

ANNUAL REPORT



2010



UTUSAN MELAYU (MALAYSIA) BERHAD ^{7170-V}



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting of Utusan Melayu (Malaysia) Berhad will be held at Dewan Besar, Level 1, Bangunan Tabung Haji, 201, Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 26 May 2011 at 11.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive and adopt the audited Financial Statements for the financial year ended 31 December 2010 and the reports of the Directors and Auditors thereon. **(Ordinary Resolution 1)**
2. To re-elect the following Directors who retire in accordance with Article 98 of the Company's Articles of Association, and being eligible have offered themselves for re-election:
 - i) Dato' Ab Halim Mohyiddin **(Ordinary Resolution 2)**
 - ii) YB Senator Dato' Dr. Firdaus Haji Abdullah **(Ordinary Resolution 3)**
3. To re-appoint the following Director who retires pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting:
 - i) Tan Sri Haji Husein Ahmad **(Special Resolution 1)**
4. To approve the payment of Directors' fees for the year ended 31 December 2010. **(Ordinary Resolution 4)**
5. 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 5)**

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTION

New Issue of Shares

6. 'THAT, pursuant to Section 132D of the Companies Act, 1965, the Board of Directors be and are hereby authorised to issue shares in the Company at any time until conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue.' **(Ordinary Resolution 6)**

SPECIAL RESOLUTION**Proposed Amendment to the Article of Association**

7. 'THAT the following amendment to the existing Article of Association of the Company be and is hereby approved.'

(Special Resolution 2)

The existing Article 140 be deleted in its entirety and replaced with the following new Article 140:

Existing Article 140

Dividend Warrants To Be Sent To Members By Post

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may be writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or such person as the holder or joint holders may direct and payment of the cheque shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

New Article 140

Dividend Warrants To Be Sent To Members By Way Of Telegraphic Transfer Or Electronic Transfer Or Remittance To Such Account

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder who is named on the Register of Members or to such person and to such address as the holder may in writing direct or by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment. Every such cheque or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.

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 43rd Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 58(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 2011. Only a depositor whose name appears on the Record of Depositors as at 18 May 2011 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

SHARINA SAIDON
(LS 006127)
Company Secretary

Kuala Lumpur
4 May 2011

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 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 is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- v) To be valid the proxy form duly completed must be deposited at the Registrar's Office, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 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. 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.

EXPLANATORY NOTES:

1. Ordinary Resolution 6

The proposed Ordinary Resolution 6 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 purpose of funding future investment project(s), working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY

DIRECTORS WHO ARE SEEKING RE-ELECTION AT THE FORTY-THIRD ANNUAL GENERAL MEETING OF THE COMPANY

The details of the three (3) Directors seeking re-election are set out in their respective profiles which appear in the Profile of the Board of Directors on pages 12 to 15 of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 164 of this Annual Report.

FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

GROUP REVENUE RM'000

06	384,340
07	385,565
08	373,838
09	348,630
10	338,426

GROUP PROFIT BEFORE TAX RM'000

06	20,706
07	44,179
08	7,799
09	7,252
10	4,773

BASIC EARNINGS PER SHARE SEN

06	17.71
07	32.92
08	2.94
09	4.62
10	2.05

CONSOLIDATED INCOME STATEMENT

RM'000	YEAR ENDED 31 DECEMBER				
	2010	2009	2008	2007	2006
Group Revenue	338,426	348,630	373,838	385,565	384,340
Group Profit Before Tax	4,773	7,252	7,799	44,179	20,706
Income Tax Expenses	(2,506)	(2,091)	(4,549)	(7,341)	(1,426)
Zakat	-	(40)	-	(393)	(87)
Group Profit For The Year	2,276	5,121	3,250	36,445	19,193
Attributable to:					
Owners Of The Parent	2,276	5,121	3,250	36,445	19,357
Minority Interests	-	-	-	-	(164)
Earnings Per Share Attributable To Owners Of The Parent (sen):					
Basic, For Profit For The Year	2.05	4.62	2.94	32.92	17.71
Diluted, For Profit For The Year	2.05	4.62	2.94	32.46	17.28
Gross Dividend Per Share (sen)	-	-	1.00	2.75	2.00

**NET TANGIBLE ASSET
PER SHARE
RM**

06	2.23
07	2.53
08	2.54
09	2.57
10	2.62

**EQUITY ATTRIBUTABLE TO
OWNERS OF THE PARENT
RM'000**

06	244,888
07	279,958
08	281,145
09	284,860
10	290,427

**TOTAL
ASSETS
RM'000**

06	498,688
07	490,730
08	503,307
09	490,020
10	524,988

CONSOLIDATED BALANCE SHEET

RM'000	AS AT 31 DECEMBER				
	2010	2009	2008	2007	2006
Share Capital	110,734	110,734	110,734	110,734	109,996
Reserves	179,693	174,126	170,411	169,224	134,892
Equity Attributable To Owners Of The Parent	290,427	284,860	281,145	279,958	244,888
Total Equity	290,427	284,860	281,145	279,958	244,888
Non-Current Liabilities	109,129	123,594	135,712	131,533	117,099
Current Liabilities	125,432	81,566	86,450	79,239	126,119
Liabilities Directly Associated With Assets Classified As Held For Sale	-	-	-	-	10,582
Total Liabilities	234,561	205,160	222,162	210,772	253,800
TOTAL EQUITY AND LIABILITIES	524,988	490,020	503,307	490,730	498,688
Non-Current Assets	307,929	288,023	310,091	306,317	278,661
Current Assets	217,059	201,997	193,216	184,413	206,138
Assets Of Disposal Group Classified As Held For Sale	-	-	-	-	13,889
TOTAL ASSETS	524,988	490,020	503,307	490,730	498,688
Net Tangible Asset Per Share (RM)	2.62	2.57	2.54	2.53	2.23









PROFILE OF THE BOARD OF DIRECTORS



TAN SRI MOHAMED HASHIM AHMAD MAKARUDDIN
(Executive Chairman)
(61 years of age – Malaysian)

Non-Independent Executive Director. He was appointed to the Board and assumed the position of the Executive Chairman of Utusan Melayu (Malaysia) Berhad with effect from 1 January 2004. Graduated with a Bachelor of Humanities (Mass Communications), University of Science, Malaysia and a Certificate in Journalism, Wellington Polytechnic, New Zealand. Formerly was the Editor-in-Chief of the Malaysian National News Agency ('BERNAMA') and has held various positions in the government sector such as the Adviser to the National Economic Action Council Communication Team, Press Secretary to the Minister of Finance and Press Secretary and later Special Assistant to the then Prime Minister of Malaysia, YABhg. Tun Dr. Mahathir Mohamad. Currently Adjunct Professor at the School of Media and Communication Studies, Faculty of Social Sciences and Humanities, National University of Malaysia. Holds directorship in subsidiaries of Kumpulan Utusan namely Utusan Media Sales Sdn Bhd, Utusan Karya Sdn Bhd, Utusan Publications & Distributors Sdn Bhd and Utusan Printcorp Sdn Bhd.



DATUK MOHD NASIR ALI
(Group Executive Director)
(52 years of age – Malaysian)

Non-Independent Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 2 October 2000. Holds a Bachelor of Economics (Honours) from the University of Malaya and Masters of Science (Finance) from the University of Strathclyde, United Kingdom. Holds directorship in subsidiaries and associate companies within the Group namely Utusan Media Sales Sdn Bhd, Utusan Karya Sdn Bhd, Utusan Publications & Distributors Sdn Bhd, Perfisio Solutions Sdn Bhd and Swan Malaysia Sdn Bhd. He is also a board member of The Nomad Group Bhd, a public listed company.



DATUK ABDUL AZIZ ISHAK
(Group Editor-in-Chief)
(46 years of age – Malaysian)

Non-Independent Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 23 November 2009. Has been the Group Editor-in-Chief of Utusan Melayu (Malaysia) Berhad since 1 December 2008. Joined Utusan Melayu (Malaysia) Berhad on 1 April 1984 and served in various capacities prior to his present post. 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 Kumpulan Utusan namely Utusan Media Sales Sdn Bhd and Utusan Karya Sdn Bhd. Does not have any other directorships of public companies.



TAN SRI HAJI HUSEIN AHMAD
(76 years of age – Malaysian)

Senior Independent Non-Executive Director. Appointed to the Board of Utusan Melayu (Malaysia) Berhad on 16 August 1993. Chairman of the Nomination Committee and a member of the Remuneration Committee of the Board. He started his career as a teacher in 1951. Was appointed as Chairman of Syarikat Kenderaan Melayu Kelantan in 1975. He served as the Deputy Chief Minister of Kelantan for five (5) years between 1978 to 1982. He was appointed as a Senator in 1985 prior to his appointment as the Deputy Minister of Housing and Rural Development in 1988. He was appointed as the Head of Information, UMNO in 1982 to 1990. He is also the Chairman of Lembaga Pertanian Kemubu Negeri Kelantan ('KADA') since 1990. Current directorship of public companies includes Astral Asia Berhad.



YB SENATOR DATO' DR. FIRDAUS HAJI ABDULLAH
(67 years of age – Malaysian)

Independent Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 1 August 2001. Graduated with a B.A. in Political Science and Journalism, Northern Illinois University, M.A. in International Affairs and Communication, Ohio University and Ph.D. in Comparative Politics, Columbia University, New York, United States of America. Formerly was the Director-General of Dewan Bahasa & Pustaka and the Deputy Vice Chancellor (Student Affairs), University of Malaya and Dean, Faculty of Economics and Administration, University of Malaya. Does not have any other directorships of public companies.



DATO' AB HALIM MOHYIDDIN
(64 years of age – Malaysian)

Independent Non-Executive Director. Appointed to the Board of Utusan Melayu (Malaysia) Berhad on 3 October 2001. Chairman of the Audit and Remuneration Committees of the Board. Graduated with a Bachelor of Economics (Accounting), University of Malaya in 1971 and a Masters in Business Administration, University of Alberta, Canada in 1973. Was a Lecturer at the National University of Malaysia from 1973 to 1978. Had his early accounting training in Malaysia and United States of America. Joined KPMG Malaysia in 1977 and was made Partner of the firm in 1985. Prior to his retirement in 2001, he was the Partner in charge of the Assurance and Financial Advisory Services Division and the Secured – Commerce Practice of the firm. Currently is the Immediate Past President and Council Member of the Malaysian Institute of Certified Public Accountants ('MICPA'). He is also a Member of the Malaysian Institute of Accountants ('MIA'). Current directorships of public companies include HeiTech Padu Berhad, Kumpulan Perangsang Selangor Berhad, Amway (Malaysia) Holdings Berhad, KNM Group Berhad, Idaman Unggul Berhad, Digi.Com Berhad, ECM Libra Financial Group Berhad, AMDB Berhad dan MCM Technologies Berhad.

PROFILE OF THE BOARD OF DIRECTORS



DATUK SERI ISMAIL YUSOF
(66 years of age – Malaysian)

Non-Independent Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 15 January 2004. A member of the Audit and Remuneration Committees 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.



DATUK TENGKU SARIFFUDDIN TENGKU AHMAD
(48 years of age – Malaysian)

Independent Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 23 November 2009. A member of the Audit and Nomination Committees of the Board. Holds a Diploma in Mass Communications from University Technology MARA and attended the Fellowship Programme at the University of Seoul, Korea. Formerly was a Reporter at the New Straits Times Press (M) Berhad from 1987 till 1997. Served in the government services as the Press Secretary to the Prime Minister of Malaysia from 1997 till now. Does not have any other directorships of public companies.



CIK SHARINA SAIDON
Company Secretary

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 for any offences (other than traffic offences) within the past ten (10) years.

iv) Attendance of Directors at Board Meetings

There were six (6) Board Meetings held during the financial year ended 31 December 2010. Details of attendance of the Directors at Board Meetings are as follows:

DIRECTOR	ATTENDANCE
Tan Sri Mohamed Hashim Ahmad Makaruddin	6/6
Datuk Mohd Nasir Ali	6/6
Datuk Abdul Aziz Ishak	6/6
Tan Sri Haji Husein Ahmad	6/6
YB Senator Dato' Dr. Firdaus Haji Abdullah	5/6
Dato' Ab Halim Mohyiddin	5/6
Datuk Seri Ismail Yusof	6/6
Datuk Tengku Sariffuddin Tengku Ahmad	6/6

v) Securities Holdings in the Company and its Subsidiaries

The Directors' shareholdings, etc are disclosed on page 164 of this Annual Report

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Mohamed Hashim Ahmad Makaruddin
Executive Chairman

Datuk Mohd Nasir Ali
Group Executive Director

Datuk Abdul Aziz Ishak
Group Editor-in-Chief

Tan Sri Haji Husein Ahmad
Senior Independent Non-Executive Director

YB Senator Dato' Dr. Firdaus Haji Abdullah
Independent Non-Executive Director

Dato' Ab Halim Mohyiddin
Independent Non-Executive Director

Datuk Seri Ismail Yusof
Non-Independent Non-Executive Director

Datuk Tengku Sariffuddin Tengku Ahmad
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Ab Halim Mohyiddin
Chairman
Datuk Seri Ismail Yusof
Datuk Tengku Sariffuddin Tengku Ahmad

REMUNERATION COMMITTEE

Dato' Ab Halim Mohyiddin
Chairman
Tan Sri Haji Husein Ahmad
Datuk Seri Ismail Yusof

NOMINATION COMMITTEE

Tan Sri Haji Husein Ahmad
Chairman
Datuk Tengku Sariffuddin Tengku Ahmad

COMPANY SECRETARY

Cik Sharina Saidon

REGISTERED OFFICE

46M, Jalan Lima
Off Jalan Chan Sow Lin
55200 Kuala Lumpur
Tel : 03-92217055
Fax : 03-92224131
Website : www.utusangroup.com.my

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-22643883
Fax : 03-22821886

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Berhad
Bank Muamalat Malaysia Berhad

STOCK EXCHANGE LISTING

Main Board of the Malaysia Securities Exchange Berhad
16 August 1994

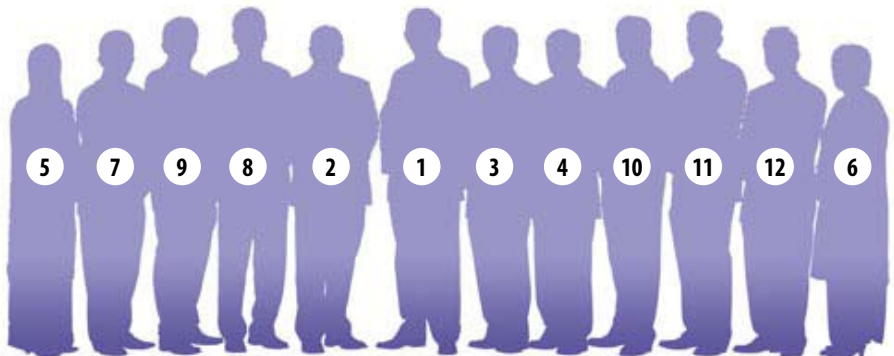
MANAGEMENT AND HEADS OF DEPARTMENT



1. Tan Sri Mohamed Hashim Ahmad Makaruddin
EXECUTIVE CHAIRMAN
2. Datuk Mohd Nasir Ali
GROUP EXECUTIVE DIRECTOR
3. Datuk Abdul Aziz Ishak
GROUP EDITOR-IN-CHIEF
4. Othman Mohamad
DEPUTY GROUP EDITOR-IN-CHIEF
5. W. Nor Asmah W. Ismail
CHIEF FINANCIAL OFFICER
6. Sharina Saidon
GENERAL MANAGER, LEGAL/COMPANY SECRETARY
7. Ahmad Khairumuzamil Abd Rahman
GENERAL MANAGER, PRODUCTION
8. Mohd Nazlan Osman
GENERAL MANAGER, HUMAN RESOURCE
9. Mohd Yazid Ahmad
ACTING CHIEF EXECUTIVE OFFICER, UMES
10. Mohd Basir Abdul Rahim
SENIOR MANAGER, MARKETING/CIRCULATION

11. Ahmad Razif Mohamed
SENIOR MANAGER, CORPORATE SERVICES AND RISK MANAGEMENT
12. Abdul Halim Johar @ Mazahar
SENIOR MANAGER, INFORMATION TECHNOLOGY
13. Zulkifli Basharrudin
SENIOR MANAGER, ADMINISTRATION AND PROPERTY SERVICES
14. Faridah Hashim
SENIOR MANAGER, INTERNAL AUDIT
15. Abdul Kadir Mansuri
SENIOR MANAGER, PROCUREMENT

16. Zaharuddin Mohd Ali
MANAGER, EDITORIAL DEPARTMENT
17. Nur Shafina Redzuan
MANAGER, CORPORATE COMMUNICATIONS
18. Syed Agil Syed Jaafar
HEAD, PHOTOGRAPHY UNIT
19. Mohd Yusof Ab Wahid
HEAD, GRAPHIC UNIT
20. Fouziah Abd Rahim
HEAD, INFORMATION CENTRE



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.

AUDIT COMMITTEE REPORT

MEMBERS

Dato' Ab Halim Mohyiddin – Chairman
Independent Non-Executive Director and a
member of the Malaysian Institute of Accountants

Datuk Seri Ismail Yusof
Non-Independent Non-Executive Director

Datuk Tengku Sariffuddin Tengku Ahmad
Independent Non-Executive Director
(Appointed w.e.f 6 April 2010)

OBJECTIVES

The Audit Committee ('Committee') has been formed with the following objectives in view:

- a) ensure openness, integrity and accountability in the Group's activities so as to safeguard the rights and interest of the shareholders.
- b) provide assistance to the Board in fulfilling its fiduciary responsibilities as they relate to the Group's management and internal controls, accounting policies and financial reporting.
- c) improve the Group's business efficiency, the quality of the accounting and audit functions and strengthening the public's confidence in the Group's reported results.
- d) provide by way of regular meetings, a direct line of communication between the Board and the External and Internal Auditors.
- e) enhance the independence of the external and internal audit functions.
- f) create a climate of discipline and control that will reduce the opportunity for fraud.

MEMBERSHIP

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 fewer than three (3) members.
- b) All the Committee members must be non-executive directors, with a majority of them being independent directors, of whom shall not be:
 - i) Executive Directors of Utusan Melayu (Malaysia) Berhad, or any related corporations.
 - ii) a spouse, parent, brother, sister, son, adopted son or daughter of an Executive Director of Utusan Melayu (Malaysia) Berhad or any related corporation.

- iii) a person having a relationship that in the opinion of the Board of Directors, would interfere with the exercise of independent judgement of the Committee.
- c) At least one (1) of whom shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act, 1967.
- d) The members shall elect a Chairman from amongst them whom shall be an independent director.

AUTHORITY

The Committee is authorised by the Board of Directors to:

- a) investigate any activity within its terms of reference.
- b) seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- c) obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it deems fit.

FUNCTIONS AND DUTIES

The duties of the Committee shall be:

- a) to consider and recommend the appointment of the External Auditors, the audit fee, and any questions of resignation or dismissal.
- b) to discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved.
- c) to review the quarterly and annual financial statements before submission to the Board, focusing particularly on:
 - any changes in accounting policies and practices
 - major judgemental areas
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with stock exchange and legal requirements
- d) to discuss problems and reservations arising from the statutory audits, and any matters the Auditor may wish to discuss (in the absence of Management or Group Executive Director where/when necessary).

AUDIT COMMITTEE REPORT

- e) to keep under review the effectiveness of internal control systems and in particular review the External Auditors' Management Letter and Management's response.
- f) to review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
- g) to review the internal audit plan and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.
- h) to approve the appointment of the head of the Internal Audit Department.
- i) to review any appraisal or assessment of the performance of members of the internal audit function.
- j) to review any related party transactions within the Company or Group and any other major transactions outside the normal course of business of the Company and Group.
- k) to approve the Group Internal Audit Charter and ensure that the internal audit function is adequately resourced and has appropriate standing in the Group.
- l) to review and ensure the co-ordination of audit approach between the External and Internal Auditors.
- m) to consider other topics as deemed fit.
- d) Directors of the Board who are not members of the Committee may also attend the meetings of the Committee, but they shall not have any voting rights.
- e) In addition to the Committee members, the Chief Financial Officer and Head of Internal Audit are invited for attendance at each meeting. The Head of departments/ subsidiaries of the Group and their Management team will attend when audit reports on their departments/subsidiaries of the Group are tabled for discussion.
- f) The Committee shall meet the External Auditors at least twice a year. Prior to each meeting attended by the External Auditors, there is a private session between the Committee and the External Auditors without the Management or the Executive Directors present.
- g) The Company Secretary shall be appointed as the Secretary of the Committee who shall circulate the minutes of meeting of the Committee to all members of the Board.

