUSINESS LEADERS AWARD 2015  
(LONGEST SERVING MEDIA BRAND AWARD)



# CHAIRMAN'S STATEMENT

**Dear Shareholders,**

**In the last 5 years my predecessor and I have started this statement by highlighting that the previously ended financial year has been very challenging. This is unavoidable because the print media industry is facing structural challenges. Even though the media industry in general is still relevant, long term solutions are required to overcome such challenges.**

**It is with this perspective I am reiterating that the year 2016 had been a very challenging year for Utusan Melayu (Malaysia) Berhad and its subsidiaries ("Group") in defending its circulation of newspapers and magazines, and advertising revenue amidst consumers' inclination towards digital and broadcast-based media. The availability of a wide range of contents and services that are accessible easily via fixed and mobile devices has posed a great challenge to all players in the print-based industry.**

Last year, the Malaysian economy grew by 4.2% as against 5% in the year 2015 whilst the Consumer Price Index rose 1.8% in 2016. The advertising expenditure (ADEX) for newspapers dropped by 13.1% whilst that of the Bahasa Melayu newspaper segment declined by 13.4%\*.

Against this backdrop, the Group registered a lower revenue of RM227.4 million for the financial year ended 31 December 2016 compared with RM248.9 million previously, a drop of 8.6%. In the absence of gain on disposal of investments experienced in 2015, the Group posted a net loss of RM68.5 million in 2016 compared with a loss of RM21.0 million the year before. A detailed discussion on the financial performance of the Group is given in the Group Managing Director's Message And Management Discussion and Analysis Report on pages 43 to 47.



# CHAIRMAN'S STATEMENT

Nevertheless we will remain steadfast in our quest to stay relevant. Our continuous efforts in strengthening our products have placed our flagship newspaper Mingguan Malaysia as the number one Bahasa Melayu newspaper on Sunday for the third year running with average circulation of 313,495 copies per issue based on the latest report released by the Audit Bureau of Circulations Malaysia. Meanwhile, our Kosmo remained as the number one daily Bahasa Melayu newspaper for the second year running with average circulation of 182,022 copies per issue whilst Utusan Malaysia remained resilient with average circulations of 144,438 copies per issue.

On the digital front, we garner the highest number of subscription amongst Bahasa Melayu digital newspaper with 7,081 subscribers\*\*. Our e-learning product, Tutor.com.my has been complemented by Tutor Guru, an application developed during the year as a teaching tool for all teachers. This application, together with digital newspaper, has been supplied to all teachers in Sarawak and Kuala Lumpur under a contract awarded by the Ministry of Education Malaysia for the supply of tablets to all Government teachers in the two states.

The award of the advertising concession by Mass Rapid Transit Corporation Sdn Bhd to Titanium Compass Sdn Bhd last year, in which the Group has 20% share, creates opportunity for the Group to increase its advertising revenue by selling the enlarged media assets.

Meanwhile, the development of our land in Jalan Lima Off Jalan Chan Sow Lin via a joint venture with a third party as mentioned in my report last year will be completed this year. This will increase the asset value of the Group.

Looking ahead, we expect to continue operating within challenging environment as far as the print media business is concerned. Efforts to reduce losses will be intensified whereby measures to cut fixed overheads will be undertaken. The Group has also realigned its printing activities to address the rising costs of raw materials and curb some fixed overhead costs.

We will continue with our strategies to seek new revenue streams to diversify our business portfolios particularly in the property and ICT industries.

## IN APPRECIATION

On behalf of the Board, I would like to express my gratitude to the Management and staff for their conscientious untiring efforts and dedication in seeing the Group through these trying times.

**On the digital front, we garner the highest number of subscription amongst Bahasa Melayu digital newspaper with 7,081 subscribers\*\*.**

**Our e-learning product, Tutor.com.my has been complemented by Tutor Guru, an application developed during the year as a teaching tool for all teachers. This application, together with digital newspaper, has been supplied to all teachers in Sarawak and Kuala Lumpur under a contract awarded by the Ministry of Education Malaysia for the supply of tablets to all Government teachers in the two states.**

To our valued readers, advertisers, shareholders, business partners, suppliers, vendors and all other stakeholders, I would like to thank you all for your continuous support, loyalty and confidence in the Group and its brands.