MEETINGS

- a) Meetings shall be held not less than four (4) times a year, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities.
- b) The quorum for a meeting of the Committee shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- c) The meetings of the Committee shall be governed by the provisions contained in the Memorandum and Articles of Association of Utusan Melayu (Malaysia) Berhad for regulating the meetings and proceedings of Directors.

ATTENDANCE AT MEETINGS

A total of six (6) meetings were held during the financial year ended 31 December 2010. The details of attendance of the Committee members are as follows:

MEMBERS	ATTENDANCE OF MEETINGS
Dato' Ab Halim Mohyiddin	6/6
Datuk Seri Ismail Yusof	6/6
Datuk Tengku Sariffuddin Tengku Ahmad	5/6

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The following activities were performed by the Audit Committee during the financial year ended 31 December 2010:

- a) Reviewed with the External Auditors their audit plan, strategy and scope of the statutory audits of the Group accounts for the financial year ended 31 December 2010;
- b) Reviewed with the External Auditors the result and issues arising from their audit of the year-end financial statements and their resolutions of such issues highlighted in their report to the Committee;

- c) Reviewed the performance and independence of the External Auditors before recommending to the Board their re-appointment and remuneration;
- d) Reviewed with the Internal Audit their audit plan for the financial year ended 31 December 2010 and ensuring the principal risk areas (identified by the Risk Management framework) are adequately identified and covered in the plan;
- e) Reviewed the various Internal Audit reports and appraised the adequacy and effectiveness of Management responses thereto and ensuring significant findings are adequately addressed by Management on a timely basis;
- f) Reviewed the quarterly results and the audited financial statements of the Group with the Chief Financial Officer and the External Auditors before recommending to the Board for their approval and its announcement. Any significant issues resulting from the audit of the financial statements by the External Auditors were noted and deliberated by the Committee; and
- g) The Committee, 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.

In 2010, the Group Internal Audit Department conducted operational and information system audits as well as follow-up reviews on the Group's key departments and subsidiaries based on the Annual Audit Plan which had been approved by the Audit Committee. 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/deficiencies as recommended are taken within the required time frame. The Management is also responsible for ensuring that a written report on action planned or completed is sent to the Chairman of the Audit Committee and the Head of Internal Audit.

INTERNAL AUDIT FUNCTION

The in-house Group Internal Audit Department is responsible to undertake regular and independent review of the system of controls so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls. The purpose, authority and responsibility of the Group Internal Audit Department are reflected in the Group Internal Audit Department's Charter. The Head of Internal Audit reports directly to the Audit Committee

The Group Internal Audit Department adopts a risk-based audit approach in formulating the Annual Audit Plan. The department 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.

STATEMENT OF INTERNAL CONTROL

BOARD'S RESPONSIBILITIES

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

The 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 Board oversees the conduct of the Group's business and review the adequacy and integrity of the 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 Executive 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 Risk Management Committee comprising Executive Directors and key management personnel from the relevant business and support functions is entrusted with the responsibility of assisting the Board in overseeing the risk management practices throughout the Group. The Committee reviews and recommends overall risk management policies and processes and monitors significant risks through review of risks profile and its mitigation plans.
- 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.

The Company's printing and distribution operations and its subsidiary, Utusan Printcorp Sdn Bhd are ISO 9001 certified. The Corporate Services & Risk Management Department ('CSRMD') facilitates the process of routine internal quality audits and performs ongoing monitoring to ensure the operational processes are in accordance with the ISO 9001 Quality Systems.

- 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.
- Senior Management Committee meetings and Head of Subsidiary meetings, both chaired by the Executive Chairman are conducted on a regular basis to monitor business performance and to discuss other significant issues.

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.

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.

CSRMD has been entrusted to assist the Board in managing the risks within the Group. The CSRMD reports directly to the Group Executive 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 Risk Management Committee conduct 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.

Statement made in accordance with the resolution of the Board of Directors dated 25 April 2011.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board is committed to upholding the highest standards of corporate governance as expressed in the Principles and Best Practices in Corporate Governance as set out in the Malaysian Code on Corporate Governance.

1. THE BOARD OF DIRECTORS

1.1 Board Composition and Balance

The Board consists of eight (8) members comprising:

Three (3) Executive Directors (including Chairman)

Three (3) Independent Non-Executive Directors

One (1) Senior Independent Non-Executive Director

One (1) Non-Independent Non-Executive Director

The Board has a balanced composition of Executive and Non-Executive Directors (including Non-Independent Directors) such that no individual or group of individuals can dominate the Board's decision making powers and processes. The Independent Non-Executive Directors make up 50 % of the Board membership.

Although the Chairman of the Board holds an executive position, the Board is of the opinion that the independence and the balance of power between the top management of the Company is still appropriately preserved. This is because the power and authority of the Chairman and the Group Executive Director are subject to the control and scrutiny of the Board, the majority of whom are Non-Executive Directors.

1.2 Duties and Responsibilities

The Board has full control over the businesses and affairs of the Company and the Group. The principal duties and responsibilities of the Board are:

- 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 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.

1.3 Board Meetings

During the financial year ended 31 December 2010, five (5) Board meetings and one (1) Annual General Meeting ('AGM') were held. The Board members will receive in advance documents on matters requiring its consideration with detailed management reports, proposal papers 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.

The attendance record of each Director since the last financial year is as follows:

NAME OF DIRECTOR	ATTENDANCE
Tan Sri Mohamed Hashim Ahmad Makaruddin	6/6
Datuk Mohd Nasir Ali	6/6
Datuk Abdul Aziz Ishak	6/6
Tan Sri Haji Husein Ahmad	6/6
YB Senator Dato' Dr. Firdaus Haji Abdullah	5/6
Dato' Ab Halim Mohyiddin	5/6
Dato' Seri Ismail Yusof	6/6
Datuk Tengku Sariffuddin Tengku Ahmad	6/6

1.4 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.

1.5 Appointment and Re-Election of Directors

The Nomination Committee upon reaching consensus recommends suitable candidates of new Directors to the Board for appointment.

On appointment, Directors are advised of their legal and statutory responsibilities. They are regularly being updated on any changes of such responsibilities and constantly reminded of their obligations.

Pursuant to Article 98 of the Articles of Association of the Company, one-third or nearest to one-third of the Directors shall retire from office at each AGM and be eligible to offer themselves for re-election. Hence, every Director will stand for election at least once in every three (3) years. Directors who are appointed by the Board of Directors during the year are subject to retirement and re-election at the next AGM held following their appointment. Directors who are over 70 years of age are required to submit themselves for re-appointment and re-election annually pursuant to Section 129(2) and Section 129(6) of the Companies Act 1965.

STATEMENT ON CORPORATE GOVERNANCE

1.6 Director's Training

The Directors are encouraged to attend programmes and seminars to keep abreast with the latest developments in the industry and market place. All Directors have attended the Mandatory Accreditation Programme. During the year, various Directors have attended seminars on their own.

1.7 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 19 to 21 of this Annual Report.

(b) Nomination Committee

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

- Tan Sri Haji Husein Ahmad (Chairman)
- Datuk Tengku Sariffuddin Tengku Ahmad

The Nomination Committee reviews the existing mix of skills and experience of the Board and recommends to the Board suitable committee members and candidates for directorships of the Company.

(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 comprises mainly of Independent Non-Executive Directors as follows:

- Dato' Ab Halim Mohyiddin (Chairman)
- Tan Sri Haji Husein Ahmad
- Datuk Seri Ismail Yusof

No meeting was held during the financial year ended 31 December 2010.

(d) Executives' Share Option Committee ('Option Committee')

The Option Committee was established on 30 May 2003 to administer the Executives' Share Option Scheme ('the Scheme'). The Option Committee chaired by a non-Executive Director has power to administer the Scheme in such manner as it deems fit, including such powers and duties conferred upon it under the Bye-Laws of the Scheme. The Option Committee ensures that the Scheme is administered in accordance with the Bye-Laws.

1.8 Directors Remuneration

The remuneration of the Directors for the financial year ended 31 December 2010 are as follows:

	Salaries	Fees	Ex-gratia	Benefits-in-kind	Total
	RM				
Executive Directors	1,317,692	120,000	-	174,107	1,611,799
Non-Executive Directors	-	216,808	-	-	216,808

The number of Directors of the Company whose total remuneration fall within the following bands for the financial year ended 31 December 2010 are as follows:

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
Below RM50,000	-	5
RM250,001 to RM300,000	1	-
RM650,001 to RM700,000	2	-

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 fees and attendance allowances for attending Board/Committee meetings.

Although the Code (Principles – B III) requires that each Director's remuneration be disclosed in detail, the Board is of the opinion that the transparency and accountability aspects of this requirement are still appropriately served. The band disclosure made above is in compliance with Paragraph 10(b) Part A of Appendix 9C of the Listing Requirements of the Bursa Malaysia Securities Berhad.

STATEMENT ON CORPORATE GOVERNANCE

2. ACCOUNTABILITY AND AUDIT

2.1 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.

2.2 Risk Management Framework and Internal Control

A Statement on Internal Control which provides an overview of the state of internal control within the Group is disclosed on pages 22 to 23 of this Annual Report.

2.3 Relationship with the Auditors

Through the Audit Committee, the Company has established a formal and transparent relationship with the auditors, both internal and external. 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 a year.

3. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATIONS

The Company endeavours to maintain constant and effective communications with shareholders through timely and comprehensive announcements. The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue. The Executive Chairman and the Group Executive Director are available to respond to shareholders' queries during the meeting. The notice of AGM is despatched to shareholders, together with explanatory notes or circular on items of special business, at least twenty-one (21) days prior to the meeting date.

Shareholders and investors can also convey their concerns and queries to Tan Sri Haji Husein Ahmad, the Senior Independent Non-Executive Director of the Company at fax no. 03-92224131 or by mail to the registered office of the Company at 46M, Jalan Lima Off Jalan Chan Sow Lin, 55200 Kuala Lumpur.

Statement made in accordance with the resolution of the Board passed on 25 April 2011.

OTHER INFORMATION

Required by The Listing Requirements of The Bursa Malaysia Securities Berhad

SHARE BUYBACKS

During the financial year, the Company did not enter into any share buyback transactions.

AMERICAN DEPOSITORY RECEIPT ('ADR') OR GLOBAL DEPOSITORY RECEIPT ('GDR') PROGRAMME

During the financial year, the Company did not sponsor any ADR or GDR programme.

IMPOSITION OF SANCTIONS AND PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or Management by the relevant regulatory bodies during the financial year.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by both the Group and the Company for the financial year amounted to RM7,000.00.

PROFIT GUARANTEE

During the financial year, there were no profit guarantees given by the Company.

INTERNAL AUDIT FUNCTIONS

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





CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2010 continued to be challenging to Utusan Melayu (Malaysia) Berhad ('the Company') and its subsidiaries (collectively referred to as 'the Group'). Although Malaysia's economy grew positively by 7.2%, intense competition in the media industry had adversely affected our advertising revenue in 2010.

FINANCIAL PERFORMANCE

Group

For the financial year under review, the Group's total revenue of RM338.4 million was lower than that of the previous year's revenue of RM348.6 million. The decline in the Group's advertising revenue by 9.6% was largely cushioned by the positive growth in circulation revenue. The circulation revenue bounced back 2.5% after a decline of 3% in the previous year. However, pre-tax profit dipped 34% from RM7.3 million in 2009 to RM4.8 million in 2010 due to higher allowance for impairment losses for the Group's property plant and equipment and trade receivables as well as lower share of profit of associates. The allowance for impairment losses was in line



with the requirements of a new accounting standard, Financial Reporting Standard 139, enforced on 1 January 2010. As a result, basic earnings per share dropped to 2.05 sen from 4.62 sen in the previous year.

Company

The Company contributed 79.5% to the Group's total revenue. For the year under review, the Company's revenue declined by 3.1% or RM8.5 million from RM277.5 million in 2009 to RM269.0 million. Whilst advertising revenue continued to fall by 13.0% to RM96.3 million from RM110.7 million previously, circulation revenue climbed up 3.6% after a drop of 2.2% in 2009. The positive growth in circulation revenue is largely contributed by Kosmo which grew by 17%. The Company registered lower pre-tax loss of RM11.3 million compared with pre-tax loss of RM24.9 million in 2009. This loss is after taking into account allowance for impairment losses amounted to RM11.8 million whilst higher loss in 2009 was mainly due to higher allowance for impairment losses amounted to RM28.9 million.

Despite intense competition for circulation and readership, Kosmo continued to strengthen its position by recording higher sales, thereby increasing its contribution to the Company's revenue to 29% from 23% in 2009.

Subsidiary Performance

In the advertising sector, Utusan Media Sales Sdn Bhd, the Group's advertising arm, recorded a pre-tax loss of RM0.6 million against pre-tax profit of RM0.5 million in 2009 due to lower advertising revenue secured for the year under review.

Utusan Airtime Sdn Bhd which acts as the marketing agent for RTM's radio and television commercial airtime, registered a significantly higher pre-tax profit of RM10.8 million against RM49 thousand in 2009. Its total income rose to RM21.5 million in 2010 compared with RM8.6 million in 2009.

In the publishing sector, Utusan Karya Sdn Bhd ('UKSB'), our magazine publishing subsidiary, registered a pre-tax profit of RM0.5 million compared with RM0.3 million in 2009 despite lower revenue of RM31.4 million compared with RM32.3 million previously. During the year, UKSB relaunched i-Sihat, a magazine associated with health, in an effort to enhance its source of revenue.

Meanwhile, Utusan Publications & Distributors Sdn Bhd which is in the book publishing and distribution business, maintained its pre-tax profit of RM0.4



CHAIRMAN'S STATEMENT

million despite lower revenue of RM12.5 million compared with RM17.8 million the preceding year.

Another book publishing and distribution subsidiary, Arah Pendidikan Sdn Bhd which was acquired in February 2010 recorded a pre-tax profit of RM0.3 million on the back of revenue of RM1.9 million.

The Group's commercial printing subsidiary, Utusan Printcorp Sdn Bhd recorded a higher pre-tax loss of RM4.9 million compared with RM1.4 million in 2009 against the backdrop of a highly fragmented and intensely competitive industry. Its revenue declined from RM24.3 million in 2009 to RM21.7 million in the year under review.

Juasa Holdings Sdn Bhd, an investment holding subsidiary, recorded a pre-tax profit of RM2.1 million in 2010 compared with RM1.5 million previously.

Perfiso Solutions Sdn Bhd ('Perfiso'), an online business subsidiary in the multimedia segment, posted a pre-tax loss of RM0.9 million compared with RM0.8 million in the previous year.

DIVIDEND

Given the losses recorded by the Company, the Board of Directors does not recommend the payment of any dividend for the financial year ended 31 December 2010.

CORPORATE DEVELOPMENT

In view of the need to enhance the print quality of our regional printing plants, we have completed a project to upgrade our printing plants in Johor and Terengganu. These plants now have the same full colour pagination printing capacity as that of other printing plants and able to meet the increasing demand for our newspapers particularly for Kosmo.

The Company's project on the construction of the corporate head office building is on track and scheduled to be completed by the end of 2012. The new building will house the various departments' staff under one roof and is expected to result in some administrative cost savings.

The Group has also secured the renewal of contract for the marketing of RTM's radio and television commercial airtime with the Government of Malaysia for another two years beginning January 2011. The signing ceremony between the Company and the Government was graced by the Minister of Information, Communications and Culture on 2 February 2011.

In the online development, the Group through its subsidiary Perfiso has been entrusted by MIMOS Berhad to implement and commercialise a new e-learning technology known as the Intelligent Learning Management System ('ILMS'). A signing ceremony between Perfiso and MIMOS Berhad was held on 4 March 2011 in the presence of Deputy Prime Minister cum



Minister of Education. This will certainly enhance the potential of our educational website, tutor.com.my which is already one of the leading online tuition website in the country.

AWARDS

During the year under review, the Company received the best in print award from International Newspaper Colour Quality Club 2010 – 2012 organised by WAN-IFRA for our Utusan Malaysia. Our journalists received a number of awards in various categories such as NPC- Scomi Best Journalist Award 2010 from National Press Club, Best Media Award 2010 for health category organised by the Ministry of Health and Excellent Environment Award by MPI-Petronas. We congratulate them for the achievements.

FUTURE OUTLOOK

Malaysia's economy as well as the global economy are expected to continue to grow positively in 2011 albeit at a slower pace. Against this positive outlook, the Group will continue to leverage on its faster growing Kosmo for better circulation and advertising revenue while continuous content improvements will be carried out in respect of our flagship newspapers Utusan Malaysia and Mingguan Malaysia to better serve the needs of existing readers and attract new readers. The Company has, on 19 March 2011, launched a brand new look and revamped content layout for Utusan Malaysia and Mingguan Malaysia. Creative and innovative advertising packages will continue to be

offered and exciting promotional activities for our readers and clients will be carried out.

Riding on the popularity and high traffic volume of our websites, we believe online business is a sector that will provide business opportunities to grow our future revenue stream. Our news websites, Utusan Online and Kosmo Online are constantly ranked in the top 50 websites in Malaysia. We will continue to invest in the online infrastructure in order to provide value added services to our consumers and advertisers. The government's plans to increase internet penetration via broadband augur well for our online business and will certainly provide us with opportunities to diversify our content formats and channels.

The Group will continue to pursue initiatives to explore new business opportunities in order to complement our core business activities and grow our revenue. The Group will also continue to invest in printing infrastructure and facilities to provide quality products to our consumers and advertisers as well as to enhance the Group's business continuity plans.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to thank our management and staff for their dedication, commitment and untiring contributions, and to our advertisers, vendors, business associates, readers and all other stakeholders for their continued support and loyalty to our brands.

I would also like to thank my fellow board members for their support throughout last year.

TAN SRI MOHAMED HASHIM AHMAD MAKARUDDIN
Executive Chairman



STATEMENT OF CORPORATE RESPONSIBILITY

Even though 2010 was a challenging year for the Utusan Group, we continued to maintain our Corporate Responsibility activities through our focus on the community and education.

The Community

Investing in the community has long been a company tradition. These efforts were undertaken in view of a goal to ensure that all levels of the community are able to enjoy the benefits of a planned agenda and its ensuing activities. These efforts are viewed as a long-term investment for the Group to foster a closer relationship with the Malaysian public.

In 2010, the Group focused on social issues such as child abuse and baby dumping, recently endemic in society as evidenced in increasing press coverage. The Utusan Malaysia newspaper in collaboration with the Ministry of Women, Family and Community Development, Persatuan Karyawan Malaysia and Astro, embarked on a *Kami Prihatin* campaign to create community awareness of these pressing social issues. This campaign garnered positive feedbacks from the community and its reach is now being expanded to institutions of higher learning throughout the country. This campaign will be extended to the following year in view of its encouraging success.

The Group has also continued organising its Humanitarian Funds for victims of natural disasters. Through its collaboration with the Malaysian Relief Agency ('MRA'), The Utusan-MRA Flood Relief Fund was established to assist flood victims in the northern region in November 2010.

As a leading Malay media, the Group continued the legacy of promoting Malay literature through its Utusan Group Literary Prize which is celebrating its 25th anniversary this year. The competition has long been the platform for young writers to showcase their literary talents. Meanwhile, the Group has added to its Malay literary contest by jointly organising for the first time, the UTM-Utusan Group Science Fiction Literary Prize with the University of Technology Malaysia ('UTM').

The Teachers' Day Festival 2010 held in conjunction with the National Teacher's Day celebration entered its second year. The impact on the Group's branding through this event is as encouraging as our support for this education-themed event which we view as a bridge linking the public and educators.

With the support of sponsors, sports events such as the KFC-Utusan Malaysia Sepak Takraw Championship 2010 and Kosmo! Rentap Futsal Putrajaya 2010

were organized primarily for the younger generation and also the general public at large. The goal was to encourage a healthy lifestyle through sporting activities.

We also provided exposure for young designers to encourage innovation and creativity by building simple electronic devices in our Bengkel Rakan Inovasi. This is in response to government's call to promote a culture of creativity and innovation among Malaysians.

Education

We are conscious of the continuing need to improve the level of education among students. Our commitment extends to providing continuous learning through an easily accessible online medium via the country's first mobile e-learning system, *Sekolahku*. This is in addition to maintaining our existing portals: Tutor Online and Utusan's Education Portal, tutor.com.my.

The Utusan Malaysia education pullout, *Akhbar Dalam Pembelajaran* or popularly known as *ADaP* is published every Wednesday and Thursday and serves as an additional source for students' school revision in their quest to improve on their scholarly achievements.

Our collaboration with MIMOS Berhad and the Majlis Amanah Rakyat ('MARA') in the development and introduction of the Intelligent Learning Management System (Tutor iLMS) is an educational initiative to help improve the educational performance of students. This tutor software helps students to improve their understanding of the topics in a subject based on the format options available other than just classroom learning.

Our support for the young continues with our scholarship for bumiputera students for designated courses at the IACT College Sdn Bhd and financial assistance for less fortunate students taking a course in Basic Business and Information Technology at the Kolej Yayasan Pendidikan Cheras ('YPC') under the YPC-Utusan Malaysia Scholarship Project.

Our efforts in promoting Jawi script writing skills among the young generation have garnered enduring support through the sponsorship of the Utusan Melayu Mingguan by individuals and corporations. The newspaper is in turn distributed for free to schools as part of our social contribution to the society. Programs and contests were also jointly organised with our sponsors, such as the AgroXRace, a Jawi script competition designed to nurture students' and youth interest in Jawi script writing.

The Environment

We actively support the conservation of the environment through news articles and news writing in our newspapers and other publications. Our aim is to provide opportunities and motivate the community to contribute to environmental protection and to engage in conservation activities. It is hoped this will improve the quality of our environment so that it may be preserved for future generations.

In our daily operations, we promote the eco-friendly elements such as recycling paper, communicating electronically and observing energy conservation among our workforce.

Employees and the Workplace

A healthy and safe working environment makes for a conducive working environment and employees will in turn be motivated to contribute

optimum, high productivity results and enhance their character and personal satisfaction. The Group puts the safety and health of employees at the forefront through various programs, campaigns and health talks to educate its employees on the benefits of a healthy lifestyle and to place priority on safety at work.

Special programs and activities are organized each year as part of our efforts to promote better relations among our employees. As a token of appreciation to our employees, events such as Malam Jasamu Dikenang and Hari Keluarga Kumpulan Utusan are organized to create rapport between the management and staff. While the children of our employees are rewarded for academic excellence in the Ujian Penilaian Sekolah Rendah ('UPSR'), Peperiksaan Menengah Rendah ('PMR'), Sijil Pelajaran Malaysia ('SPM') and Sijil Tinggi Pelajaran Malaysia ('STPM') exams. These students are given incentives by the Company to encourage them to achieve success in their future endeavours.

CORPORATE CALENDAR



19 March 2010

Assistant Chief Editor 1, Datuk Zaini Hassan received the NPC-Scomi Best Journalist Award 2010 in conjunction with the National Press Club-Naza Award Night 2010 organised by the National Press Club. The award was presented by the Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Tun Razak.



24 March 2010

A new look for the Utusan Melayu Mingguan supplement was launched at the National Library Malaysia. The launch was officiated by the Minister of Information, Communication and Culture, YB Dato' Seri Utama Dr. Rais Yatim.



8 April 2010

The Utusan Malaysia newspaper with the co-operation of the Ministry of Women, Family and Community Development, Malaysia Association of Artistes (Karyawan) and Astro came together in support of the Kami Prihatin (We Care) campaign. The campaign aims to educate the society on an increasingly widespread social ill. The launch was officiated by the Minister of Women, Family and Community Development, YB Datuk Seri Shahrizat Jalil at the KL Sentral, Kuala Lumpur.



13 - 16 May 2010

The National Teacher's Day Festival was organised for the second year and received an overwhelming response from the teaching fraternity and the locals in Kuantan, Pahang.



14 - 16 May 2010

The Kosmo! Rentap Futsal Putrajaya 2010 tournament successfully attracted 1,078 entrants. The futsal tournament was held in conjunction with the National Youth Day 2010 organised by the Ministry of Youth and Sports.



20 May 2010

The Groundbreaking Ceremony of the headquarters building of Utusan Melayu (Malaysia) Berhad was officiated by the Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Tun Razak at the construction site at Jalan Chan Sow Lin, Kuala Lumpur.



9 July 2010

The Utusan Group Literary Prize celebrated its Silver Jubilee this year. Sri Rahayu Mohd Yusop was announced as the first prize winner of the Young Adult Novel category during the Utusan Group ExxonMobil Literature Prize-Giving Ceremony 2009. The presentation ceremony was officiated by the Minister of Domestic Trade, Co-operative and Consumerism, YB Dato' Sri Ismail Sabri Yaakob at the Panggung Sari, Istana Budaya.



24 July 2010

The Utusan Group Family Day was a resounding success when more than 2,000 staff participated with their families in games and enjoyed entertainment shows and lucky draws at the Desa Water Theme Park.



4 August 2010

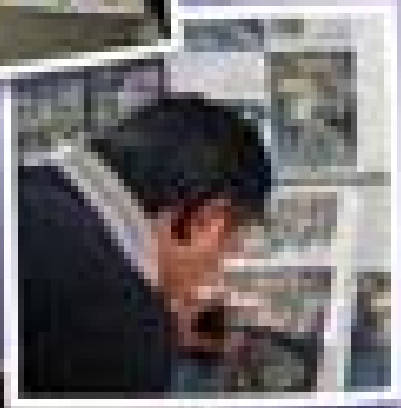
The Production Department, Bangi won the newspaper quality printing global level award at the International Newspaper Colour Quality Club 2010-2012 organised by WAN-IFRA and held at the Shangri-La Hotel, Kuala Lumpur in conjunction with the Asia Media Awards, Publish Asia 2010.



1 - 3 October 2010

The KFC-Utusan Malaysia Sepak Takraw 2010 tournament which was held to relive the sports' glory days received overwhelming support of the younger generation. The prize-giving ceremony was officiated by the Deputy Education Minister, YB Dr. Puad Zarkashi at The Curve, Mutiara Damansara, Petaling Jaya, Selangor.







FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

- The principal activities of the Company are the publication, printing and distribution of newspapers.
- The principal activities of the subsidiaries are described in Note 15 to the financial statements.
- There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	GROUP	COMPANY
	RM	RM
Profit/(loss) for the year, attributable to owners of the parent	2,267,396	(10,285,444)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement which has resulted in a decrease in the Group's and the Company's profit net of tax by RM3,332,092 and RM2,137,553 respectively as disclosed in Note 2.3 to the financial statements.

DIVIDENDS

The directors do not recommend any payment of dividend in respect of the financial year ended 31 December 2010.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Mohamed Hashim Ahmad Makaruddin
Datuk Mohd Nasir Ali
Datuk Abdul Aziz Ishak
Tan Sri Haji Husein Ahmad
YB Senator Dato' Dr. Firdaus Haji Abdullah
Dato' Ab Halim Mohyiddin
Datuk Seri Ismail Yusof
Datuk Tengku Sariffuddin Tengku Ahmad

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Executives' Share Options Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1 January 2010	Acquired	Sold	31 December 2010
The Company				
Direct interest				
Datuk Mohd Nasir Ali	10,000	-	-	10,000
	Number of options over ordinary shares of RM1 each			
	1 January 2010	Granted	Exercised	31 December 2010
Tan Sri Mohamed Hashim Ahmad Makaruddin	1,000,000	-	-	1,000,000
Datuk Mohd Nasir Ali	500,000	-	-	500,000
Datuk Abdul Aziz Ishak	53,700	-	-	53,700

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

EXECUTIVES' SHARE OPTIONS SCHEME

The Utusan Melayu (Malaysia) Berhad Executives' Share Options Scheme ('ESOS') is a scheme approved by the shareholders at an Extraordinary General Meeting held on 27 May 2003. The shareholders have approved certain amendments to the provisions of the existing by-laws governing the ESOS ('Existing By-Laws') and adopted the amended by-laws of the ESOS ('Amended By-Laws') at an Extraordinary General Meeting held on 31 May 2006.

The salient features and other terms of the ESOS are as disclosed in Note 26 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONTD.)

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 15 and Note 32 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2011.

TAN SRI MOHAMED HASHIM AHMAD MAKARUDDIN

DATUK MOHD NASIR ALI

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Tan Sri Mohamed Hashim Ahmad Makaruddin and Datuk Mohd Nasir Ali, being two of the directors of Utusan Melayu (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 49 to 159 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

The information set out in Note 38 on page 160 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2011.

TAN SRI MOHAMED HASHIM AHMAD MAKARUDDIN

DATUK MOHD NASIR ALI

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, W. Nor Asmah W. Ismail, being the officer primarily responsible for the financial management of Utusan Melayu (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 160 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed W. Nor Asmah W. Ismail
at Kuala Lumpur in Wilayah Persekutuan
on 25 April 2011.

W. NOR ASMAH W. ISMAIL

Before me,
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UTUSAN MELAYU (MALAYSIA) BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Utusan Melayu (Malaysia) Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 159.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Approved Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 ('Act'), in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' report on the accounts of the subsidiary were not subject to any qualification and did not include any comment required to be made under section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 38 on page 160 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

NIK RAHMAT KAMARUZAMAN BIN NIK AB. RAHMAN
No. 1759/02/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
25 April 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	NOTE	2010 RM	2009 RM RESTATED
Revenue	3	338,425,995	348,629,851
Other income	4	18,243,492	5,432,118
Changes in inventories of finished goods and work-in-progress		(3,073,897)	281,050
Raw materials and consumables used		(94,109,529)	(111,573,016)
Vendors' commissions		(45,226,812)	(43,968,897)
Transportation costs		(13,910,043)	(13,040,084)
Employee benefits expense	5	(111,460,351)	(103,136,942)
Depreciation of property, plant and equipment		(23,064,519)	(24,667,154)
Depreciation of investment properties		(49,619)	(210,065)
Amortisation of intangible assets		(2,809,980)	(3,184,861)
Other expenses		(54,831,913)	(44,253,718)
Finance costs	7	(6,368,823)	(6,663,612)
Operating profit		1,764,001	3,644,670
Share of results of associates		3,009,222	3,606,865
Profit before tax	8	4,773,223	7,251,535
Income tax expense	9	(2,505,827)	(2,090,597)
Zakat		-	(40,000)
Profit for the year, net of tax		2,267,396	5,120,938
Other comprehensive income			
Net gain on available-for-sale financial assets			
- gain on fair value changes		1,925,944	-
- transfer to profit or loss upon disposal		(29,944)	-
Foreign currency translation		263,547	(575,436)
Other comprehensive income for the year, net of tax		2,159,547	(575,436)
Total comprehensive income for the year		4,426,943	4,545,502

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (CONTD.)**

	NOTE	2010 RM	2009 RM RESTATED
Profit attributable to:			
Owners of the parent		2,267,396	5,120,938
Total comprehensive income attributable to:			
Owners of the parent		4,426,943	4,545,502
Earnings per share attributable to owners of the parent (sen):			
Basic, for profit for the year	10	2.05	4.62
Diluted, for profit for the year	10	2.05	4.62

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	NOTE	31 DECEMBER 2010 RM	31 DECEMBER 2009 RM RESTATED	1 JANUARY 2009 RM RESTATED
ASSETS				
Non-current assets				
Property, plant and equipment	12	242,297,907	244,601,776	265,383,897
Investment properties	13	7,995,323	4,904,345	5,114,410
Intangible assets	14	2,292,142	4,055,849	6,742,940
Investments in associates	16	25,237,822	23,045,406	20,380,594
Investment securities	21	19,406,347	-	-
Other investments	21	1,378,502	2,661,003	2,661,003
Deferred tax assets	17	8,870,220	8,296,656	9,313,215
Long term receivables	18	450,224	457,713	495,373
		307,928,487	288,022,748	310,091,432
Current assets				
Inventories	19	73,829,649	62,091,770	45,537,416
Trade and other receivables	20	93,582,980	69,210,344	83,025,660
Investment securities	21	1,089,467	11,948,157	4,103,443
Cash and bank balances	22	48,557,013	58,746,888	60,549,444
		217,059,109	201,997,159	193,215,963
TOTAL ASSETS		524,987,596	490,019,907	503,307,395
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	26	110,733,837	110,733,837	110,733,837
Share premium		50,703,162	50,703,162	50,703,162
Other reserves	27	13,524,784	10,674,485	7,116,508
Retained earnings	28	115,464,745	112,748,447	112,591,421
TOTAL EQUITY		290,426,528	284,859,931	281,144,928

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010 (CONTD.)

	NOTE	31 DECEMBER 2010 RM	31 DECEMBER 2009 RM RESTATED	1 JANUARY 2009 RM RESTATED
Non-current liabilities				
Retirement benefit obligations	23	5,543,475	6,089,267	6,587,098
Loans and borrowings	24	78,671,384	91,510,985	102,837,343
Deferred tax liabilities	17	24,913,922	25,993,780	26,288,172
		109,128,781	123,594,032	135,712,613
Current liabilities				
Retirement benefit obligations	23	730,669	787,929	823,000
Loans and borrowings	24	60,667,426	34,796,394	37,553,552
Trade and other payables	25	61,880,654	45,577,308	46,200,138
Taxation		2,153,538	404,313	1,873,164
		125,432,287	81,565,944	86,449,854
TOTAL LIABILITIES		234,561,068	205,159,976	222,162,467
TOTAL EQUITY AND LIABILITIES		524,987,596	490,019,907	503,307,395

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	← Non-distributable →		← Distributable →		← Attributable to owners of the parent →					Total equity RM
	Share capital RM	Share premium RM	Retained earnings RM	Other reserves RM	Fair value adjustment reserve RM	Foreign			Capital reserve RM	
						Asset revaluation reserve RM	currency translation reserve RM	Share option reserve RM		
At 1 January 2009	110,733,837	50,703,162	112,591,421	7,116,508	-	5,380,919	389,182	426,407	920,000	281,144,928
Total comprehensive income	-	-	5,120,938	(575,436)	-	-	(575,436)	-	-	4,545,502
Transactions with owners										
Dividend			(830,499)	-	-	-	-	-	-	(830,499)
Forfeiture of share options granted under ESOS recognised directly in equity			26,587	(26,587)	-	-	-	(26,587)	-	-
Bonus issue of associate company			(4,160,000)	4,160,000	-	-	-	-	4,160,000	-
At 31 December 2009	110,733,837	50,703,162	112,748,447	10,674,485	-	5,380,919	(186,254)	399,820	5,080,000	284,859,931
At 1 January 2010	110,733,837	50,703,162	112,748,447	10,674,485	-	5,380,919	(186,254)	399,820	5,080,000	284,859,931
Effects of adopting FRS 139			438,418	701,236	701,236	-	-	-	-	1,139,654
	110,733,837	50,703,162	113,186,865	11,375,721	701,236	5,380,919	(186,254)	399,820	5,080,000	285,999,585
Total comprehensive income	-	-	2,267,396	2,159,547	1,896,000	-	263,547	-	-	4,426,943
Transactions with owners										
Forfeiture of share options granted under ESOS recognised directly in equity			10,484	(10,484)	-	-	-	(10,484)	-	-
At 31 December 2010	110,733,837	50,703,162	115,464,745	13,524,784	2,597,236	5,380,919	77,293	389,336	5,080,000	290,426,528

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	RM	RM
		RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,773,223	7,251,535
Adjustments for:		
Impairment loss on trade and other receivables	3,893,560	2,799,806
Reversal of impairment loss on trade and other receivables	(592,345)	(945,596)
Impairment loss on other investments	57,657	-
Gain on disposal of available-for-sale investment	(84,933)	-
Gain on disposal of held-for-trading investment	(316,512)	(992)
Net fair value gain on held-for-trading investment	(217,679)	-
Reversal of impairment loss on marketable securities	-	(1,751,072)
Provision for retirement benefits	1,209,938	1,021,830
Share of results of associates	(3,009,222)	(3,606,865)
Interest income	(602,329)	(784,327)
Interest expenses	5,876,155	6,059,203
Depreciation of property, plant and equipment	23,064,519	24,667,154
Depreciation of investment properties	49,619	210,065
Amortisation of intangible assets	2,809,980	3,184,861
Inventories written off	177,999	39,040
Reversal of inventories written down	(8,173)	-
Inventories written down	-	165,034
Gain on disposal of property, plant and equipment	(1,089,864)	(248,448)
Impairment loss on property, plant and equipment	3,303,244	-
Property, plant and equipment written off	631,534	-
Gain on disposal of subsidiaries through voluntary winding up	(3,195)	(2,960)
Compensation for loss of income	(8,659,698)	-
Dividend income	(715,951)	(952,199)
Accruals written back	(1,175,442)	(60,448)
Payables written back	-	(42,926)
Operating profit before working capital changes	29,372,085	37,002,695

	2010 RM	2009 RM RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)		
Operating profit before working capital changes (contd.)	29,372,085	37,002,695
(Increase)/decrease in receivables	(18,729,383)	12,914,564
Increase in inventories	(10,170,615)	(16,758,428)
Increase/(decrease) in payables	14,149,288	(555,299)
Cash generated from operations	14,621,375	32,603,532
Interest paid	(5,740,962)	(6,098,229)
Taxes paid	(1,569,260)	(3,107,180)
Real property gains tax paid	(112,000)	-
Taxes refund	11,435	517,088
Net cash generated from operating activities	7,210,588	23,915,211
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of shares in quoted investment	(7,804,918)	(6,098,202)
Proceeds from disposal of held-for-trading investment	4,668,237	5,552
Proceeds from disposal of available-for-sale investment	107,933	-
Proceed arising from capital reduction of other investment	1,282,501	-
Reclassification to available-for-sale investment	(1,500,000)	-
Interest received	602,329	784,327
Purchase of property, plant and equipment	(25,989,997)	(3,925,344)
Purchase of investment properties	(3,140,597)	-
Purchase of intangible assets	(260,660)	(497,770)
Proceeds from disposal of property, plant and equipment	2,384,415	290,230
Acquisition of subsidiary, net of cash acquired	44,611	-
Dividend received	713,621	789,215
Net cash used in investing activities	(28,892,525)	(8,651,992)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTD.)**

	2010	2009
	RM	RM
		RESTATED
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(repayment) of short term borrowings	23,551,793	(918,156)
Payment of finance lease commitments	(19,905)	(574,923)
Repayment of long term borrowings	(10,856,046)	(12,571,399)
Payment of retirement benefits	(1,812,990)	(1,554,732)
Withdrawal of pledged fixed deposits	492,226	88,311
Dividend paid	-	(830,499)
Net cash generated from/(used in) financing activities	11,355,078	(16,361,398)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,326,859)	(1,098,179)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	273,622	(597,028)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	56,882,318	58,577,525
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (NOTE 22)	46,829,081	56,882,318

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	NOTE	2010 RM	2009 RM RESTATED
Revenue	3	269,000,023	277,480,638
Other income	4	13,073,528	12,407,754
Raw materials and consumables used		(75,131,993)	(83,529,960)
Vendors' commissions		(39,198,886)	(37,700,914)
Transportation costs		(12,909,006)	(12,168,474)
Employee benefits expense	5	(80,948,149)	(76,343,948)
Depreciation of property, plant and equipment		(20,367,658)	(21,821,337)
Depreciation of investment properties		(8,516)	(168,963)
Amortisation of intangible assets		(2,653,507)	(3,093,324)
Other expenses		(55,780,798)	(73,462,931)
Finance costs	7	(6,369,415)	(6,457,856)
Loss before taxation	8	(11,294,377)	(24,859,315)
Income tax	9	1,008,933	(1,270,175)
Zakat		-	(40,000)
Loss for the year, net of tax		(10,285,444)	(26,169,490)
Other comprehensive income			
Net gain on available-for-sale financial assets			
- gain on fair value changes		1,302,377	-
Other comprehensive income for the year, net of tax		1,302,377	-
Total comprehensive income for the year		(8,983,067)	(26,169,490)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