To my fellow directors, thank you for your invaluable support and wise counsel throughout the year. I wish to express the Board's sincere appreciation to Dato' Dr Norraesah Mohamad, who resigned from the Board on 7 February 2017, for her valuable contributions during her tenure in office. We wish her every success.

Last but not least, I would like to welcome Dato' Zakri Afandi Ismail as new member of the Board and I am confident that the Group will benefit from his experience and wisdom.

## TAN SRI MOHAMAD FATMI CHE SALLEH

*Non-Executive Chairman*

\* Source: Kenanga Research

\*\* Source: Audit Bureau Of Circulations Malaysia

# GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Dear Shareholders,**

**Utusan Melayu (Malaysia) Berhad and its subsidiaries ("the Group") faced another very challenging year in 2016. Intense competition in the media industry coupled with the shifting of consumers' preference towards digital media continued to affect the Group's performance and financial position. Measures to reduce losses from the print business and strategies to diversify the Group's business are being pursued.**



## **GROUP'S BUSINESS AND OPERATIONS**

Utusan Melayu (Malaysia) Berhad ("Utusan"), the holding company, has eight active subsidiaries. Utusan and its five subsidiaries are involved in the publishing and advertising industry whilst the other three subsidiaries are each in the property development, investment holding and training activities. The revenue generated by the publishing and advertising segment accounted for 99.6% of the Group's revenue in 2016 (2015: 97.5%).

Essentially the Group's core businesses are the publication and distribution of daily Bahasa Melayu newspapers, magazines and books. Alongside these activities are the marketing of advertising spaces in the newspapers, magazines, online media and commercial air time of RTM's radio and television channels.

# GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The main products of the Group are the newspapers Utusan Malaysia, Mingguan Malaysia, Kosmo and Kosmo Ahad. Magazines include Wanita, URTV, Harmoni, Al Islam, Mastika, Saji and Infiniti. Our Utusan Malaysia, Mingguan Malaysia and all magazines are also available in digital form. We also produce learning publications for primary and secondary students. The Group's newspapers and magazines are distributed nationwide in Malaysia. The newspapers are distributed from our printing plants in Selangor, Pulau Pinang and Terengganu.

## BUSINESS OBJECTIVES AND STRATEGIES

As a print-based media house, rivalry among existing competitors for readers and advertisers are stiff. Nevertheless we will continue to hold our position as the leading Malay-based newspaper company in terms of circulation numbers. We believe in our role as a mainstream newspaper company that cares and champion the rights and plight of all Malaysians. To enhance our brand value, we will continue with our strategies to engage our readers of all generations and background through publications, activities and events that promote solidarity among all Malaysians. We are proud to be the only media house that still preserves Jawi script heritage through complementary publication of Utusan Melayu Mingguan in digital form issued every Monday.

Acknowledging that the world is shifting towards new digital media, the Group will continue to upgrade its new media infrastructure and contents in order to embrace this change.

Meanwhile we are strengthening our advertising marketing team to keep up with the increasing challenges in maintaining our share of advertising expenditure (ADEX).

As an experienced book publisher, the Group through its subsidiary Utusan Publications & Distributors Sdn Bhd will pursue a bigger role in providing educational books required by the government schools in support of the Government's aspiration for a better education system.

To ensure our sustainability, we are implementing a strategy of business diversification beyond media to mitigate the limited opportunity of growing the print media business amidst challenges from the new digital media. There is a need to aggressively explore business opportunities in other industries possibly through strategic partnerships. We have identified the property and information technology sectors as new business segments to be explored.

## FINANCIAL RESULTS

The Group is experiencing declining sales of newspapers and magazines due to structural pressure on the industry such as competition from other industry players and continued shift towards new digital media which creates new challenge to print-based media businesses.

The Group's revenue of RM2274 million dropped by RM21.5 million or 8.6% compared with that of 2015 due to lower sales of newspapers and magazines as well as lower advertising revenue. Newspaper sales shrunk by 3.4% while that of magazines dropped by 28.1%. Meanwhile, advertising revenue decreased by 8.5% or RM9 million.

The decline in revenue is being off-set by lower operating costs which decreased by RM22.2 million or 6.8%. Rationalization of the number of copies of newspapers and magazines printed had brought about savings of RM15.1 million in terms of lower cost of sales. The Group also closed its printing plant in Johor at the end of 2015 resulting in reduced administrative costs by RM7 million even though it is being off-set by a one-off compensation cost for the staff at the plant. The newspapers for the southern region are now being supplied from the printing plant in Selangor. Finance costs dropped by 5.9% as repayments of bank loans were made as scheduled.