		31 DECEMBER 2010 RM	31 DECEMBER 2009 RM RESTATED	1 JANUARY 2009 RM RESTATED
	NOTE			
ASSETS				
Non-current assets				
Property, plant and equipment	12	222,774,350	222,047,277	246,216,659
Investment properties	13	1,217,737	-	168,963
Intangible assets	14	1,090,812	3,494,319	6,587,643
Investments in subsidiaries	15	10,453,956	13,953,956	14,314,956
Investments in associates	16	2,589,000	2,589,000	2,589,000
Investment securities	21	3,588,674	-	-
Deferred tax assets	17	7,284,640	6,800,545	7,441,619
Trade and other receivables	20	3,143,071	-	-
		252,142,240	248,885,097	277,318,840
Current assets				
Inventories	19	61,052,031	51,551,475	33,553,189
Trade and other receivables	20	67,776,956	66,748,167	103,353,000
Investment securities	21	-	2,281,380	2,159,937
Cash and bank balances	22	9,140,430	12,573,924	16,460,254
		137,969,417	133,154,946	155,526,380
TOTAL ASSETS		390,111,657	382,040,043	432,845,220
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	26	110,733,837	110,733,837	110,733,837
Share premium		50,703,162	50,703,162	50,703,162
Other reserves	27	6,839,708	5,547,815	5,574,402
Retained earnings	28	15,007,727	25,520,794	52,494,196
TOTAL EQUITY		183,284,434	192,505,608	219,505,597

		31 DECEMBER 2010 RM	31 DECEMBER 2009 RM RESTATED	1 JANUARY 2009 RM RESTATED
Non-current liabilities				
Retirement benefit obligations	23	4,257,387	4,990,893	5,411,228
Loans and borrowings	24	78,801,689	91,931,325	103,581,335
Deferred tax liabilities	17	24,108,419	25,031,954	24,923,023
		107,167,495	121,954,172	133,915,586
Current liabilities				
Retirement benefit obligations	23	615,243	671,736	695,938
Loans and borrowings	24	58,335,390	32,686,794	35,768,121
Trade and other payables	25	40,527,954	34,019,341	42,522,393
Taxation		181,141	202,392	437,585
		99,659,728	67,580,263	79,424,037
TOTAL LIABILITIES		206,827,223	189,534,435	213,339,623
TOTAL EQUITY AND LIABILITIES		390,111,657	382,040,043	432,845,220

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Attributable to owners of the parent		Non-distributable			Distributable			Non-distributable			Total equity RM
		Share capital RM	Share premium RM	Retained earnings RM	Other reserves RM	Fair value adjustment reserve RM	Asset revaluation reserve RM	Share option reserve RM	Share capital RM	Share premium RM	Retained earnings RM	Other reserves RM	
At 1 January 2009		110,733,837	50,703,162	52,494,196	5,574,402	-	5,147,995	426,407	-	-	-	219,505,597	
Total comprehensive income		-	-	(26,169,490)	-	-	-	-	-	-	-	(26,169,490)	
Transactions with owners													
Dividend	11	-	-	(830,499)	-	-	-	-	-	-	-	(830,499)	
Forfeiture of share options granted under ESOS recognised directly in equity	26	-	-	26,587	(26,587)	-	-	(26,587)	-	-	-	-	
At 31 December 2009		110,733,837	50,703,162	25,520,794	5,547,815	-	5,147,995	399,820	-	-	-	192,505,608	
At 1 January 2010		110,733,837	50,703,162	25,520,794	5,547,815	-	5,147,995	399,820	-	-	-	192,505,608	
Effects of adopting FRS 139		-	-	(238,107)	-	-	-	-	-	-	-	(238,107)	
Total comprehensive income		-	-	(10,285,444)	1,302,377	-	-	-	1,302,377	-	-	(8,983,067)	
Transactions with owners													
Forfeiture of share options granted under ESOS recognised directly in equity	26	-	-	10,484	(10,484)	-	-	(10,484)	-	-	-	-	
At 31 December 2010		110,733,837	50,703,162	15,007,727	6,839,708	-	5,147,995	389,336	1,302,377	5,147,995	-	183,284,434	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(11,294,377)	(24,859,315)
Adjustments for:		
Impairment loss on trade and other receivables	7,519,549	29,012,596
Reversal of impairment loss on trade and other receivables	(408,245)	(326,130)
Impairment loss on investment in a subsidiary	3,500,000	361,000
Reversal of impairment loss on marketable securities	-	(121,443)
Provision for retirement benefits	734,249	807,803
Interest income	(229,201)	(809,264)
Interest expenses	6,008,119	6,024,805
Depreciation of property, plant and equipment	20,367,658	21,821,337
Depreciation of investment properties	8,516	168,963
Amortisation of intangible assets	2,653,507	3,093,324
Inventories written off	-	39,040
Gain on disposal of property, plant and equipment	(1,088,864)	(178,693)
Impairment loss on property, plant and equipment	1,202,626	-
Property, plant and equipment written off	556,978	-
Dividend income	(1,622,083)	(1,640,317)
Accruals written back	(1,000,000)	-
Operating profit before working capital changes	26,908,432	33,393,706
(Increase)/decrease in receivables	(11,609,507)	13,297,335
Increase in inventories	(9,500,556)	(18,037,326)
Increase/(decrease) in payables	7,373,420	(8,504,025)
Cash generated from operations	13,171,789	20,149,690
Interest paid	(5,873,981)	(6,052,832)
Taxes (paid)/refund	(622)	273,222
Net cash generated from operating activities	7,297,186	14,370,080

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTD.)

	2010	2009
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of shares in quoted investment	(4,918)	-
Interest received	38,689	119,900
Purchase of property, plant and equipment	(24,148,880)	(3,249,456)
Purchase of investment properties	(1,226,253)	-
Purchase of intangible assets	(250,000)	-
Proceeds from disposal of property, plant and equipment	2,383,409	184,174
Dividend received	1,482,562	1,503,148
Net cash used in investing activities	(21,725,391)	(1,442,234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(repayment) of short term borrowings	23,751,793	(1,268,155)
Payment of finance lease commitments	(376,788)	(891,783)
Repayment of long term borrowings	(10,856,046)	(12,571,399)
Payment of retirement benefits	(1,524,248)	(1,252,340)
Dividend paid	-	(830,499)
Net cash generated from/(used in) financing activities	10,994,711	(16,814,176)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,433,494)	(3,886,330)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	11,556,600	15,442,930
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (NOTE 22)	8,123,106	11,556,600

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 46M Jalan Lima, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur. The principal place of business of the Company is located at Lot 7.01, Aras 7, Menara PGRM, No. 8, Jalan Pudu Ulu, 56100 Cheras, Kuala Lumpur.

The principal activities of the Company are the publication, printing and distribution of newspapers.

The principal activities of the subsidiaries are described in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of directors in accordance with a resolution of the directors on 25 April 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared under the historical cost convention except for the revaluation of certain property, plant and equipment.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(a) Subsidiaries and basis of consolidation (contd.)

(ii) Basis of consolidation (contd.)

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position.

The accounting policy for goodwill is set out in Note 2.2(c)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(b) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(c) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) Computer software and licenses

Computer software and licenses that do not form an integral part of the related hardware are classified as intangible assets. Software and licenses, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products of 3 to 5 years. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at least at each balance sheet date.

(b) Multimedia service ('MMS') reproduction fees

Multimedia service ('MMS') reproduction fees relate to songs copyright for ringtones and are amortised using a straight-line basis over 2 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

The land, building, plant and equipment have not been revalued since they were first revalued in 1986. The directors have not adopted a policy of regular revaluation of such assets.

As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets continue to be stated at their 1986 valuation less accumulated depreciation. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	7.5%
Waste water treatment	6.7%
Motor vehicles	20%
Furniture, fixtures, fittings and office equipment	20%
Computer equipment	33%
Renovations	10%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Investment properties are stated at cost less accumulated depreciation. Certain investment property was previously revalued when it was classified as property, plant and equipment. As allowed by transitional provision of IAS 16 (Revised): Property, Plant and Equipment, the asset continues to be stated at its last valuation less accumulated depreciation and impairment.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost less accumulated depreciation.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ('CGU')).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.2 Summary of significant accounting policies (contd.)****(g) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(g) Financial assets (contd.)

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(h) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(h) Impairment of financial assets (contd.)

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the first-in, first-out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held-for-trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.2 Summary of significant accounting policies (contd.)****(l) Financial liabilities (contd.)****(ii) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(n) Employee benefits**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when the services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ('EPF'). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(n) Employee benefits (contd.)

(iii) Defined benefit plans

The Company operates a funded, defined benefit Retirement Benefit Scheme ('the Scheme') for its eligible employees, while certain subsidiary companies operate an unfunded Scheme for their employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated.

That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets.

Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested. The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(iv) Share-based compensation

The Company's ESOS, an equity-settled, share-based compensation plan, allows the Company's executives to acquire ordinary shares of the Company. The total fair value of share options granted to executives is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.2 Summary of significant accounting policies (contd.)****(o) Leases****(i) As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term. In the case of a lease of land and buildings, the minimum lease payment or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportions to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.2(q)(iii).

(p) Foreign currencies**(i) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(p) Foreign currencies (contd.)

(ii) Foreign currency transactions (contd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue arising from publication, printing and distribution of newspapers and magazines is recognised net of returns and service tax. Revenue relating to other sale of goods is recognised net of service taxes and discounts upon transfer of risks and rewards of ownership to the buyer.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Advertising revenue

Revenue from services rendered is recognised net of service taxes and discounts as and when the advertisements are published or displayed.

(iii) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(r) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**2.2 Summary of significant accounting policies (contd.)****(r) Income taxes (contd.)****(ii) Deferred tax (contd.)**

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(s) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

(t) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in accounting policies and future accounting standards

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in accounting policies and future accounting standards (contd.)

FRS 7 Financial Instruments: Disclosures (contd.)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 37 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 36).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in accounting policies and future accounting standards (contd.)

FRS 117 Leases

The amendment to FRS 117 requires entity with existing leases and of land and building (combined) to reassess the classification of land as a finance or operating leases. The group has reassessed and determined that all leasehold land of the Group are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. These changes in presentation have been applied retrospectively and have no impact on the Group's financial statements. The following comparative figures have been restated.

	As previously reported RM'000	As restated RM'000	Effects of adopting amendments to FRS 117 RM'000
Statement of financial position (Group) as at 31 December 2009			
Property, plant and equipment	234,105	244,602	10,497
Prepaid lease payments	10,497	-	(10,497)
Statement of financial position (Group) as at 1 January 2009			
Property, plant and equipment	254,824	265,384	10,560
Prepaid lease payments	10,560	-	(10,560)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in accounting policies and future accounting standards (contd.)

FRS 139 Financial Instruments: Recognition and Measurement (contd.)

The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Equity instruments**

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM9,786,085. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings and reserves as at 1 January 2010. Investments in equity instruments whose fair value cannot be reliably measured amounting to RM2,661,003 at 1 January 2010 continued to be carried at cost less impairment losses.

- **Impairment of trade receivables**

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

During the current and prior years, the Company granted interest-free or low interest loans and advances to its subsidiaries. Prior to 1 January 2010 these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest free or low-interest loans or advances are recorded initially at fair value that is lower than cost. The difference between the fair value and cost of the loan or advances is recognised as an additional investment in the subsidiary. Subsequent to initial recognition, the loans and advances are measured at amortised cost. As at 1 January 2010, there is no difference between the fair value and cost of the loan or advance that needs to be recognised as an additional investment in the subsidiaries.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.3 Changes in accounting policies and future accounting standards (contd.)**

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 December 2010 RM'000	As at 1 January 2010 RM'000
Statements of financial position		
Group		
Investment in securities (non-current)		
- available-for-sale financial assets	9,620	9,786
Investment securities (current)		
- held-for-trading investments	(4,134)	(6,725)
Trade receivables	(3,894)	(422)
Retained earnings	(3,332)	438
Other reserves - fair value adjustment reserve	1,896	701
Company		
Investment in securities (non-current)		
- available-for-sale financial assets	1,306	2,281
Investment securities (current)		
- held-for-trading investments	-	(2,281)
Trade receivables	(2,138)	(238)
Retained earnings	(2,138)	(238)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**2.3 Changes in accounting policies and future accounting standards (contd.)**

The following are effects arising from the above changes in accounting policies: (contd.)

	Increase/(decrease)	
	Group 2010 RM'000	Company 2010 RM'000
Statements of comprehensive income		
Other income	619	-
Other expenses	3,951	2,138
Profit before tax from continuing operations	(3,332)	(2,138)
Profit net of tax	(3,332)	(2,138)
Other comprehensive income for the year, net of tax	1,896	-
<hr/>		
		Group Increase/ (decrease) 2010 Sen per share
<hr/>		
Earnings per share		
Basic		(3.01)
Diluted		(3.01)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards, amendments to FRSs and interpretations issued but not yet effective

The Group and the Company has not adopted the following new FRS, amendments to FRS and Interpretations that have been issued but not yet effective:

Effective for financial periods beginning on or after 1 July 2010

FRS 1 First-time Adoption of Financial Reporting Standards

FRS 3 Business Combinations (Revised)

Amendments to FRS 127: Consolidated and Separate Financial Statements

Amendments to FRS 2 Share-based Payment

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138 Intangible Assets

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Rights Issues

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1: Additional Exemptions for First-time Adopters

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards [Improvements to FRS (2010)]

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 3: Business Combinations [Improvements to FRS (2010)]

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 7: Financial Instruments: Disclosures [Improvement to FRS (2010)]

Amendments to FRS 101: Presentation of Financial Statements [Improvements to FRS (2010)]

Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates [Improvements to FRS (2010)]

Amendments to FRS 128: Investments in Associates [Improvements to FRS (2010)]

Amendments to FRS 131: Interests in Joint Ventures [Improvements to FRS (2010)]

Amendments to FRS 132: Financial Instruments: Presentation [Improvements to FRS (2010)]

Amendments to FRS 134: Interim Financial Reporting [Improvements to FRS (2010)]

Amendments to FRS 139: Financial Instruments: Recognition and Measurement [Improvements to FRS (2010)]

IC Interpretation 4: Determining whether an Arrangement contains a Lease

Amendments to IC Interpretation 13: Customer Loyalty Programme [Improvements to FRS (2010)]

IC Interpretation 18: Transfer of Assets from Customers

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards, amendments to FRSs and interpretations issued but not yet effective (contd.)

The Group and the Company has not adopted the following new FRS, amendments to FRS and Interpretations that have been issued but not yet effective: (contd.)

Effective for financial periods beginning on or after 1 July 2011

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012

FRS 124: Related Party Disclosures

IC Interpretation 15: Agreements for the Construction of Real Estate

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.5 Significant accounting estimates and judgments****(a) Critical judgments made in applying accounting policies**

There were no significant judgments made by the management in the process of applying the Group's accounting policies which may have significant effects on the amounts recognised in the financial statements except for the judgment made in determining the basis for allocation of the upfront payment made between the leasehold land and building in accordance with the requirement of FRS 117. After considering the nature of business that needs the building to support the operation more than it needs the land, the management has allocated the entire upfront payments for the lease of building in applying the accounting policies on leasehold land as disclosed in Note 2.2(o)(i).

(b) Key sources of estimation uncertainties

In the process of preparing these financial statements, there were no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year, except for:

(i) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group and of the Company respectively and the unrecognised tax losses and capital allowances of the Group was as disclosed in Note 17 to the financial statements.

(iii) Impairment review of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2010 was RM785,613 (2009: RMNil) further details are given in Note 14.

3. REVENUE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Publishing, distribution and advertisements	326,912,163	337,551,626	269,000,023	277,480,638
Printing	7,070,524	7,325,343	-	-
Information technology and multimedia	2,939,130	2,177,741	-	-
Investment holding, management services and others	1,504,178	1,575,141	-	-
	338,425,995	348,629,851	269,000,023	277,480,638

Included in investment holding revenue of the Group are:

	2010 RM	2009 RM
Dividend income from:		
Available-for-sale financial assets:		
- equity instruments (quoted)	294,968	3,384
- equity instruments (unquoted)	153,900	860,977
Net fair value gain on held-for-trading investment	217,679	-
Interest income on deposits	341,103	442,912
Gain on disposal of available-for-sale investments	84,933	-
Gain on disposal of held-for-trading investments	316,512	992

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

4. OTHER INCOME

Included in other income are the following:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Dividend income:				
- available-for-sale investment (quoted in Malaysia)	267,083	-	267,083	-
- held-for-trading investments (quoted in Malaysia)	-	87,837	-	87,837
- subsidiaries	-	-	546,000	546,000
- associates	809,000	-	809,000	1,006,480
Net gain on disposal of property, plant and equipment	1,089,864	248,448	1,088,864	178,693
Building rental income	525,050	622,250	2,477,550	3,112,450
Interest income charged to subsidiaries	-	-	190,512	689,364
Interest income on deposits	569,749	320,163	38,626	113,514
Interest income - others	32,580	21,252	63	6,386
Compensation for loss of income*	8,659,698	-	-	-

* Claims arising from pre-emption of programs from the relevant authority for the affected potential income generation in advertising segment.

5. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Wages and salaries	79,351,276	76,390,481	59,437,600	58,714,977
Termination benefits	-	44,277	-	-
Social security costs	977,323	962,469	727,097	716,935
Short term accumulating compensated absences	100,996	106,642	-	-
Contribution to defined contribution plans	11,510,054	10,813,498	8,374,598	7,975,059
Increase in liability for defined benefit plans (Note 23)	1,209,938	1,021,830	734,249	807,803
Other staff related expenses	18,310,764	13,797,745	11,674,605	8,129,174
	111,460,351	103,136,942	80,948,149	76,343,948

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM2,289,442 (2009:RM2,324,000) and RM1,437,692 (2009:RM1,497,598) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors' remuneration (Note 5):				
Fees	120,000	93,206	120,000	93,206
Other emoluments	2,169,442	2,230,794	1,317,692	1,404,392
	<u>2,289,442</u>	<u>2,324,000</u>	<u>1,437,692</u>	<u>1,497,598</u>
Non-executive directors' remuneration:				
Fees	216,808	212,069	216,808	212,069
Total directors' remuneration (Note 31(b))	2,506,250	2,536,069	1,654,500	1,709,667
Estimated money value of benefits-in-kind	217,577	192,051	174,107	173,175
Total directors' remuneration including benefits-in-kind	<u>2,723,827</u>	<u>2,728,120</u>	<u>1,828,607</u>	<u>1,882,842</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****6. DIRECTORS' REMUNERATION (CONTD.)**

The details of remuneration receivable by directors of the Company during the year are as follows:

	GROUP AND COMPANY	
	2010	2009
	RM	RM
Executive:		
Salaries and other emoluments	1,118,400	1,118,400
Fees	120,000	93,206
Ex-gratia - current year's provisions	-	86,700
Defined contribution plan	199,292	199,292
Estimated money value of benefit-in-kind	174,107	173,175
	1,611,799	1,670,773
Non-executive:		
Fees	216,808	212,069
	1,828,607	1,882,842

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	NUMBER OF DIRECTORS	
	2010	2009
Executive directors:		
RM250,001 – RM300,000	1	1
RM650,001 – RM700,000	2	2
Non-executive directors:		
Below RM50,000	5	7

7. FINANCE COSTS

Included in finance costs are the following:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense on:				
- bank borrowings and overdrafts	5,874,281	6,050,919	5,774,638	5,954,076
- inter company borrowings	-	-	192,446	-
- hire purchase and finance lease payables	1,874	8,284	41,035	70,730

8. PROFIT/(LOSS) BEFORE TAXATION

The following amounts have been included in arriving at profit/(loss) before taxation:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-executive directors' remuneration (Note 6)	216,808	212,069	216,808	212,069
Auditors' remuneration:				
Statutory audit				
- to holding company's auditors	212,600	198,800	76,000	75,000
Other services				
- to holding company's auditors	7,000	4,000	4,000	4,000
Office/warehouse rental expenses	4,508,374	1,503,529	3,996,892	2,099,449
Equipment rental expenses	46,896	151,334	10,281	44,230
Impairment loss on trade and other receivables	3,893,560	2,799,806	7,519,549	29,012,596
Reversal of impairment loss on trade and other receivables	(592,345)	(945,596)	(408,245)	(326,130)
Bad debts recovered	(145,900)	(50,109)	(5,900)	(17,325)
Inventories written off	177,999	39,040	-	39,040
Inventories written down	-	165,034	-	-
Reversal of inventories written down	(8,173)	-	-	-
Impairment loss on property, plant and equipment	3,303,244	-	1,202,626	-
Property, plant and equipment written off	631,534	-	556,978	-
Impairment loss on investment in a subsidiary	-	-	3,500,000	361,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****8. PROFIT/(LOSS) BEFORE TAXATION (CONTD.)**

The following amounts have been included in arriving at profit/(loss) before taxation: (contd.)

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Impairment loss on other investment	57,657	-	-	-
Reversal of impairment loss on marketable securities	-	(1,751,072)	-	(121,443)
Accruals written back	(1,175,442)	(60,448)	(1,000,000)	-
Payables written back	-	(42,926)	-	-

9. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	4,015,911	1,423,847	398,172	519,664
Under/(over) provision in prior years:				
Malaysian income tax	(33,050)	44,974	525	506
Real property gains tax	176,388	(100,391)	-	-
	143,338	(55,417)	525	506
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	(1,494,644)	391,965	(1,229,634)	331,430
(Over)/under provision in prior years	(158,778)	330,202	(177,996)	418,575
	(1,653,422)	722,167	(1,407,630)	750,005
	2,505,827	2,090,597	(1,008,933)	1,270,175

Domestic income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

9. INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2010 RM	2009 RM
Group		
Profit before taxation	4,773,223	7,251,535
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	1,193,306	1,812,884
Income not subject to tax	(168,793)	(788,573)
Expenses not deductible for tax purposes	1,063,046	1,038,000
Utilisation of previously unrecognised unutilised tax losses and unabsorbed capital allowances	(70,722)	(11,363)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,256,735	666,580
Effect of share of result of associates	(752,305)	(901,716)
Under/(over) provision of real property gains tax in prior years	176,388	(100,391)
(Over)/under provision of deferred tax in prior years	(158,778)	330,202
(Over)/under provision of tax expense in prior years	(33,050)	44,974
Income tax expense for the year	2,505,827	2,090,597
Company		
Loss before taxation	(11,294,377)	(24,859,315)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(2,823,594)	(6,214,829)
Income not subject to tax	(390,545)	(299,610)
Expenses not deductible for tax purposes	2,382,677	7,365,533
(Over)/under provision of deferred tax in prior years	(177,996)	418,575
Under provision of tax expense in prior years	525	506
Income tax expense for the year	(1,008,933)	1,270,175

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**9. INCOME TAX EXPENSE (CONTD.)**

	GROUP	
	2010	2009
	RM	RM
Tax savings during the financial year arising from:		
Utilisation of current year tax losses	248,585	4,613
Utilisation of tax losses brought forward from previous years	-	2,288

10. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2010	2009
Profit attributable to ordinary equity holders of the Company (RM)	2,267,396	5,120,938
Weighted average number of ordinary shares in issue	110,733,837	110,733,837
Basic earnings per share (sen)	2.05	4.62

10. EARNINGS PER SHARE (CONTD.)**(b) Diluted**

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, arising from the share options granted to executives.

	GROUP	
	2010	2009
Profit attributable to ordinary equity holders of the Company (RM)	2,267,396	5,120,938
Adjusted weighted average number of ordinary shares in issue and issuable	110,733,837	110,733,837
Diluted earnings per share (sen)	2.05	4.62

There was no dilution of earnings per share for the financial year since the effect of ESOS was anti-dilutive.

11. DIVIDENDS

	Dividends in respect of year			Dividends recognised in year	
	2010 RM	2009 RM	2008 RM	2010 RM	2009 RM
Recognised during the year:					
First and final dividend for 2008 1.00% less 25% taxation, on 110,733,837 ordinary shares (0.75 sen net per ordinary share)	-	-	830,499	-	830,499
	-	-	830,499	-	830,499

The directors do not recommend any payment of dividend in respect of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM	Capital work-in- progress RM	Motor vehicles, plant and machinery RM	Other assets** RM	Total RM
Group					
At 31 December 2010					
Cost or valuation					
At 1 January 2010					
As previously stated					
At cost	122,325,077	307,543	258,002,031	49,782,381	430,417,032
At valuation	12,287,700	-	9,297,850	57,374	21,642,924
	134,612,777	307,543	267,299,881	49,839,755	452,059,956
Effects of adopting FRS 117 (revised)	16,552,095	-	-	-	16,552,095
As restated	151,164,872	307,543	267,299,881	49,839,755	468,612,051
Additions	206,312	20,261,180	1,052,642	4,469,863	25,989,997
Disposals	(2,453,509)	-	(343,355)	(26,520)	(2,823,384)
Written off	(268,109)	-	(9,430,842)	(2,117,245)	(11,816,196)
Reclassification	(868,347)	-	(1,384,583)	2,252,930	-
Exchange differences	-	-	(13,755)	(911)	(14,666)
At 31 December 2010	147,781,219	20,568,723	257,179,988	54,417,872	479,947,802
Representing:					
At cost	135,493,519	20,568,723	247,882,138	54,360,498	458,304,878
At valuation	12,287,700	-	9,297,850	57,374	21,642,924
At 31 December 2010	147,781,219	20,568,723	257,179,988	54,417,872	479,947,802

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings* RM	Capital work-in- progress RM	Motor vehicles, plant and machinery RM	Other assets** RM	Total RM
Group (contd.)					
At 31 December 2010 (contd.)					
Accumulated depreciation and impairment					
At 1 January 2010					
As previously stated	29,310,889	-	144,266,427	44,378,073	217,955,389
Effects of adopting FRS 117 (revised)	6,054,886	-	-	-	6,054,886
As restated	35,365,775	-	144,266,427	44,378,073	224,010,275
Depreciation charge for the year	2,821,858	-	16,174,462	4,068,199	23,064,519
Disposals	(1,204,158)	-	(306,614)	(18,062)	(1,528,834)
Written off	(118,389)	-	(9,025,969)	(2,040,304)	(11,184,662)
Reclassification	(80,457)	-	(849,040)	929,497	-
Impairment loss recognised in profit or loss	-	-	3,303,244	-	3,303,244
Exchange differences	-	-	(13,755)	(892)	(14,647)
At 31 December 2010	36,784,629	-	153,548,755	47,316,511	237,649,895
Net carrying amount					
At cost	105,550,369	20,568,723	103,631,233	7,101,361	236,851,686
At valuation	5,446,221	-	-	-	5,446,221
At 31 December 2010	110,996,590	20,568,723	103,631,233	7,101,361	242,297,907

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings*	Capital work-in- progress	Motor vehicles, plant and machinery	Other assets**	Total
	RM	RM	RM	RM	RM
Group					
At 31 December 2009					
Cost or valuation					
At 1 January 2009					
As previously stated					
At cost	121,746,329	2,614,880	255,398,309	48,239,513	427,999,031
At valuation	12,287,700	-	9,297,850	57,374	21,642,924
	134,034,029	2,614,880	264,696,159	48,296,887	449,641,955
Effects of adopting FRS 117 (revised)	16,308,904	-	-	-	16,308,904
As restated	150,342,933	2,614,880	264,696,159	48,296,887	465,950,859
Additions	578,748	304,545	1,296,669	1,745,382	3,925,344
Disposals	-	-	(1,101,042)	(162,862)	(1,263,904)
Written off	-	-	-	(42,485)	(42,485)
Reclassification	243,191	(2,611,882)	2,368,691	-	-
Exchange differences	-	-	39,404	2,833	42,237
At 31 December 2009	151,164,872	307,543	267,299,881	49,839,755	468,612,051
Representing:					
At cost	138,877,172	307,543	258,002,031	49,782,381	446,969,127
At valuation	12,287,700	-	9,297,850	57,374	21,642,924
At 31 December 2009	151,164,872	307,543	267,299,881	49,839,755	468,612,051

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings*	Capital work-in- progress	Motor vehicles, plant and machinery	Other assets**	Total
	RM	RM	RM	RM	RM
Group (contd.)					
At 31 December 2009 (contd.)					
Accumulated depreciation and impairment					
At 1 January 2009					
As previously stated	26,709,229	-	128,051,324	40,057,349	194,817,902
Effects of adopting FRS 117 (revised)	5,749,060	-	-	-	5,749,060
As restated	32,458,289	-	128,051,324	40,057,349	200,566,962
Depreciation charge for the year	2,907,486	-	17,245,697	4,513,971	24,667,154
Disposals	-	-	(1,069,028)	(153,094)	(1,222,122)
Written off	-	-	-	(42,485)	(42,485)
Exchange differences	-	-	38,434	2,332	40,766
At 31 December 2009	35,365,775	-	144,266,427	44,378,073	224,010,275
Net carrying amount					
At cost	110,090,522	307,543	123,033,454	5,461,682	238,893,201
At valuation	5,708,575	-	-	-	5,708,575
At 31 December 2009	115,799,097	307,543	123,033,454	5,461,682	244,601,776

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings of the Group:

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
At 31 December 2010			
Cost or valuation			
At 1 January 2010			
As previously stated			
At cost	12,308,384	110,016,693	122,325,077
At valuation	440,000	11,847,700	12,287,700
	12,748,384	121,864,393	134,612,777
Effects of adopting FRS 117 (revised)	-	16,552,095	16,552,095
As restated	12,748,384	138,416,488	151,164,872
Additions	-	206,312	206,312
Disposals	(164,021)	(2,289,488)	(2,453,509)
Written off	-	(268,109)	(268,109)
Reclassification	-	(868,347)	(868,347)
At 31 December 2010	12,584,363	135,196,856	147,781,219
Representing:			
At cost	12,144,363	123,349,156	135,493,519
At valuation	440,000	11,847,700	12,287,700
At 31 December 2010	12,584,363	135,196,856	147,781,219
Accumulated depreciation and impairment			
At 1 January 2010			
As previously stated	4,962,780	24,348,109	29,310,889
Effects of adopting FRS 117 (revised)	-	6,054,886	6,054,886
As restated	4,962,780	30,402,995	35,365,775
Depreciation charge for the year	177,808	2,644,050	2,821,858
Disposals	(51,875)	(1,152,283)	(1,204,158)
Written off	-	(118,389)	(118,389)
Reclassification	-	(80,457)	(80,457)
At 31 December 2010	5,088,713	31,695,916	36,784,629
Net carrying amount			
At cost	2,049,429	103,500,940	105,550,369
At valuation	5,446,221	-	5,446,221
At 31 December 2010	7,495,650	103,500,940	110,996,590

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings of the Group:

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
At 31 December 2009			
Cost or valuation			
At 1 January 2009			
As previously stated			
At cost	12,124,075	109,622,254	121,746,329
At valuation	440,000	11,847,700	12,287,700
	12,564,075	121,469,954	134,034,029
Effects of adopting FRS 117 (revised)	-	16,308,904	16,308,904
As restated	12,564,075	137,778,858	150,342,933
Additions	184,309	394,439	578,748
Reclassification	-	243,191	243,191
At 31 December 2009	12,748,384	138,416,488	151,164,872
Representing:			
At cost	12,308,384	126,568,788	138,877,172
At valuation	440,000	11,847,700	12,287,700
At 31 December 2009	12,748,384	138,416,488	151,164,872
Accumulated depreciation and impairment			
At 1 January 2009			
As previously stated	4,782,313	21,926,916	26,709,229
Effects of adopting FRS 117 (revised)	-	5,749,060	5,749,060
As restated	4,782,313	27,675,976	32,458,289
Depreciation charge for the year	180,467	2,727,019	2,907,486
At 31 December 2009	4,962,780	30,402,995	35,365,775
Net carrying amount			
At cost	7,493,204	102,597,318	110,090,522
At valuation	292,400	5,416,175	5,708,575
At 31 December 2009	7,785,604	108,013,493	115,799,097

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings*	Capital work-in- progress	Motor vehicles, plant and machinery	Other assets**	Total
	RM	RM	RM	RM	RM
Company					
At 31 December 2010					
Cost or valuation					
At 1 January 2010					
As previously stated					
At cost	109,759,196	307,545	211,506,722	28,181,034	349,754,497
At valuation	12,287,700	-	8,204,000	57,374	20,549,074
	122,046,896	307,545	219,710,722	28,238,408	370,303,571
Effects of adopting FRS 117 (revised)	14,121,288	-	-	-	14,121,288
As restated	136,168,184	307,545	219,710,722	28,238,408	384,424,859
Additions	195,974	20,261,180	1,034,652	2,657,074	24,148,880
Disposals	(2,453,509)	-	(343,355)	(16,360)	(2,813,224)
Written off	(268,109)	-	(9,430,842)	(6,580)	(9,705,531)
Reclassifications	(868,347)	-	(1,384,583)	2,252,930	-
At 31 December 2010	132,774,193	20,568,725	209,586,594	33,125,472	396,054,984
Representing:					
At cost	120,486,493	20,568,725	201,382,594	33,068,098	375,505,910
At valuation	12,287,700	-	8,204,000	57,374	20,549,074
At 31 December 2010	132,774,193	20,568,725	209,586,594	33,125,472	396,054,984

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings*	Capital work-in- progress	Motor vehicles, plant and machinery	Other assets**	Total
	RM	RM	RM	RM	RM
Company (contd.)					
At 31 December 2010 (contd.)					
Accumulated depreciation and impairment					
At 1 January 2010					
As previously stated	23,568,721	-	110,082,975	24,222,653	157,874,349
Effects of adopting FRS 117 (revised)	4,503,233	-	-	-	4,503,233
As restated	28,071,954	-	110,082,975	24,222,653	162,377,582
Depreciation charge for the year	2,519,542	-	14,798,364	3,049,752	20,367,658
Impairment loss recognised in profit or loss	-	-	1,202,626	-	1,202,626
Disposals	(1,204,158)	-	(306,614)	(7,907)	(1,518,679)
Written off	(118,389)	-	(9,025,969)	(4,195)	(9,148,553)
Reclassifications	(80,457)	-	(849,040)	929,497	-
At 31 December 2010	29,188,492	-	115,902,342	28,189,800	173,280,634
Net carrying amount					
At cost	98,140,480	20,568,725	93,684,252	4,935,672	217,329,129
At valuation	5,445,221	-	-	-	5,445,221
At 31 December 2010	103,585,701	20,568,725	93,684,252	4,935,672	222,774,350

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings*	Capital work-in- progress	Motor vehicles, plant and machinery	Other assets**	Total
	RM	RM	RM	RM	RM
Company					
At 31 December 2009					
Cost or valuation					
At 1 January 2009					
As previously stated					
At cost	109,194,810	2,614,882	229,444,687	27,042,262	368,296,641
At valuation	12,287,700	-	8,204,000	57,374	20,549,074
	121,482,510	2,614,882	237,648,687	27,099,636	388,845,715
Effects of adopting FRS 117 (revised)	13,878,097	-	-	-	13,878,097
As restated	135,360,607	2,614,882	237,648,687	27,099,636	402,723,812
Additions	564,386	304,545	1,182,163	1,198,362	3,249,456
Disposals	-	-	(785,422)	(18,245)	(803,667)
Written off	-	-	-	(41,345)	(41,345)
Reclassifications	243,191	(2,611,882)	2,368,691	-	-
Transfer	-	-	(20,703,397)	-	(20,703,397)
At 31 December 2009	136,168,184	307,545	219,710,722	28,238,408	384,424,859
Representing:					
At cost	123,880,484	307,545	211,506,722	28,181,034	363,875,785
At valuation	12,287,700	-	8,204,000	57,374	20,549,074
At 31 December 2009	136,168,184	307,545	219,710,722	28,238,408	384,424,859

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and buildings*	Capital work-in- progress	Motor vehicles, plant and machinery	Other assets**	Total
	RM	RM	RM	RM	RM
Company (contd.)					
At 31 December 2009 (contd.)					
Accumulated depreciation and impairment					
At 1 January 2009					
As previously stated	21,160,288	-	109,901,080	21,139,441	152,200,809
Effects of adopting FRS 117 (revised)	4,306,344	-	-	-	4,306,344
As restated	25,466,632	-	109,901,080	21,139,441	156,507,153
Depreciation charge for the year	2,605,322	-	16,078,694	3,137,321	21,821,337
Disposals	-	-	(785,422)	(12,764)	(798,186)
Written off	-	-	-	(41,345)	(41,345)
Transfer	-	-	(15,111,377)	-	(15,111,377)
At 31 December 2009	28,071,954	-	110,082,975	24,222,653	162,377,582
Net carrying amount					
At cost	102,387,655	307,545	109,627,747	4,015,755	216,338,702
At valuation	5,708,575	-	-	-	5,708,575
At 31 December 2009	108,096,230	307,545	109,627,747	4,015,755	222,047,277

** Other assets consist of furniture, fixtures and fittings, office equipment, waste water treatment equipment, computer equipment and renovations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings of the Company:

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
At 31 December 2010			
Cost or valuation			
At 1 January 2010			
As previously stated			
At cost	9,209,666	100,549,530	109,759,196
At valuation	440,000	11,847,700	12,287,700
	9,649,666	112,397,230	122,046,896
Effects of adopting FRS 117 (revised)	-	14,121,288	14,121,288
As restated	9,649,666	126,518,518	136,168,184
Additions	-	195,974	195,974
Disposals	(164,021)	(2,289,488)	(2,453,509)
Written off	-	(268,109)	(268,109)
Reclassifications	-	(868,347)	(868,347)
At 31 December 2010	9,485,645	123,288,548	132,774,193
Representing:			
At cost	9,045,645	111,440,848	120,486,493
At valuation	440,000	11,847,700	12,287,700
At 31 December 2010	9,485,645	123,288,548	132,774,193
Accumulated depreciation and impairment			
At 1 January 2010			
As previously stated	1,864,047	21,704,674	23,568,721
Effects of adopting FRS 117 (revised)	-	4,503,233	4,503,233
As restated	1,864,047	26,207,907	28,071,954
Depreciation charge for the year	177,808	2,341,734	2,519,542
Disposals	(51,875)	(1,152,283)	(1,204,158)
Written off	-	(118,389)	(118,389)
Reclassifications	-	(80,457)	(80,457)
At 31 December 2010	1,989,980	27,198,512	29,188,492
Net carrying amount			
At cost	2,050,444	96,090,036	98,140,480
At valuation	5,445,221	-	5,445,221
At 31 December 2010	7,495,665	96,090,036	103,585,701

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings of the Company:

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
At 31 December 2009			
Cost or valuation			
At 1 January 2009			
As previously stated			
At cost	9,025,340	100,169,470	109,194,810
At valuation	440,000	11,847,700	12,287,700
	9,465,340	112,017,170	121,482,510
Effects of adopting FRS 117 (revised)	-	13,878,097	13,878,097
As restated	9,465,340	125,895,267	135,360,607
Additions	184,326	380,060	564,386
Reclassifications	-	243,191	243,191
At 31 December 2009	9,649,666	126,518,518	136,168,184
Representing:			
At cost	9,209,666	114,670,818	123,880,484
At valuation	440,000	11,847,700	12,287,700
At 31 December 2009	9,649,666	126,518,518	136,168,184
Accumulated depreciation and impairment			
At 1 January 2009			
As previously stated	1,683,580	19,476,708	21,160,288
Effects of adopting FRS 117 (revised)	-	4,306,344	4,306,344
As restated	1,683,580	23,783,052	25,466,632
Depreciation charge for the year	180,467	2,424,855	2,605,322
At 31 December 2009	1,864,047	26,207,907	28,071,954
Net carrying amount			
At cost	7,493,219	94,894,436	102,387,655
At valuation	292,400	5,416,175	5,708,575
At 31 December 2009	7,785,619	100,310,611	108,096,230

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM25,989,997 (2009: RM3,925,344) and RM24,148,880 (2009: RM3,249,456) respectively of which RMNil (2009: RMNil) and RMNil (2009: RMNil) respectively were acquired by means of term loans, hire purchase and lease arrangements.