Nevertheless, the Group's loss after tax widened by RM47.5 million from RM21.0 million in 2015 to RM68.5 million last year. This is principally due to lower other income by RM49.3 million from RM61.6 million to RM12.3 million in 2016. Higher other income in 2015 was mainly attributed to the gain on disposal of investments of RM50.6 million. In addition, the disposal of our associate, Swan Malaysia Sdn Bhd in 2015 had contributed RM2.6 million to other income in that year but resulted in lower share of results of associates in 2016.

Moving forward, the expiry of our contract with the Government to market the commercial air time of RTM's radio and television channels on 31 December 2016 will affect to a certain extent the Group's performance for the financial year ending 31 December 2017. The contract contributed 6.7% to the Group's revenue in 2016.

## FINANCIAL POSITION AND CONDITION

Trade and other receivables decreased by 41% or RM47.6 million, of which RM3.5 million was related to trade which is consistent with the decline in revenue. Other receivables (current) dropped by RM44.4 million mainly due to the proceeds from the sale of investment of RM43 million

# GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

received during the financial year. Accordingly the Group's bank balances had increased by 19% to RM32.9 million from RM27.6 million.

Trade and other payables increased to RM127.4 million from RM106.7 million during the financial year. This is an increase of RM20.7 million of which RM1.8 million was related to trade. Other payables were mainly related to the computer tablet distribution costs and deferred income arising from the digital newspaper supplied with the tablets.

There was no material capital expenditure incurred during the financial year.

At year end the Group had cash of RM32.9 million, total current assets of RM116.2 million and total current liabilities of RM161.9 million. This resulted in working capital deficiency of RM45.7 million and the Group is actively seeking alternative sources of financing. Subsequent to year end, the Group had secured a contract worth RM52 million from the Government to distribute computer tablets together with two applications, digital newspaper and e-learning Tutor Guru to all Government teachers in Selangor.

The Group's borrowings decreased by RM15 million to RM173.9 million from RM188.9 million as there was no material new borrowing during the year and repayments were made as scheduled. However the Group's gearing ratio weakened from 93% previously to 136% last year due to shrinking shareholders' equity. This condition will be mitigated when the Group is able to recognize higher asset value arising from the completion of a development of our land in Chan Sow Lin, Kuala Lumpur by a third party through a joint venture agreement. This is expected to be realised in the second quarter of 2017.

## REVIEW OF OPERATING ACTIVITIES

The Group is essentially a Malay-based mainstream newspaper company that has been in existence for more than seven decades. As experienced by all newspaper companies globally, the Group is not spared from facing declining sales. One obvious factor contributing to this trend is the shifting towards digital media contents that can easily be accessible using fixed and mobile devices. Whilst our core business remains in print media, the Group has taken steps to embrace this change in lifestyle by improving its new media offerings to include more interactive videos and contents.

As a mainstream newspaper, the Group will continue to play its role in ensuring the rights of all Malaysians are

preserved. To this end contents review and improvements are a continuous process.

The Group has been active in engaging its readers and/or advertisers through events management and competitions such as:

- Hadiah Sastera Kumpulan Utusan and Sayembara Fiksyen Sains dan Teknologi UTM-Kumpulan Utusan, both provided local writers with platforms to showcase their writing skills to produce literary pieces
- Festival Hari Guru organized in collaboration with the Ministry of Education that managed to strengthen the branding of the Group not only at the national level but also at the ASEAN level with the participation of Thailand, Indonesia and Brunei Darussalam in 2016
- The inaugural Utusan Business Awards introduced in 2016 with the aim of fostering closer relationship with the business communities
- In the field of sports, Kejohanan Sepak Takraw KFC-Utusan which entered its 6th year last year received recognition from the Malaysia Book of Records for getting the highest number of team participation in the history of this sport

Beside the above prestigious events, various programs and special activities were also organized as part of our efforts to get closer to the public at large.

## BUILDING BRIDGES WITH COMMUNITIES

The year 2016 has seen Utusan getting more active in building bridges with communities at large. Even though Utusan is essentially Malay-based, our programs and activities transcended beyond racial background and religious belief. Together with our Yayasan Kumpulan Utusan, we celebrated Aidilfitri 2016 with 2,000 Orang Asli communities in Kuala Langat Selangor with cooperation with the Ministry of Rural and Regional Development. In August 2016 we honoured and entertained around 300 multiracial senior citizens in conjunction with the 59th Malaysia National Day. Through our partnership with Limkokwing University of Creative Technology, we offered Utusan-Limkokwing University scholarship to the less fortunate from all races who are eligible to further their studies at private universities.

We believe the Group can be the best platform to spread positive messages and peace amongst all Malaysians and internationally on humanitarian issues involving all races and religions. For example, in support of the movement against the Rohingya ethnic cleansing in Myanmar, the Group and the Friendship Group for Inter-religious Services has come together in solidarity to oppose such an inhuman act. The Group has always been and will always be supportive of

# GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**The year 2016 has seen Utusan getting more active in building bridges with communities at large. Even though Utusan is essentially Malay-based, our programs and activities transcended beyond racial background and religious belief. Together with our Yayasan Kumpulan Utusan, we celebrated Aidilfitri 2016 with 2,000 Orang Asli communities in Kuala Langat Selangor with cooperation with the Ministry of Rural and Regional Development. In August 2016 we honoured and entertained around 300 multiracial senior citizens in conjunction with the 59th Malaysia National Day. Through our partnership with Limkokwing University of Creative Technology, we offered Utusan-Limkokwing University scholarship to the less fortunate from all races who are eligible to further their studies at private universities.**

initiatives in every humanitarian aid mission nationally and internationally. Tabung Rohingya Utusan-Tabung Haji and Tabung Kemanusiaan Aceh were established in collaboration with several government agencies as a responsible and caring institution championing universal issues beside enhancing the image and branding of the Group.

Despite business challenges the Group continues to hold its position as the leading Malay newspaper as shown in Chart 1.

Education has always been given special focus by the Group. The Group's involvement in education stretched

Chart 1

Copies per Issue	Jan16– June16	Jan15– June15	Var Copies	Var %
<b>Daily Newspaper – Bahasa Dailies</b>				
Utusan Malaysia	144,438	162,639	(18,201)	(11.2)
Kosmo	182,022	194,900	(12,878)	(6.6)
BeritaHarian	90,969	103,303	(12,334)	(11.9)
Harian Metro	149,253	217,384	(68,131)	(31.3)
<b>Weekly Newspaper – Bahasa Weeklies</b>				
Mingguan Malaysia	313,495	340,953	(27,458)	(8.1)
Kosmo Ahad	198,116	205,717	(7,601)	(3.7)
BH Ahad	89,798	119,227	(29,429)	(24.7)
Metro Ahad	162,091	237,722	(75,631)	(31.8)

*Audited Net Circulation of Newspapers in Malaysia, 2016 H1 vs 2015 H1  
(Source: Audit Bureau of Circulations Malaysia)*

back to early 60s with the highlights of the education-related news followed by the 70s with the publication of Utusan Pelajar which was discontinued in early 90s. In 2001 the Group started a free education portal and has since improved its e-learning product through Tutor.com.my. This is complemented by publication titles such as Tutor UPSR, Tutor PT3 and Tutor SPM. In 2016, the Group re-launched Utusan Pelajar with the aim of assisting students in meeting the criteria for 21st Century Learning that requires high level thinking skills. In the e-learning segment, we have also introduced Tutor Guru application which is a teaching tool for teachers. This application is integrated with the existing Tutor.com.my and supplied to 60,543 government teachers in Sarawak and Kuala Lumpur under a computer tablet distribution project last year. In 2016, these educational products contributed 4% to the Group's revenue.

On the costs side, the Group continues to pursue cost minimization strategies in order to reduce losses. To mitigate the escalating purchasing costs arising from the strengthening of the USD against our currency, the Group has rationalized the newspapers' number of pages and colour paginations. It has also realigned its printing activities whereby the supply of newspapers for the southern market is printed in Selangor. This way, apart from savings in raw material costs, the Group also saves in terms of

# GROUP MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

administrative and maintenance costs of its printing plant in Johor.

The Group has 1,630 staff and plans to conduct a rationalization exercise to optimize the staff productivity in view of the declining revenue.

During the year, as part of the strategic review on its operations, the Group had disposed of two parcels of industrial land in Bukit Beruntung, Selangor which was completed in July 2016. This helped to raise fund of RM7.3 million. In 2015, the Group disposed of its share in an unquoted company for a consideration of RM48 million, of which RM43 million were received in 2016. This had, to a great extent, addressed the Group's cash flow requirements in 2016. The Group will continue to review its operations for further divestment of non-core assets should the need arise.