The net carrying amounts of property, plant and equipment held under hire purchase and finance lease agreements are as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Plant, machinery and vehicles	29,921	55,811	340,769	731,908

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 29.

- (b) The net carrying amounts of property, plant and equipment pledged to financial institutions for bank borrowings as referred to in Note 24 are as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Leasehold land and buildings	80,469,198	82,809,126	80,469,198	82,809,126
Plant and machinery	43,978,772	52,687,524	43,978,772	52,687,524
	124,447,970	135,496,650	124,447,970	135,496,650

- (c) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM54,627,037 (2009: RM73,545,828) and RM40,085,751 (2009: RM40,475,700) respectively.
- (d) The land and buildings and plant and machinery stated at valuation were revalued on 22 July 1986 by the directors based on professional valuation carried out by an independent firm of valuers on the fair market value basis for land and buildings and on replacement cost basis for plant and machinery.

Due to the absence of historical records some years ago, the net book value of the land and buildings that is required to be included in the financial statements of the Group and of the Company as at 31 December 2010 at historical cost less accumulated depreciation, is not disclosed.

- (e) During the year the Group has recognised impairment losses on machines amounted to RM3,303,244 after a review was carried out of the recoverable amount of these assets. The assets were fully impaired as they are no longer in use in production partly due to technological obsolescence. These losses were recognised in other expenses line item of the statement of comprehensive income for the financial year ended 31 December 2010 (2009: RMNil).

13. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cost				
At 1 January	7,086,621	7,086,621	1,388,477	1,388,477
Additions	3,140,597	-	1,226,253	-
At 31 December	10,227,218	7,086,621	2,614,730	1,388,477
Accumulated depreciation				
At 1 January	2,182,276	1,972,211	1,388,477	1,219,514
Depreciation charge for the year	49,619	210,065	8,516	168,963
At 31 December	2,231,895	2,182,276	1,396,993	1,388,477
Net carrying amount	7,995,323	4,904,345	1,217,737	-
Fair value	12,120,597	8,458,000	4,726,253	3,500,000

Included in investment properties of the Group and of the Company are fully depreciated assets which are still in use costing RM1,388,477 (2009: RM1,388,477) and RM1,388,477 (2009: RM1,388,477) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

14. INTANGIBLE ASSETS

	Software RM	MMS reproduction RM	Goodwill RM	Total RM
Group				
At 31 December 2010				
Cost				
At 1 January 2010	23,992,006	127,456	-	24,119,462
Additions	260,660	-	-	260,660
Acquisition of a subsidiary (Note 15)	-	-	785,613	785,613
At 31 December 2010	24,252,666	127,456	785,613	25,165,735
Accumulated amortisation				
At 1 January 2010	19,936,157	127,456	-	20,063,613
Amortisation for the year	2,809,980	-	-	2,809,980
At 31 December 2010	22,746,137	127,456	-	22,873,593
Net carrying amount	1,506,529	-	785,613	2,292,142
At 31 December 2009				
Cost				
At 1 January 2009	23,494,236	127,456	-	23,621,692
Additions	497,770	-	-	497,770
At 31 December 2009	23,992,006	127,456	-	24,119,462
Accumulated amortisation				
At 1 January 2009	16,751,296	127,456	-	16,878,752
Amortisation for the year	3,184,861	-	-	3,184,861
At 31 December 2009	19,936,157	127,456	-	20,063,613
Net carrying amount	4,055,849	-	-	4,055,849

14. INTANGIBLE ASSETS (CONTD.)

	Software RM
Company	
At 31 December 2010	
Cost	
At 1 January 2010	23,274,872
Additions	250,000
At 31 December 2010	23,524,872
Accumulated amortisation	
At 1 January 2010	19,780,553
Amortisation for the year	2,653,507
At 31 December 2010	22,434,060
Net carrying amount	1,090,812
At 31 December 2009	
Cost	
At 1 January 2009	23,274,872
Additions	-
At 31 December 2009	23,274,872
Accumulated amortisation	
At 1 January 2009	16,687,229
Amortisation for the year	3,093,324
At 31 December 2009	19,780,553
Net carrying amount	3,494,319

Included in intangible assets of the Group and of the Company are fully amortised assets which are still in use costing RM15,072,682 (2009: RM9,071,078) and RM13,947,526 (2009: RM8,935,479) respectively.

Impairment testing of goodwill

Goodwill arising from acquisition of a subsidiary has been allocated to the cash-generating units of the Publishing, Distributions and Advertisement Segments for impairment testing. The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three year period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

15. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2010 RM	2009 RM
Unquoted shares, at cost	16,339,957	16,339,957
Less: Accumulated impairment losses	(5,886,001)	(2,386,001)
	10,453,956	13,953,956

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2010	2009	
Held by the company				
Utusan Publications and Distributors Sdn Bhd	Malaysia	100	100	Publications and distribution of books
Utusan Printcorp Sdn Bhd	Malaysia	90	90	Commercial printing
Utusan Karya Sdn Bhd	Malaysia	100	100	Publication of magazines
Juasa Holdings Sdn Bhd	Malaysia	100	100	Investment holding
PT. Sinar Media Advertising*	Indonesia	95	95	Outdoor advertising
Perfisio Solutions Sdn Bhd	Malaysia	100	100	Information technology and multimedia
Utusan Events Management Sdn Bhd @	Malaysia	-	100	Dormant
Net Space Learning Sdn Bhd @	Malaysia	-	100	Dormant
U-Print Sdn Bhd	Malaysia	100	100	Dormant
Utustar (Malaysia) Sdn Bhd	Malaysia	100	100	Dormant
Utusan Teknologi Maklumat Sdn Bhd	Malaysia	70	70	Dormant

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2010	2009	
Held through subsidiaries:				
Utusan Printcorp Sdn Bhd	Malaysia	10	10	Commercial printing
Utusan Media Sales Sdn Bhd	Malaysia	100	100	Advertising agent
Utusan Sight & Sound Sdn Bhd	Malaysia	100	100	Video post-production editing
Utusan Airtime Sdn Bhd	Malaysia	100	100	Radio and TV advertising
Arah Pendidikan Sdn Bhd	Malaysia	100	-	Publications and distribution of books
Tintarona Publications Sdn Bhd	Malaysia	100	100	Publications and distribution of books
PT. Sinar Media Advertising*	Indonesia	5	5	Outdoor advertising
KL Recorder Sdn Bhd	Malaysia	100	100	Dormant
Utusan Binders Sdn Bhd	Malaysia	100	100	Dormant
Utusan Colourscan Sdn Bhd	Malaysia	100	100	Dormant

* Audited by firms of auditors other than Ernst & Young.

@ The exercise for voluntary winding up of these subsidiaries (each with an issued paid-up capital of RM2 each) had been completed during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(i) Acquisition of subsidiary

On 29 January 2010, the Board of directors of Utusan Melayu (Malaysia) Berhad had announced to Bursa Malaysia that the subsidiary, Juasa Holdings Sdn Bhd had entered into a Share Sale Agreement with Tan Sri Abdul Rashid Hussain for the acquisition of 250,000 ordinary shares of RM1.00 each representing 100% of the issued and paid up share capital of Arah Pendidikan Sdn Bhd for the purchase consideration of RM1.00.

The acquisition was completed on 28 February 2010 and effective from that date, Arah Pendidikan Sdn Bhd becomes a wholly owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Arah Pendidikan Sdn Bhd at the date of acquisition were:

	Fair Value/ Carrying amount RM
Inventories	1,737,090
Trade receivables	651,274
Other receivables	26,519
Cash and cash equivalents	44,612
	2,459,495
Trade Payables	793,920
Other payables	2,451,187
	3,245,107
Net identifiable liabilities	(785,612)

Total cost of business combination

The total cost of the business combination is as follows:

	RM
Cash paid	1
Cost of business combination	1

The effect of the acquisition on cash flows is as follows:

Total cost of business combination	1
Less: Cash and cash equivalents of subsidiary acquired	44,612
Net cash inflow on acquisition	44,611

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(i) Acquisition of subsidiary (contd.)

Goodwill arising on acquisition

	RM
Fair value of net identifiable liabilities	(785,612)
Goodwill on consolidation (Note 14)	785,613
Cost of business combination	1

Impact of acquisition in statement of comprehensive income

From the date of acquisition, Arah Pendidikan Sdn Bhd has contributed RM255,199 to the Group's profit net of tax. If the combination has taken place at the beginning of the financial year, the Group's profit net of tax would have been increased by RM51,184 to RM2,318,580 while revenue would have been increased by RM371,986 to RM338,797,980.

(ii) Gain on disposal of subsidiaries through voluntary winding up

The Company had obtained approvals from the relevant authorities for the voluntary winding up of the following subsidiaries:

- i. Utusan Event Management Sdn Bhd
- ii. Net Space Learning Sdn Bhd

The companies were dormant subsidiaries and no longer contributing any earnings to the Group. The disposal will reduce the compliance costs associated with the annual obligation to the relevant authorities which previously were borne by the holding company.

	Utusan Event Management Sdn Bhd	Net Space Learning Sdn Bhd	Total
Date of completion	24 June 2010	13 May 2010	
	2010	2010	2010
	RM	RM	RM
Bank	8	17	25
Due to holding company	(2,791)	(7,711)	(10,502)
Provisions and accruals	(1,610)	(1,610)	(3,220)
Net liabilities	(4,393)	(9,304)	(13,697)
Less: Intercompany transactions	(2,791)	(7,711)	(10,502)
Gain on disposal to the Group	1,602	1,593	3,195

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

16. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted shares, at cost	2,722,306	2,732,361	2,589,000	2,589,000
Share of post-acquisition reserves	22,515,516	20,313,045	-	-
	25,237,822	23,045,406	2,589,000	2,589,000
Represented by:				
Share of net assets of the associates	25,237,822	23,045,406	-	-

Details of the associates are as follows:

Name of associates	Country of incorporation	Equity interest held (%)		Principal activities
		2010	2009	
Held by the Company:				
Swan Malaysia Sdn Bhd*	Malaysia	40	40	Manufacturing of stationery
Utusan Transport Sdn Bhd*	Malaysia	30	30	Transportation
PT Sinar Mitra Utama*	Indonesia	40	40	Outdoor advertising

* Audited by firms of auditors other than Ernst & Young.

The financial statements of the above associates are coterminous with those of the Group, except for Swan Malaysia Sdn Bhd which has a financial year end of 30 June to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the unaudited financial statements of Swan Malaysia Sdn Bhd for the period ended 31 December 2010 have been used.

16. INVESTMENTS IN ASSOCIATES (CONTD.)

The summarised financial information of the associates are as follows:

	2010 RM	2009 RM
Assets and liabilities		
Current assets	61,626,377	62,043,393
Non-current assets	19,229,240	19,489,031
Total assets	80,855,617	81,532,424
Liabilities		
Current liabilities	16,353,639	21,114,122
Non-current liabilities	2,962,889	1,603,180
Total liabilities	19,316,528	22,717,302
Results		
Revenue	100,644,490	96,069,789
Profit for the year	4,764,722	9,054,081

17. DEFERRED TAX

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	(17,697,124)	(16,974,957)	(18,231,409)	(17,481,404)
Recognised in the income statement (Note 9)	1,653,422	(722,167)	1,407,630	(750,005)
At 31 December	(16,043,702)	(17,697,124)	(16,823,779)	(18,231,409)

Presented after appropriate offsetting as follows:

Deferred tax assets	8,870,220	8,296,656	7,284,640	6,800,545
Deferred tax liabilities	(24,913,922)	(25,993,780)	(24,108,419)	(25,031,954)
	(16,043,702)	(17,697,124)	(16,823,779)	(18,231,409)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

17. DEFERRED TAX (CONTD.)

Deferred tax liabilities of the Group:

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Accelerated capital allowances
	RM
At 1 January 2010	(25,993,780)
Recognised in the income statement	1,079,858
At 31 December 2010	(24,913,922)
At 1 January 2009	(26,288,172)
Recognised in the income statement	294,392
At 31 December 2009	(25,993,780)

Deferred tax assets of the Group:

	Retirement benefit obligations	Unutilised tax losses and unabsorbed capital allowances	Provisions and accruals	Total
	RM	RM	RM	RM
At 1 January 2010	3,406,113	3,167,433	1,723,110	8,296,656
Recognised in the income statement	(519,877)	(174,762)	1,268,203	573,564
At 31 December 2010	2,886,236	2,992,671	2,991,313	8,870,220
At 1 January 2009	3,803,693	3,737,611	1,771,911	9,313,215
Recognised in the income statement	(397,580)	(570,178)	(48,801)	(1,016,559)
At 31 December 2009	3,406,113	3,167,433	1,723,110	8,296,656

17. DEFERRED TAX (CONTD.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM
At 1 January 2010	(25,031,954)
Recognised in the income statement	923,535
At 31 December 2010	(24,108,419)
At 1 January 2009	(24,923,023)
Recognised in the income statement	(108,931)
At 31 December 2009	(25,031,954)

Deferred tax assets of the Company:

	Retirement benefit obligations RM	Unabsorbed capital allowances RM	Provisions and accruals RM	Total RM
At 1 January 2010	3,104,585	3,057,873	638,087	6,800,545
Recognised in the income statement	(261,091)	(246,296)	991,482	484,095
At 31 December 2010	2,843,494	2,811,577	1,629,569	7,284,640
At 1 January 2009	3,216,443	3,467,675	757,501	7,441,619
Recognised in the income statement	(111,858)	(409,802)	(119,414)	(641,074)
At 31 December 2009	3,104,585	3,057,873	638,087	6,800,545

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

17. DEFERRED TAX (CONTD.)

Deferred tax assets of the Company: (contd.)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2010	2009
	RM	RM
Unutilised tax losses	48,939,264	45,496,556
Unabsorbed capital allowances	19,474,032	18,172,680
	68,413,296	63,669,236

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

18. LONG TERM RECEIVABLES

	GROUP	
	2010	2009
	RM	RM
Advances to employees		
Minimum receivables:		
Within and up to one year	561,965	635,969
After one and up to two years	330,887	492,163
After two and up to five years	162,231	-
	1,055,083	1,128,132
Less: Future finance income	(119,065)	(121,455)
Present value of assets	936,018	1,006,677
Present value of assets:		
Within and up to one year	485,794	548,964
After one and up to two years	299,720	457,713
After two and up to five years	150,504	-
	936,018	1,006,677
Analysed as:		
Receivables within twelve months (Note 20)	485,794	548,964
Receivables after twelve months	450,224	457,713
Total	936,018	1,006,677

18. LONG TERM RECEIVABLES (CONTD.)

The advances to employees relate to advances given to employees of the Group to purchase motorcycles and computers under the Staff Motorcycle Loan Scheme, Staff Computer and Electrical & Appliances Loan Scheme ('Loan Schemes'). The Loan Schemes bear interest at the rates of 6.0% (2009: 5.0% to 7.0%) per annum and are recovered through salary deductions.

19. INVENTORIES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cost				
Raw materials	58,067,824	49,980,756	56,379,317	47,465,074
Spare parts and consumables	4,901,839	4,324,925	4,672,714	4,086,401
Work-in-progress	522,748	501,515	-	-
Finished goods	10,337,238	7,284,574	-	-
	73,829,649	62,091,770	61,052,031	51,551,475

20. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	76,891,924	61,083,819	15,240,634	13,767,628
Less: Allowance for impairment				
- third parties	(8,313,298)	(6,539,983)	(1,751,524)	(1,375,879)
Trade receivables, net	68,578,626	54,543,836	13,489,110	12,391,749

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010
20. TRADE AND OTHER RECEIVABLES (CONTD.)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables				
Due from related parties:				
Subsidiaries	-	-	97,828,871	91,102,367
Associates	1,529,451	1,644,815	-	-
	1,529,451	1,644,815	97,828,871	91,102,367
Deposits	2,268,005	2,050,573	1,788,773	1,790,968
Prepayments	2,797,206	386,723	328,695	341,697
Advances to employees (Note 18)	485,794	548,964	-	-
Sundry receivables	18,617,027	8,890,369	3,946,953	786,347
Tax recoverable	554,143	1,339,624	244,600	524,406
	26,251,626	14,861,068	104,137,892	94,545,785
Less: Allowance for impairment				
- subsidiaries	-	-	(49,850,046)	(40,189,367)
- associates	(1,100,000)	-	-	-
- other receivables	(147,272)	(194,560)	-	-
	(1,247,272)	(194,560)	(49,850,046)	(40,189,367)
Other receivables, net	25,004,354	14,666,508	54,287,846	54,356,418
	93,582,980	69,210,344	67,776,956	66,748,167
Non current				
Other receivables				
Loan to subsidiaries	-	-	3,143,071	-
Total trade and other receivables (current and non-current)	93,582,980	69,210,344	67,776,956	66,748,167
Add: Cash and bank balances (Note 22)	48,557,013	58,746,888	9,140,430	12,573,924
Total loans and receivables	142,139,993	127,957,232	76,917,386	79,322,091

20. TRADE AND OTHER RECEIVABLES (CONTD.)

a) The ageing analysis of the Group's and Company's trade receivables are as follows:

	GROUP	
	2010	2009
	RM	RM
Neither past due nor impaired	25,750,779	24,181,508
1 to 30 days past due not impaired	9,251,518	10,715,743
31 to 60 days past due not impaired	4,625,833	4,764,277
61 to 90 days past due not impaired	2,752,647	2,750,359
91 to 120 days past due not impaired	12,262,493	2,891,928
More than 120 days past due not impaired	13,619,595	9,240,021
	42,512,086	30,362,328
Impaired	8,629,059	6,539,983
	76,891,924	61,083,819

	COMPANY	
	2010	2009
	RM	RM
Neither past due nor impaired	9,996,592	8,668,038
1 to 30 days past due not impaired	2,091,189	2,050,184
31 to 60 days past due not impaired	808,968	522,284
61 to 90 days past due not impaired	140,982	172,000
91 to 120 days past due not impaired	205,774	255,575
More than 120 days past due not impaired	245,605	723,668
	3,492,518	3,723,711
Impaired	1,751,524	1,375,879
	15,240,634	13,767,628

The Group and Company have trade receivables amounting to RM42,512,086 and RM3,492,518 respectively (2009: RM30,362,328 and RM3,723,711) that are past due at the reporting date but not impaired. The total amount that are past due but not impaired are unsecured in nature.

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

20. TRADE AND OTHER RECEIVABLES (CONTD.)

a) The ageing analysis of the Group's and Company's trade receivables are as follows: (contd.)

Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the end of the financial year and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2010	2009
	RM	RM
Trade receivables-nominal values	8,629,059	6,539,983
Less: Allowance for impairment	(8,313,298)	(6,539,983)
	315,761	-

	COMPANY	
	2010	2009
	RM	RM
Trade receivables-nominal value	1,751,524	1,375,879
Less: Allowance for impairment	(1,751,524)	(1,375,879)
	-	-

Movement in allowance accounts

	GROUP	
	2010	2009
	RM	RM
At 1 January	6,539,983	7,562,871
Effects of adopting FRS 139	421,787	-
Charge for the year	3,256,580	2,799,806
Reversal of impairment loss	(592,345)	(945,596)
Written off	(1,312,707)	(2,877,098)
At 31 December	8,313,298	6,539,983

	COMPANY	
	2010	2009
	RM	RM
At 1 January	1,375,879	1,322,324
Charge for the year	397,807	231,971
Reversal of impairment loss	(22,162)	(178,416)
At 31 December	1,751,524	1,375,879

20. TRADE AND OTHER RECEIVABLES (CONTD.)**a) The ageing analysis of the Group's and Company's trade receivables are as follows: (contd.)**

Trade receivables that are individually determined to be impaired at end of the financial year relate to debtors that are in significant difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

b) Amount due from related parties

- Amounts due from subsidiaries and related companies are unsecured, non-interest bearing and are repayable upon demand. Part of related parties receivables are to be settled in cash after offsetting arrangements.
- Loans to fellow subsidiaries are unsecured, bear an interest at 5% per annum (2009: 5% per annum), and have an average maturity of 5 years (2009: 5 years)
- Amounts due from associates are unsecured, non-interest bearing and are repayable upon demand.