Currently, the Group relies significantly on print based businesses. However the Group is taking steps to pursue business diversification with the aim to:

1. Create sustainable and recurring sources of revenue
2. Reduce dependency on print newspaper

Within the media segment, the Group plans to grow its outdoor advertising segment. In September 2016 the Group via its 20%-owned joint venture company, Titanium Compass Sdn Bhd, has successfully secured a 10-year concession to market advertising spaces at MRT stations and train coaches from Mass Rapid Transit Corporation Sdn Bhd. The Group has also entered into collaborations with other outdoor media owners to market their advertising sites. These developments create opportunity for the Group to increase its advertising revenue by selling the enlarged outdoor media assets.

In the non-media segment, the Group has identified property and information technology as the areas to pursue because of their long term resilience towards economic downturn. In the property segment the Group had acquired properties in Subang, Selangor and Kota Kinabalu, Sabah and developed its land in Kuala Lumpur with the primary aim of generating recurring rental income. The Group is also in the lookout for properties in strategic locations to enhance its land bank.

In the information technology segment, the Group has entered into collaborations with various parties with readily available expertise to tap should the need arise.

**In the education segment, our focus on text books for government schools is expected to provide us with increased revenue above 3.3% of the Group's revenue currently due to our experience and excellent track records with the Government all these years. As for our computer tablets project, the Government has, in principle, agreed to award the balance of the units in 2017 for distribution to teachers in states other than Sarawak, Kuala Lumpur and Selangor.**

## OUTLOOK AND PROSPECTS

The media segment, in particular the circulation of newspapers and advertising revenue will continue to be the back bone of the Group's revenue. Our expansion of the outdoor media assets by securing a concession for advertising space in the MRT and by entering into collaborations with other outdoor media owners as mentioned above is expected to contribute to our revenue.

In the education segment, our focus on text books for government schools is expected to provide us with increased revenue above 3.3% of the Group's revenue currently due to our experience and excellent track records with the Government all these years. As for our computer tablets project, the Government has, in principle, agreed to award the balance of the units in 2017 for distribution to teachers in states other than Sarawak, Kuala Lumpur and Selangor.

In the property segment, the properties that the Group has acquired and developed have been completed or nearing completion. However, as the stock of rentable units are still minimal and the market condition is still sluggish, we do not expect this sector to contribute significantly to the Group's revenue in 2017 and 2018. Mean while information technology segment is also being developed and hence will only contribute to the revenue of the Group in the longer term.

**DATUK MOHD NOORDIN ABBAS**

*Group Managing Director*

# CORPORATE RESPONSIBILITY STATEMENT

**Utusan Group continues its commitment in implementing various programmes and activities, particularly in the field of community and education in the effort to maintain the Group's pledge to execute its corporate social responsibility and the strengthening of its brand.**

**These efforts enable the Group to implement and carry out meaningful activities which contribute positively to the society.**

## COMMUNITY

Yayasan Kumpulan Utusan (Yayasan) takes the lead in carrying out corporate social responsibility activities through various programmes covering all walks of life.

Yayasan through its donation fund has channelled contributions in various forms to chronic patients, poor families and specific cases through Utusan Prihatin programme. The first recipient was a 10-month old boy suffering from a chronic lung problem. Donation was in terms of cash and basic necessities.

Kembara Amal Ramadan programme, a collaboration between Yayasan, Gabungan Rakan Motosikal Negeri Terengganu, Kelab Pemilik Alza Terengganu and amateur radio operator Komuniti V16, had delivered donations of daily necessities, food and cash to 10 selected families in Kemaman and Dungun, Terengganu in conjunction with the holy month of Syawal.

In conjunction with Hari Raya Aidilfitri, the Group cooperated with the Department of Orang Asli Development (JAKOA) and the Ministry of Rural and Regional Development through the organising of Majlis Pelancaran Anyaman Kasih JAKOA-Kumpulan Utusan and Sambutan Aidilfitri 2016 to celebrate with 2,000 orang asli community in Kuala Langat, Selangor. The Group has made cash and daily provisions contribution to persons with disabilities (OKU) during this event.

Yayasan has also organised Sentuhan Kasih Semarak Merdeka in conjunction with 59th Malaysia National Day to honour the senior citizens for their contributions and sacrifices with support from the Department of Social Welfare (JKM). This inaugural event was attended by nearly



**A 10-month old boy was the first recipient of the contribution from Yayasan Kumpulan Utusan under the Utusan Prihatin programme.**

# CORPORATE RESPONSIBILITY STATEMENT



**SENTUHAN Kasih Semarak Merdeka in conjunction with 59th Malaysia National Day.**

300 senior citizens from Cheras Baru, Kampung Batu, Seputeh, Bandar Kinrara, Puchong, Subang and Serdang as well as parents of Utusan staff.

The Group has always played a role and support initiatives in various humanitarian aid mission. Tabung Rohingya Utusan-TH and Tabung Kemanusiaan Aceh were established as a concerted effort with several government agencies such as Tabung Haji (TH), Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM), TV Alhijrah, Jabatan Kemajuan Islam Malaysia (JAKIM) and Majlis Agama Islam Wilayah Persekutuan (MAIWP) serves as a platform to enhance the image and branding of the Group as a responsible and caring institution championing universal issues.

In an effort to raise public awareness on cancer among the younger generation, the Group also collaborated with the Cultural Center of Universiti Sains Islam Malaysia (USIM) through Street Dakwah programme to raise funds to be channelled to HKL Kids Cancer to help children with cancer for treatment at Hospital Kuala Lumpur.

Apart from our continuous commitment in the humanitarian aid, the Group will remain steadfast in our social responsibility towards upholding the usage of Malay language to ensure that the Malay literature will remain relevant in the era of social media. Hadiah Sastera Kumpulan Utusan ke-31

and Sayembara Novel Fiksyen Sains dan Teknologi UTM-Kumpulan Utusan which is in its fourth season remain as the platform for Malaysian writers to deliver their best writing towards winning this prestigious literature award.

Poetry reading is an event which has the ability to attract the younger generation to appreciate local literary works. The Group has collaborated with Universiti Kebangsaan Malaysia (UKM) in organising Bintang-Bintang Berpuisi for the second consecutive year which has contributed in reviving the poetry reading culture.

An annual programme in conjunction with the National Teacher's Day, Festival Hari Guru which was organised for the eighth year in a row has managed to strengthen the Group's branding in the education field besides maintaining our relationship and collaboration with the Ministry of Education.

Kejohanan Sepaktakraw KFC-Utusan managed to grow stronger in garnering interest from traditional sports enthusiasts through its seventh year competition. In ensuring its popularity, the Group will continue to bring constant changes and excitement in the organisation of the competition.

In line with our commitment in social services to Malaysians,

# CORPORATE RESPONSIBILITY STATEMENT

the Group's publications continue to highlight community stories that encompass all walks of life to help shaping up a society in a developed nation.

## EDUCATION

With the changes in our education system which is no longer merely exam-oriented, *Utusan Malaysia* has published new educational product via *Utusan Pelajar* where it's content skewed towards the 21st Century Learning (PAK-21) materials. Through *Utusan Pelajar*, this newspaper will assist students to obtain latest information and stimulate the high level thinking skills. To date *Utusan Pelajar* has been subscribed by a number of schools.

With a high commitment in ensuring our national education system continues to excel, the Group has collaborated with Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) through sponsorship of *Tutor* newspaper to schools throughout the country via Inspirasi SPM dan UPSR program whereby each student will receive inserts of *Tutor SPM* and *Tutor UPSR* as an extra reference materials.

Apart from *Utusan Pelajar* and *Tutor*, an education community site, *tutor.com.my* is still maintained in ensuring additional learning materials can be disseminated to students free of charge through online.

The Group also set up scholarship to provide opportunities to Sijil Pelajaran Malaysia leavers to further their studies at private universities. The Group collaborated with Limkokwing University of Creative Technology through Biasiswa Kumpulan Utusan-Universiti Limkokwing in providing opportunity to the less fortunate to further their studies to tertiary level.

Apart from this partnership, Projek Biasiswa Utusan Malaysia-YPC continues to provide financial aid to deserving students through this program.

The effort to uphold *jawi* through sponsorship of *Utusan Melayu Mingguan* by leading corporate company, Johor Corporation still continue. A total of 5,000 copies per week were distributed to selected schools, government offices and public libraries in all districts in Johor.

## ENVIRONMENT

Support of environmental conservation has always been highlighted through the press and other media outlet of the Group. This ongoing effort is aimed at increasing public awareness on the importance of restoring the environment.

Internally the Group is encouraging the staff to implement measures that can help conserve the environment. For



THE first batch of diploma and degree students under the Biasiswa Kumpulan Utusan-Universiti Limkokwing programme.

# CORPORATE RESPONSIBILITY STATEMENT



**MINGGU Kesedaran Keselamatan & Kesihatan in collaboration with the Balai Bomba dan Penyelamat Bandar Baru Bangi.**

example the materials used for the print process is always compiled before being disposed systematically using environmentally friendly methods.

In addition, other practices such as recycling paper, energy savings and centralized printing are some of the measures practiced in our daily operations.

## EMPLOYEES AND WORKPLACE

The Group constantly ensures the welfare, safety and health of the staff is a priority in maintaining a working environment that is safe and secure.

Health and Safety Unit has taken the initiative to hold Minggu Kesedaran Keselamatan & Kesihatan in collaboration with the Balai Bomba dan Penyelamat Bandar Baru Bangi and Hospital Islam Az-Zahrah, Bandar Baru Bangi for all the staff at Kompleks Sri Utusan exposing them about fire safety, healthy nutrition and health care.

Various programs and special events were organised as part of our efforts in maintaining a good relationship between our staff. Events such as Anugerah Lensa Rencam, 59th National Day Parade, Korban dan Akikah, breaking of fast for staff, Program Transformasi Utusan Melayu (Malaysia) Berhad-BTN and Majlis Meraikan Anak Yatim Kumpulan Utusan dan Memperingati Nuzul Al-Quran specifically in the holy month of Ramadan enabling closer relationship among the staff.



**59th National Day Parade.**

Charitable activities organised by Badan Keluarga Utusan Melayu provide added value to the concerns and as a token of appreciation to the staff of Utusan.

Meanwhile, children of staff who excel in the Penilaian Sekolah Rendah (UPSR), Pentaksiran Tingkatan 3 (PT3), Sijil Pelajaran Malaysia (SPM) and Sijil Tinggi Pelajaran Malaysia (STPM) continue to enjoy the incentives from the company as an encouragement to them to continue to strive and excel in their studies.

We are proud of our commendable track record in good corporate governance and play an important role in corporate responsibility activities. We are constantly inculcating corporate responsibility practices in every aspect of our business and remain committed to adopt them for the benefit of the company, the community and the nation.

# CORPORATE CALENDAR 2016



**MARCH 1, 2016**

The inaugural Utusan Business Awards 2015 was held at Kuala Lumpur Convention Centre (KLCC), Kuala Lumpur to give recognition to outstanding homegrown enterprises in the business sector. The awards were presented by His Royal Highness Duli Yang Maha Mulia Paduka Seri Sultan Perak, Sultan Nazrin Muizzudin Shah ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-Lah.



**MARCH 26, 2016**

Utusan Group received the Industry Excellence Award for Local Newspaper Category in conjunction with the Majlis Anugerah Perniagaan Malaysia 2015/2016 organized by the Dewan Perniagaan Melayu Malaysia Kuala Lumpur (KLMCC) strengthening the brand in the local media representatives. The award was presented by the Deputy Minister of International Trade and Industry Minister Datuk Ahmad Maslan.



**MAY 13-16, 2016**

The 8th Festival Hari Guru in collaboration with Kementerian Pendidikan Malaysia was held at Universiti Malaysia Sabah (UMS). The opening ceremony of this yearly largest education exhibition was officiated by the Chief Minister of Sabah, YAB Datuk Seri Panglima Musa Haji Aman.

# CORPORATE CALENDAR 2016



**MAY 21, 2016**

A continuation of the collaboration between Kumpulan Utusan and Universiti Kebangsaan Malaysia, the second Bintang-Bintang Berpuisi II themed *Obor Perjuangan* was held at Persada Canselori, Universiti Kebangsaan Malaysia, Bangi, Selangor.



**JUNE 23, 2016**

Utusan Group and Limkokwing University signed a memorandum of understanding (MoU) on academic cooperation offering full scholarship to 100 selected students in various fields. The MoU signing ceremony was held at Limkokwing University, Cyberjaya.



**JUNE 24, 2016**

Utusan Group continued the legacy of organising Meraikan Anak Yatim Kumpulan Utusan dan Memperingati Nuzul Al-Quran. 54 Kumpulan Utusan orphans were hosted in the event, which received sponsorship from a well-renowned cooperative organisation, ANGKASA. The event took place at Dewan Utusan, Utusan Melayu (Malaysia) Berhad, Kuala Lumpur.

# CORPORATE CALENDAR 2016



**JULY 26, 2016**

More than 1,800 Orang Asli communities from Taman Desa Kemandol attended the Anyaman Kasih JAKOA-Kumpulan Utusan in conjunction with Hari Raya Aidilfitri 2016. The event which garnered support from the Department of Orang Asli Development (JAKOA) is aimed at strengthening the relationship with the Orang Asli community as well as organising education and health activities.



**AUGUST 8, 2016**

Utusan Group received the recognition from Malaysia Book of Records 2016 for the highest number of players and teams in Kejohanan Sepak Takraw KFC-Utusan 2016. The award presentation was held in Bandar Sunway, Selangor.

# CORPORATE CALENDAR 2016



**AUGUST 20, 2016**

Kumpulan Utusan was selected as the recipient of Anugerah Khas Media Cetak in Anugerah Keusahawan Muda India Perdana 2016. The award was presented by the Minister of International Trade and Industry II, Datuk Seri Ong Ka Chuan in a ceremony held at Hotel Istana, Kuala Lumpur.

**AUGUST 31, 2016**

Yayasan Kumpulan Utusan organised Majlis Sentuhan Kasih Semarak Merdeka to honor the senior citizens for their contributions and sacrifices. The lively event was in collaboration with the Social Welfare Department (SWD) and attended by more than 300 senior citizens from the Klang Valley.



# CORPORATE CALENDAR 2016



**SEPTEMBER 7, 2016**

Johor Corporation (JCorp) continued the sponsorship of Utusan Melayu Mingguan for another year. The Publication of Jawi Newspaper Sponsorship Document Exchange Ceremony between JCorp and Kumpulan Utusan was witnessed by the Menteri Besar Johor, Dato' Seri Mohamed Khaled Nordin at his office in Nusa Jaya, Johor.



**OCTOBER 2, 2016**

The 7th Kejuaraan Sepak Takraw KFC-Utusan 2016 continued to receive encouraging response from the youth and sport enthusiasts. The final match was held at the Quill City Mall, Kuala Lumpur and the prizes were presented by the Director-General, National Sports Council (NSC), Datuk Ahmad Shapawi Ismail.

# CORPORATE CALENDAR 2016



**OCTOBER 6, 2016**

In conjunction with Hari Inovasi DBP 2016, Utusan Group has been awarded the Anugerah Citra Sahabat Dewan Bahasa dan Pustaka (DBP) for print media category. Utusan Group was one of the 29 public and private companies that received awards for their contribution in the development of the Malay language and culture in the country.



**NOVEMBER 18, 2016**

For the continuation of cooperation between Utusan Group with Universiti Sains Islam Malaysia (USIM), a memorandum of understanding has been signed by both parties that involves academic and social responsibility programmes. The ceremony was witnessed by USIM Pro-Chancellor, YAM Tunku Besar Seri Menanti Tunku Ali Redhaudin ibni Tuanku Muhriz in conjunction with Pesta Konvo USIM.



# CORPORATE CALENDAR 2016



**NOVEMBER 25, 2016**

In its 31st year, Hadiah Sastera Kumpulan Utusan 2015 (HSKU) remained consistent in upholding the status of literary works. Six categories were assessed and the prize giving ceremony was graced by the Deputy Prime Minister, Datuk Seri Dr Ahmad Zahid Hamidi and Socio-Cultural Advisor of the Government of Malaysia, Tan Sri Dr Rais Yatim.



**NOVEMBER 26, 2016**

Kumpulan Utusan collaborated with Tabung Haji to set up Tabung Rohingya Utusan-TH effective 1 December 2016 to 1 April 2017, with intention to channel assistance to the Rohingya who are facing ethnic cleansing in Rakhine, Myanmar.

# CORPORATE CALENDAR 2016



**DECEMBER 21, 2016**

To support the effort to help victims of natural disaster, Utusan Group plays its role as the official media through fundraising efforts in establishing Tabung Kemanusiaan Aceh in collaboration with Tabung Haji, Yapeim, TV Alhijrah, JAKIM and MAIWP. The launching ceremony was officiated by the Minister in the Prime Minister's Department, YB. Major General Dato ' Seri Jamil Khir Baharom.