Other receivables that are impaired

At the reporting date, the Company has provided an allowance of RM5,029,309 (2009: RM27,360,226) for impairment of the amount due to subsidiaries as those companies have been suffering significant financial losses for the current and past two financial years.

21. INVESTMENT SECURITIES

	2010		2009	
	RM	Market value of	RM	Market value of
	Carrying amount	quoted investments	Carrying amount *	quoted investments
Group				
Current				
<i>Held-for-trading investments</i>				
- Equity instruments (quoted in Malaysia)	<u>1,089,467</u>	1,089,467	<u>11,948,157</u>	13,592,748
Total current investment securities	<u>1,089,467</u>		<u>11,948,157</u>	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010
21. INVESTMENT SECURITIES (CONTD.)

	2010		2009	
	RM	Market value of	RM	Market value of
	Carrying amount	quoted investments	Carrying amount *	quoted investments
Group (contd.)				
Non-current				
<i>Available-for-sale financial assets</i>				
- Equity instruments (quoted in Malaysia)	19,406,347	19,406,347	-	-
- Equity instruments (unquoted)	1,378,502	-	2,661,003	-
	<u>20,784,849</u>		<u>2,661,003</u>	
Total non-current investment securities	20,784,849		2,661,003	
Total investment securities	<u>21,874,316</u>		<u>14,609,160</u>	
Company				
Current				
<i>Held-for-trading investments</i>				
- Equity instruments (quoted in Malaysia)	-	-	2,281,380	2,281,380
Total current investment securities	<u>-</u>		<u>2,281,380</u>	
Non-current				
<i>Available-for-sale financial assets</i>				
- Equity instruments (quoted in Malaysia)	3,588,674	3,588,674	-	-
Total non-current investment securities	3,588,674		-	
Total investment securities	<u>3,588,674</u>		<u>2,281,380</u>	

* Prior to 1 January 2010, the current investments were carried at lower of cost and market value, determined on aggregate basis. The non-current investments are stated at costs less impairment.

21. INVESTMENT SECURITIES (CONTD.)

During the financial year, there was a capital reduction of par value by 50% of the Group's investment in an unquoted equity instrument classified as available-for-sale financial assets. Capital repayment amounting to RM1,282,501 has been received due to this exercise.

Impairment losses

During the financial year, the Group recognised the impairment losses of RM57,657 (2009: RMNil) for unquoted equity instruments classified as available-for-sale financial assets.

22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at banks	34,376,049	40,803,848	7,954,115	11,426,234
Deposits with:				
licensed banks	3,323,581	3,271,188	-	-
licensed financial institutions	4,566,217	4,173,155	1,186,315	1,147,690
money market institutions	6,291,166	10,498,697	-	-
Cash and bank balances	48,557,013	58,746,888	9,140,430	12,573,924
Less:				
Bank overdrafts (Note 24)	(438,840)	(83,252)	-	-
Pledged deposits	(1,289,092)	(1,781,318)	(1,017,324)	(1,017,324)
Cash and cash equivalents	46,829,081	56,882,318	8,123,106	11,556,600

Included in the above deposits of the Group and of the Company are amounts of RM1,289,092 (2009: RM1,781,318) and RM1,017,324 (2009: RM1,017,324) respectively which are pledged to banks for facilities granted as referred to in Note 24.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	GROUP		COMPANY	
	2010 %	2009 %	2010 %	2009 %
Licensed banks	3.0	3.4	-	-
Licensed financial institutions	3.4	3.3	3.0	2.2
Money market institutions	2.9	2.3	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

22. CASH AND CASH EQUIVALENTS (CONTD.)

The average maturities of deposits as at the end of the financial year were as follows:

	GROUP		COMPANY	
	2010 Days	2009 Days	2010 Days	2009 Days
Licensed banks	262	195	-	-
Licensed financial institutions	172	121	83	83
Money market institutions	1	1	-	-

23. RETIREMENT BENEFIT OBLIGATIONS

The Company operates a funded, defined Retirement Benefit Scheme ('the Scheme') for its eligible employees, while certain subsidiary companies operate an unfunded Scheme for their employees. Contributions to the Scheme are to be made to a separately administered fund. Under the Scheme, eligible employees are entitled to retirement benefits based on final salary on attainment of the retirement age of 55.

The amounts recognised in the balance sheet are determined as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Present value of funded defined benefit obligations	16,404,391	18,728,636	16,404,391	17,742,106
Fair value of plan assets	(5,782,357)	(4,824,660)	(5,782,357)	(5,237,688)
	10,622,034	13,903,976	10,622,034	12,504,418
Present value of unfunded defined benefit obligations	2,133,869	2,148,064	-	-
Unrecognised actuarial loss	751,941	(1,485,635)	751,941	(86,077)
Net liability	13,507,844	14,566,405	11,373,975	12,418,341

23. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The amounts recognised in the balance sheet are determined as follows (contd.):

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Analysed as:				
Current	730,669	787,929	615,243	671,736
Non-current:				
After one and up to two years	542,926	585,473	457,159	499,135
After two and up to five years	1,466,877	1,581,831	1,235,151	1,348,563
Above five years	10,767,372	11,611,172	9,066,422	9,898,907
	12,777,175	13,778,476	10,758,732	11,746,605
	13,507,844	14,566,405	11,373,975	12,418,341

The amounts recognised in the income statement are as follows:

Interest cost	1,144,388	1,207,394	943,757	993,367
Expected return on plan assets	(209,508)	(185,564)	(209,508)	(185,564)
Amortisation of net loss	275,058	-	-	-
Total, included in employee benefit expenses (Note 5)	1,209,938	1,021,830	734,249	807,803

The actual return on the plan assets of the Group and of the Company was a surplus of RM548,308 (2009: RM839,233).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

23. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

Movements in the net liability in the current year are as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	14,566,405	15,214,770	12,418,341	12,865,773
Amounts recognised in the income statement	1,209,938	1,021,830	734,249	807,803
Contributions paid	(2,268,499)	(1,670,195)	(1,778,615)	(1,255,235)
At 31 December	13,507,844	14,566,405	11,373,975	12,418,341
Less: Advance contributions paid	(7,233,700)	(7,689,209)	(6,501,345)	(6,755,712)
	6,274,144	6,877,196	4,872,630	5,662,629
Analysed as follows:				
Current	730,669	787,929	615,243	671,736
Non-current	5,543,475	6,089,267	4,257,387	4,990,893
	6,274,144	6,877,196	4,872,630	5,662,629

Principal actuarial assumptions used:

	2010 %	2009 %
Discount rate	5.9	5.9
Expected return on plan assets	4.5	4.0
Expected rate of salary increases	n.a	5.0

The latest actuarial valuation undertaken for the Company and the subsidiaries was at 31 December 2010 and 31 December 2008 respectively by an independent firm of actuary. As at this date, the valuations indicate that the provisions for retirement benefits are sufficient to achieve the value of the benefits determined by the actuary.

24. LOANS AND BORROWINGS

	Maturity	GROUP		COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
Current					
Secured:					
Islamic Term Loan	2015	5,000,000	5,000,000	5,000,000	5,000,000
Al-Ijarah	2019	3,902,821	3,936,115	3,902,821	3,936,115
Bai Bithaman Ajil	2016	4,000,000	2,000,000	4,000,000	2,000,000
Obligation under finance leases (Note 29)		16,851	19,906	273,655	343,558
		12,919,672	10,956,021	13,176,476	11,279,673
Unsecured:					
Bank overdrafts (Note 22)	on demand	438,840	83,252	-	-
Bankers acceptance	2011	21,308,914	19,757,121	20,158,914	18,407,121
Revolving credits	2011	26,000,000	4,000,000	25,000,000	3,000,000
		47,747,754	23,840,373	45,158,914	21,407,121
		60,667,426	34,796,394	58,335,390	32,686,794
Non-current					
Secured:					
Islamic Term Loan *	2015	12,000,000	17,000,000	12,000,000	17,000,000
Al-Ijarah **	2019	37,398,822	41,221,573	37,398,822	41,221,573
Bai Bithaman Ajil ***	2016	29,265,829	33,265,829	29,265,829	33,265,829
Obligation under finance leases (Note 29)		6,733	23,583	137,038	443,923
		78,671,384	91,510,985	78,801,689	91,931,325

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

24. LOANS AND BORROWINGS (CONTD.)

	Maturity	GROUP		COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
Total loans and borrowings					
Bank overdrafts (Note 22)	on demand	438,840	83,252	-	-
Bankers acceptance	2011	21,308,914	19,757,121	20,158,914	18,407,121
Revolving credits	2011	26,000,000	4,000,000	25,000,000	3,000,000
Islamic Term Loan *	2015	17,000,000	22,000,000	17,000,000	22,000,000
Al-Ijarah **	2019	41,301,643	45,157,688	41,301,643	45,157,688
Bai Bithaman Ajil ***	2016	33,265,829	35,265,829	33,265,829	35,265,829
Obligation under finance leases (Note 29)		23,584	43,489	410,693	787,481
		139,338,810	126,307,379	137,137,079	124,618,119
Maturity of borrowings (excluding obligation under finance leases):					
Within and up to one year		60,650,575	34,776,488	58,061,734	32,343,236
After one and up to two years		12,119,917	13,137,494	12,119,917	13,137,494
After two and up to five years		40,845,722	39,720,650	40,845,722	39,720,650
Above five years		25,699,012	38,629,258	25,699,013	38,629,258
		139,315,226	126,263,890	136,726,386	123,830,638

24. LOANS AND BORROWINGS (CONTD.)*** Islamic Term Loan**

The Group entered into an arrangement on 3 June 2005 to refinance the outstanding of the Revolving Underwriting Facility ('RUF') amounting to RM52,000,000. The Islamic Term Loan was structured under the Islamic Banking Facilities that are to be utilised for activities that are in line with Syariah principles only.

Details of Islamic Term Loan are as follows:

Payment term details:

Amount:	RM52,000,000
Tenure:	10 years
Profit rate:	weighted average of 6.34%
Start date:	31 August 2005
Maturity date:	31 August 2015

The Islamic Term Loan profit payments shall be made on monthly basis until full settlement whilst principal payment on annual/ yearly basis as prescribed in a schedule.

The securities of the above facility is a first legal charge over the land of Bangi plant.

**** Al-Ijarah**

The Group entered into an arrangement for the construction of Utusan's printing plant known as Seberang Jaya Plant at Lot PT BM/A/354, HS (D) 322, Mukim Seberang Perai Tengah, Pulau Pinang under Al-Ijarah structure amounting to RM54,572,000. The Al-Ijarah was structured under the Islamic principle of Ijarah or sale and leaseback.

The proceeds from the Al-Ijarah were used to finance a printing machine, mailroom system and construction of building for Seberang Jaya Plant.

Details of Al-Ijarah are as follows:

Payment term details:

Amount:	RM54,572,000
Tenure:	13 years
Profit rate:	Cost of Fund + 2.4% per annum
Start date:	31 December 2006
Maturity date:	31 December 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

24. LOANS AND BORROWINGS (CONTD.)

** Al-Ijarah (contd.)

The Al-Ijarah Payments are made by 156 monthly lease rentals over the Al-Ijarah period of 13 years.

The securities of the above facility are as follows:

- (i) Debenture by way of fixed and floating charge over present and future assets of the Company at the Seberang Jaya printing plant; and
- (ii) First party first fixed charge over the land, building and fixtures at Seberang Jaya plant.

*** Bai Bithaman Ajil ("BBA")

The Group entered into an arrangement on 18 September 2006 to finance an additional printing machine for Kompleks Sri Utusan, Bangi under BBA Term Financing amounting to RM38,000,000. The BBA Term Financing was structured under the Islamic Banking Facilities that are to be utilised for activities that are in line with Syariah principles.

The proceeds from the BBA Term Financing were used to finance a printing machine, mailroom system and renovation of building at Bangi plant.

Details of BBA Term Financing are as follows:

Payment term details:

Amount:	RM38,000,000
Tenure:	10 years
Profit rate:	Cost of Fund + 0.5% per annum
Start date:	4 January 2007
Maturity date:	4 January 2017

The BBA Term Financing profit payments are made on monthly basis until full settlement whilst principal payment on annual/yearly basis as prescribed in a schedule.

The securities of the above facility are as follows:

- (i) 2nd legal charge over the land and building(s) erected and/or to be erected thereon at Bangi plant (Underlying Asset); and
- (ii) Debenture incorporating a specific charge over the machinery and related equipment are financed under the BBA Term Financing.

24. LOANS AND BORROWINGS (CONTD.)

The weighted average effective interest rates and profit rates as at balance sheet date for borrowings, excluding hire purchase and finance lease payables, were as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
	%	%	%	%
Bank overdrafts	8.8	8.1	-	-
Bankers acceptance	3.0	2.3	2.9	2.3
Revolving credits	3.9	3.1	3.9	3.0
Islamic Term Loan	6.5	6.3	6.5	6.3
Al-Ijarah	5.6	5.0	5.6	5.0
Bai Bithaman Ajil	3.0	3.4	3.0	3.4

The borrowings are secured by the following:

- negative charges on the Company's assets; and/or
- first and second fixed charges on certain land and buildings, plant and machinery of the Company and of respective subsidiaries; and/or
- corporate guarantees of the Company and of respective subsidiaries; and/or
- certain fixed deposits of the Group and of the Company.

25. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	6,648,980	5,396,238	2,304,323	1,631,495
	6,648,980	5,396,238	2,304,323	1,631,495
Other payables				
Accrued operating expenses	28,186,910	25,600,176	13,839,980	10,528,835
Other payables	19,619,945	7,694,225	6,873,087	6,202,822
Deposits	6,369,869	6,190,509	5,926,082	6,147,009
Due to associates	1,054,950	696,160	699,358	313,746
Amount due to subsidiaries	-	-	10,885,124	9,195,434
	55,231,674	40,181,070	38,223,631	32,387,846
	61,880,654	45,577,308	40,527,954	34,019,341

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

25. TRADE AND OTHER PAYABLES (CONTD.)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Total trade and other payables	61,880,654	45,577,308	40,527,954	34,019,341
Add: Loans and borrowings (Note 24)	139,338,810	126,307,379	137,137,079	124,618,119
Total financial liabilities carried at amortised cost	201,219,464	171,884,687	177,665,033	158,637,460

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2009: 30 to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2009: average term of six months).

(c) Amounts due to related companies

These amounts are unsecured, non-interest bearing and are repayable on demand.

26. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised:				
At 1 January/31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
At 1 January/31 December	110,733,837	110,733,837	110,733,837	110,733,837

26. SHARE CAPITAL (CONTD.)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company implemented an Executives' Share Options Scheme ('ESOS') which is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 31 May 2006.

The salient features of the ESOS are as follows:

- (i) The ESOS shall be in force for a period of eight years (previously five years) from the date of the receipt of the last requisite approval. The expiry date of the ESOS was previously 6 July 2008. Pursuant to the Amended By-Laws, the duration of the ESOS has been extended by a further three (3) years, expiring on 6 July 2011.
- (ii) Eligible executives are employees of the Company who have been confirmed in the employment of the Company and have served for at least one year as at the date of the offer. They shall not be participants of or have not been offered option(s) under any other employee's share option scheme implemented by any other company within the Group, which is in force for the time being. In terms of eligible directors, the directors must be involved in the daily operations and have been confirmed in the employment of the Company. The eligibility of participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 15% (previously 10%) of the total issued share capital of the Company at any one time at the point of granting of the option during the tenure of the ESOS.
- (iv) The option price for each share shall be the average of the mean market quotation of the shares of the Company in the daily official list issued by Bursa Malaysia for the five trading days preceding the date of offer, at a discount of not more than 10%, or the par value of the shares of the Company of RM1, whichever is higher.
- (v) Not more than 50% of the new shares available under the Scheme should be allocated, in aggregate to eligible directors and senior management, and not more than 10% of the new shares available under the Scheme should be allocated to any individual eligible director or eligible executive who, either singly or collectively through his/her associates, holds 20% or more of the issued and paid-up share capital of the Company.
- (vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of eight years (previously five years) from the date of the receipt of the last of the requisite approvals.
- (vii) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank *pari passu* in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

26. SHARE CAPITAL (CONTD.)

The following table illustrates the movements in share options during the year:

Grant date	Number of share options		
	At 1 January	Forfeited	At 31 December
2010			
7 July 2003	908,900	-	908,900
21 October 2003	419,100	-	419,100
9 September 2005	6,946,800	(143,700)	6,803,100
1 June 2006	2,013,600	(52,800)	1,960,800
	10,288,400	(196,500)	10,091,900
2009			
7 July 2003	939,600	(30,700)	908,900
21 October 2003	431,600	(12,500)	419,100
9 September 2005	7,189,700	(242,900)	6,946,800
1 June 2006	2,147,500	(133,900)	2,013,600
	10,708,400	(420,000)	10,288,400

26. SHARE CAPITAL (CONTD.)

Details of share options:

Grant date	Exercise price RM	Exercise period
2010		
7 July 2003	2.13	07/07/2003 - 06/07/2011
21 October 2003	1.69	21/10/2003 - 06/07/2011
9 September 2005	1.00	09/09/2005 - 06/07/2011
1 June 2006	1.00	01/06/2006 - 06/07/2011
2009		
7 July 2003	2.13	07/07/2003 - 06/07/2011
21 October 2003	1.69	21/10/2003 - 06/07/2011
9 September 2005	1.00	09/09/2005 - 06/07/2011
1 June 2006	1.00	01/06/2006 - 06/07/2011

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

27. OTHER RESERVES

	Fair value adjustment reserve RM	Asset revaluation reserve RM	Foreign currency translation reserve RM	Share option reserve RM	Capital reserve RM	Total RM
Group						
At 1 January 2009	-	5,380,919	389,182	426,407	920,000	7,116,508
Forfeiture of share options granted under ESOS	-	-	-	(26,587)	-	(26,587)
Foreign currency translation	-	-	(575,436)	-	-	(575,436)
Bonus issue of an associate company	-	-	-	-	4,160,000	4,160,000
At 31 December 2009	-	5,380,919	(186,254)	399,820	5,080,000	10,674,485
At 1 January 2010	-	5,380,919	(186,254)	399,820	5,080,000	10,674,485
Effects of adopting FRS 139	701,236	-	-	-	-	701,236
	701,236	5,380,919	(186,254)	399,820	5,080,000	11,375,721
Net gain on available-for-sale financial assets						
- gain on fair value changes	1,925,944	-	-	-	-	1,925,944
- transfer to profit or loss upon disposal	(29,944)	-	-	-	-	(29,944)
Forfeiture of share options granted under ESOS	-	-	-	(10,484)	-	(10,484)
Foreign currency translation	-	-	263,547	-	-	263,547
At 31 December 2010	2,597,236	5,380,919	77,293	389,336	5,080,000	13,524,784

27. OTHER RESERVES (CONTD.)

	Fair value adjustment reserve RM	Asset revaluation reserve RM	Foreign currency translation reserve RM	Share option reserve RM	Capital reserve RM	Total RM
Company						
At 1 January 2009	-	5,147,995	-	426,407	-	5,574,402
Forfeiture of share options granted under ESOS		-	-	(26,587)	-	(26,587)
At 31 December 2009	-	5,147,995	-	399,820	-	5,547,815
At 1 January 2010	-	5,147,995	-	399,820	-	5,547,815
Net gain on available-for-sale financial assets	1,302,377	-	-	-	-	1,302,377
Forfeiture of share options granted under ESOS	-	-	-	(10,484)	-	(10,484)
At 31 December 2010	1,302,377	-	-	389,336	-	6,839,708

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****27. OTHER RESERVES (CONTD.)**

The nature and purpose of each category of reserve are as follows:

(a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(b) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of freehold land and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(d) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(e) Capital reserves

The capital reserves arose from the capitalisation of bonus issues by an associate. The bonus issue created from utilisation of the post-acquisition retained earnings has no impact on the net assets of the associate. Accordingly, the portion of reserves utilised is reflected at the Group level by a transfer from distributable consolidated retained earnings to the non-distributable consolidated capital reserves because it is a capital transaction.

28. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ('single tier system'). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the balance under Section 108 of the Income Tax Act, 1967 ("Section 108 balance") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007. The Company did not elect for the irrevocable option to disregard the Section 108 balance.

As at 31 December 2010, the Company has tax exempt profits available for distribution of approximately RM51,206,564 (2009: RM50,142,600) of its retained earnings as tax exempt dividends, subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 December 2010.

29. COMMITMENTS

(a) Capital commitments

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Capital expenditure:				
Approved and not contracted for:				
Property, plant and equipment	77,717,860	86,000,000	77,717,860	86,000,000
Approved and contracted for:				
Property, plant and equipment	4,848,537	-	4,848,537	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

29. COMMITMENTS (CONTD.)

(b) Finance lease commitments

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Future minimum lease payments:				
Within and up to one year	17,615	21,780	291,911	385,701
After one and up to two years	6,838	17,586	140,654	313,079
After two and up to five years	-	6,837	-	154,740
	24,453	46,203	432,565	853,520
Less: Future finance charges	(869)	(2,714)	(21,872)	(66,039)
Present value of finance liabilities	23,584	43,489	410,693	787,481
Present value of finance lease liabilities:				
Within and up to one year	16,851	19,906	273,655	343,558
After one and up to two years	6,733	16,851	137,038	293,146
After two and up to five years	-	6,732	-	150,777
	23,584	43,489	410,693	787,481
Analysed as:				
Due within twelve months (Note 24)	16,851	19,906	273,655	343,558
Due after twelve months (Note 24)	6,733	23,583	137,038	443,923
Total	23,584	43,489	410,693	787,481

The hire purchase and finance lease bear interests at the balance sheet date at rates of between 2.7% to 5.1% (2009: 2.7% to 5.1%) per annum.

Included in the hire purchase payables of the Company is an amount due to a subsidiary of RM410,693 (2009: RM787,481).

30. CONTINGENT LIABILITIES

Given the nature of the Group and the Company, there are several libel suits which involved claims against the company of which the outcome and compensation, if any, is currently indeterminable and the directors, based on legal advice, are of the opinion that the probabilities of crystallising is remote.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2010	2009
	RM	RM
Group		
Services rendered by Utusan Transport Sdn Bhd and Group, an associate	10,311,628	8,511,658
Company		
Services rendered by subsidiaries	13,197,709	14,505,945
Rental receivable from subsidiaries	2,136,000	2,709,000
Interest receivable from subsidiaries	190,512	689,364
Commission receivable from subsidiaries	3,380,435	3,549,961

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term employee benefits	2,427,153	2,477,116	1,685,360	1,751,265
Post-employment benefits:				
Defined contribution plan	352,185	339,959	242,228	239,408
	2,779,338	2,817,075	1,927,588	1,990,673

Included in the total key management personnel remuneration are:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors' remuneration (Note 6)	2,506,250	2,536,069	1,654,500	1,709,667

Executive directors of the Group and the Company and other members of key management have been granted the following number of options under the ESOS:

	GROUP AND COMPANY	
	2010 '000	2009 '000
At 1 January/31 December	1,697	1,697

The share options were granted on the same terms and conditions as those offered to other executives of the Group (Note 26).

32. SIGNIFICANT EVENT

On 29 January 2010, the Board of directors of Utusan Melayu (Malaysia) Berhad had announced to Bursa Malaysia that the subsidiary, Juasa Holdings Sdn Bhd had entered into a Share Sale Agreement with Tan Sri Abdul Rashid Hussain for the acquisition of 250,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Arah Pendidikan Sdn Bhd for the purchase consideration of RM1.00 only.

The acquisition was completed on 28 February 2010 and effective from that date, Arah Pendidikan Sdn Bhd becomes a wholly owned subsidiary of the Group.

33. SUBSEQUENT EVENT

On 22 April 2011, the Board of directors of Utusan Melayu (Malaysia) Berhad ('UMMB') had announced to Bursa Malaysia that on 9 March 2011, UMMB had entered into a financial facility agreement 'Commodity Murabahah Term Financing-i' with Maybank Islamic Berhad amounting to Ringgit Malaysia Seventeen Million Six Hundred and Thirty One Thousand Only (RM17,631,000) ('Facility').

The purpose of undertaking the said Facility is to part finance the purchase of pre-press equipment and additional printing machines as well as to part finance the infrastructure costs for UMMB's printing plants in Tebrau, Johor and Gong Badak, Terengganu amounting to RM17,631,000.

The above facility is secured by first legal charges on the Tebrau and Gong Badak plants and fixed and floating debenture on existing and future assets at the said plants.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

34. COMPARATIVES

Certain comparatives amounts as at 31 December 2009 have been reclassified to conform with the current year's presentation:

	As restated RM	Adjustments RM	As previously stated RM
Group			
Consolidated statements of comprehensive income			
Depreciation of property, plant and equipment	(24,667,154)	(305,826)	(24,361,328)
Amortisation of prepaid land lease payments	-	305,826	(305,826)
Consolidated statements of financial position			
Property, plant and equipment	244,601,776	10,497,209	234,104,567
Prepaid land lease payment	-	(10,497,209)	10,497,209

* This relates to adoption of FRS 117 (revised)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(a) Interest rate risk

Interest rate is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2010. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows the Group to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

No sensitivity analysis is being prepared as the loans and borrowings of the Group and of the Company are accounted at amortised cost. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss or on equity.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Group mainly operates within Malaysia, thus exposure to foreign exchange risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis via Group management reporting and credit control procedures. Since the Group trades only with recognised creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it has any major concentration of credit risk related to any financial assets.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20 and Note 21.

(e) Fair values of financial instrument

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Note	GROUP		COMPANY	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
At 31 December 2010					
Financial assets					
Non-current					
<i>Available-for-sale financial assets</i>					
- equity instruments					
- unquoted in Malaysia	21	1,378,502	*	-	-

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)
(e) Fair values of financial instrument (contd.)

	Note	GROUP		COMPANY	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
At 31 December 2010 (contd.)					
Financial liabilities					
Non-current					
Islamic Term Loan	24	17,000,000	16,698,159	17,000,000	16,698,159
Al-Ijarah	24	41,301,643	40,479,466	41,301,643	40,479,466
Bai Bithaman Ajil	24	33,265,829	32,428,232	33,265,829	32,428,232
Obligations under finance leases	29	23,584	20,901	410,693	409,085
At 31 December 2009					
Financial assets					
Non-current					
<i>Available-for-sale financial assets</i>					
- equity instruments					
- unquoted in Malaysia	21	2,661,003	*	-	-
Current					
<i>Held-for-trading investments</i>					
- equity instruments (quoted in Malaysia)	21	11,948,157	13,592,748	2,281,380	2,281,380
Financial liabilities					
Non-current					
Islamic Term Loan	24	22,000,000	22,019,650	22,000,000	22,019,650
Al-Ijarah	24	45,157,688	44,349,919	45,157,688	44,349,919
Bai Bithaman Ajil	24	35,265,829	35,265,854	35,265,829	35,265,854
Obligations under finance leases	29	43,489	43,147	787,481	783,267

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(e) Fair values of financial instrument (contd.)

- * It is not practicable to estimate the fair value of the Group's non-current unquoted investments because of the lack of quoted market prices and the inability to estimate the fair value without incurring excessive costs. However, the Group believes that the carrying amounts represent the recoverable values.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(i) Marketable securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(ii) Borrowings

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and would issue new shares to maintain desired capital ratios. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is based on loans and borrowings. The Group's policy is to keep the gearing ratio below 100%, that is loans and borrowings should not exceed total capital.

	Note	GROUP		COMPANY	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Loans and borrowings	24	139,339	126,307	137,137	124,618
Equity attributable to the owners of the parent		290,427	284,860	183,284	192,506
Gearing ratio		48%	44%	75%	65%

37. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Information based on geographical segments was not prepared as the Group's activities are focused primarily in Malaysia. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main business segments:

- (i) Publishing, distribution and advertisements - publishing and distribution of newspapers, magazines and books and also indoor and outdoor advertising;
- (ii) Printing - printing of magazines and books;
- (iii) Information technology and multimedia; and
- (iv) Investment holding, management services and others.

(c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

37. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements		Printing		Information technology and multimedia		Investment holding, management services and others		Adjustments and eliminations		Per consolidated financial statements	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	Note	RM
2010												
Revenue:												
External customers	326,912,163	7,070,524	2,939,130	1,504,178	-	-	-	-	-	-		338,425,995
Inter-segment	10,382,147	14,678,008	404,600	1,082,565	(26,547,320)	A	-	-	-	-		-
Total revenue	337,294,310	21,748,532	3,343,730	2,586,743	(26,547,320)							338,425,995
Results:												
Interest income	705,518	317	-	954,169	(1,014,566)							645,438
Dividend income	1,622,083	-	-	448,868	(546,000)							1,524,951
Depreciation and amortisation	24,099,129	1,591,682	230,668	3,231	-							25,924,710
Share of results of associates	-	-	-	-	3,009,222							3,009,222
Impairment of non-financial assets	1,202,627	2,100,618	-	-	-							3,303,245
Other non-cash expenses	13,364,598	427,014	(10,735)	57,616	(8,476,669)	B						5,361,824
Segment profit/(loss)	(1,444,238)	(5,132,328)	(1,024,333)	2,133,377	10,237,180	C						4,769,658

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

37. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements	Printing	Information technology and multimedia	Investment holding, management services and others	Adjustments and eliminations	Note	Per consolidated financial statements
	RM	RM	RM	RM	RM		RM
2010							
Assets:							
Investment in associates	2,722,306	-	-	-	22,515,516		25,237,822
Segment assets	525,000,433	22,350,213	2,883,094	44,068,441	(77,025,063)	D	517,277,118
Segment liabilities	314,357,688	34,940,605	10,144,750	1,136,638	(133,717,549)	E	226,862,132

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

37. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements		Printing		Information technology and multimedia		Investment holding, management services and others		Adjustments and eliminations		Note		Per consolidated financial statements	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2009														
Revenue:														
External customers	337,551,626	7,325,343	2,177,741	1,575,141	-	-	-	-	-	-	-	-	-	348,629,851
Inter-segment	11,548,221	16,929,856	326,740	573,145	(29,377,962)	A	-	-	-	-	-	-	-	-
Total revenue	349,099,847	24,255,199	2,504,481	2,148,286	(29,377,962)		2,148,286		(29,377,962)					348,629,851
Results:														
Interest income	1,011,897	431	18,451	905,978	(936,758)		905,978		(936,758)					999,999
Dividend income	1,640,317	-	-	864,358	(546,000)		864,358		(546,000)					1,958,675
Depreciation and amortisation	26,556,630	1,358,953	142,614	3,885	-		3,885		-					28,062,082
Share of results of associates	-	-	-	-	3,606,865		-		3,606,865					3,606,865
Impairment of non-financial assets	-	-	-	-	-		-		-					-
Other non-cash expenses	30,602,032	197,779	436,657	15,478,592	(45,471,574)	B	15,478,592		(45,471,574)					1,243,486
Segment profit/(loss)	(23,252,086)	(1,578,512)	(755,300)	1,522,872	31,314,561	C	1,522,872		31,314,561					7,251,535

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

37. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements RM	Printing RM	Information technology and multimedia RM	Investment holding, management services and others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
2009							
Assets:							
Investment in associates	2,732,361	-	-	-	20,313,045		23,045,406
Segment assets	487,968,482	26,371,887	3,029,987	39,899,348	(74,524,659)	D	482,745,045
Segment liabilities	274,317,543	33,821,979	9,250,703	272,450	(119,777,561)	E	197,885,114

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

37. SEGMENT INFORMATION (CONTD.)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2010 RM'000	2009 RM'000
Inventories written down	9	170	202
Provisions	9	1,936	(1,759)
Impairment of financial assets	9	3,256	2,800
		5,362	1,243

C The following items are added to/(deducted from) segment profit to arrive at 'Profit before tax' presented in the consolidated statement of comprehensive income:

	2010 RM'000	2009 RM'000
Share of results of associates	3,009	3,607
Profit from inter-segment sales	(772)	(867)
Elimination of dividend	(1,355)	(1,546)
Unallocated corporate expenses	9,355	30,121
	10,237	31,315

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010 RM'000	2009 RM'000
Investment in associates	22,516	20,313
Deferred tax assets	(1,418)	(1,279)
Inter-segment assets	(98,123)	(93,559)
	(77,025)	(74,525)

37. SEGMENT INFORMATION (CONTD.)

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010	2009
	RM'000	RM'000
Loans and borrowings	(6,331)	(8,147)
Inter-segment liabilities	(127,387)	(111,631)
	(133,718)	(119,778)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2010	2009
	RM'000	RM'000
Property, plant and equipment	242,298	244,602
Investment properties	7,995	4,904
Intangible assets	2,292	2,292
	252,585	251,798

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

38. SUPPLEMENTARY INFORMATION

Breakdown of retained profits into realised and unrealised

	As at 31/12/2010 RM'000
<hr/>	
Total retained profits of the Company and its subsidiaries	
- realised	47,179
- unrealised loss	(15,983)
	<hr/> 31,196
Total share of retained profits from associated companies	
- realised	22,546
- unrealised loss	(22)
	<hr/> 22,524
<hr/>	
	53,720
<hr/>	
Add: Consolidation adjustments	61,745
<hr/>	
Total Group retained profits	115,465

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

Accordingly, the unrealised retained profits of the Group as disclosed above exclude translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group, hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

LIST OF PROPERTIES AS AT 31 DECEMBER 2010

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2010
Lot 6, Industrial Estate Section 10, Bandar Baru Bangi, Selangor (D/P : 20.12.1995)	Industrial Land	Bangi Printing Complex	683,260	273,601	Leasehold (19.08.2098)	70,821,356
Plot 6, Bagan Serai Industrial Estate Seberang Prai Tengah Penang (D/P : 10.10.1977)	Factory Building	Utusan's Printing Plant	174,240	-	Leasehold (12.12.2035)	17,196,043
Lot PTD 53920 Jalan Firma 2/1 Tebrau Industrial Estate Johor Bharu, Johor (D/P : 03.04.1991)	Factory Building	Utusan's Printing Plant	170,311	21,410	Freehold	3,810,630
Lot 59 & 60 Bukit Beruntung Industrial Estate Rawang, Selangor (D/P: 23.08.1996)	Industrial Land	Vacant Land	174,000	-	Freehold	3,604,740
Lot No. 15367 Gong Badak Industrial Estate Kuala Terengganu, Terengganu (D/P : 28.03.1991)	Factory Building	Utusan's Printing Plant	130,684	22,000	Leasehold (27.03.2051)	3,317,898
11, Jalan 14/22 Petaling Jaya, Selangor (D/P : 10.03.1992)	4 Storey Shophouse	Utusan Media Sales Sdn Bhd's Office	5,533	24,170	Leasehold (16.12.2086)	3,405,773
25-VS-6 & 23-VS-1 The Bellezza Permata Hijau Jalan Arteri, Permata Hijau 12210, Jakarta Selatan Jakarta, Indonesia (D/P : 27.06.2007)	Apartments	Office/Residence	-	5,984	Freehold	2,869,720
1 & 3, Jalan 3/91A Taman Shamelin Perkasa Cheras, Kuala Lumpur (D/P : 13.01.1994)	3 1/2 Storey Terrace Factory	Utusan Publications & Distributors Sdn Bhd's Office	13,552	12,015	-	2,722,828
No. 17A, B & C Jalan Diplomatik 2/2 Presint 15, Presint Diplomatik 62000 Putrajaya (D/P: 20.10.2010)	4 Storey Shophouse	Utusan's Editorial Office	-	5,025	Freehold	1,914,344
46M, Jalan Lima Off Jalan Chan Sow Lin Kuala Lumpur (D/P: 10.12.1959)	Office Building	Company's HQ and Editorial Department	63,855	49,368	Lot 187 Leasehold (02.06.2057) Lot 268 Leasehold (30.01.2062)	1,907,443

(Note: D/P - Date of Purchase)

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2010
Lot 438, Jalan Dua Off Jalan Chan Sow Lin Kuala Lumpur (D/P : 06.01.1992)	Factory Building	Rented Out	38,761	23,361	Leasehold (14.10.2016)	1,867,384
Lot 285, Seksyen 92 Off Jalan Chan Sow Lin Bandar Kuala Lumpur (D/P: 13.01.2011)	3 Storey Building	Rented Out	20,398	11,830	Leasehold (26.08.2070)	1,217,737
No. 34, Pusat Niaga Paya Keladi Kuala Terengganu, Terengganu Terengganu (D/P : 05.05.2008)	2 Storey Shoplot	Utusan's Office	1,431	2,500	Leasehold (10.12.2104)	1,182,614
11A, Jalan 14/22 Petaling Jaya, Selangor (D/P : 23.10.1989)	4 Storey Shophouse	Utusan Media Sales Sdn Bhd's Office	1,539	5,830	Leasehold (16.12.2086)	512,070
24, Jalan Serampang Taman Pelangi Johor Bharu, Johor (D/P : 27.10.1980)	3 Storey Shophouse	Utusan's Office	1,920	5,358	Freehold	438,443
Jalan Enam Off Jalan Chan Sow Lin Kuala Lumpur (D/P : 07.02.1991)	Corporate Office Under Construction	-	60,205	10,000	Lot 234, 236 238, 240 242 & 244 Leasehold (2110)	336,670
Lot 272, Section 92 Kuala Lumpur (D/P : 20.04.1963)	Corporate Office Under Construction	-	40,520	-	Leasehold (06.01.2065)	131,358
18, Jalan Bukit Ubi Kuantan, Pahang (D/P : 28.07.1986)	3 Storey Shophouse	Ground Floor Utusan's Office	2,000	4,900	Leasehold (14.08.2068)	237,384
Lot 351, Jalan Tiga Off Jalan Chan Sow Lin Kuala Lumpur (D/P : 20.12.1979)	Factory and Office Building	Rented Out	54,917	28,601	Leasehold (11.05.2068)	230,221
208, Jalan Sultan Iskandar Ipoh, Perak (D/P : 08.09.1990)	2 Storey Shophouse	Utusan's Office	1,740	2,720	Freehold	229,985
34, Jalan Argyll Georgetown Penang (D/P : 01.07.1976)	2 Storey Shophouse	Utusan's Office	1,280	1,995	Leasehold (27.09.2049)	167, 107
Lot 184, Jalan Lima Off Jalan Chan Sow Lin Kuala Lumpur (D/P : 30.11.1977)	Factory Building	Utusan's Office and Training Centre	51,972	41,670	Leasehold (14.12.2063)	161,336

(Note: D/P - Date of Purchase)

LIST OF PROPERTIES AS AT 31 DECEMBER 2010

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2010
19, Jalan Mengkudu Taman Makmur Batu Pahat, Johor (D/P : 02.10.1984)	2 Storey Shophouse	Utusan's Office	1,680	3,192	Freehold	146,887
358, Taman Melaka Raya Melaka (D/P : 26.02.1982)	3 Storey Shophouse	Utusan's Office	1,400	4,160	Leasehold (04.10.2082)	138,000
32, Jalan Argyll Georgetown Penang (D/P: 28.08.1969)	2 Storey Shophouse	Utusan's Office	1,280	1,995	Leasehold (26.09.2049)	132,170
C-321, Jalan Tengku Ismail Temerloh, Pahang (D/P : 26.11.1984)	2 Storey Shophouse	Ground Floor Utusan's Office	1,600	2,480	Leasehold (29.03.2083)	124,800
Jalan Hj Abdul Aziz Kuantan, Pahang (D/P : 15.07.1981)	Vacant Land	Vacant	3,267	-	Leasehold (17.09.2077)	100,973
1, Jalan SM 1C/12 Bandar Baru Sri Manjung Sri Manjung, Sitiawan, Perak (D/P : 12.12.1980)	2 Storey Shophouse	Utusan's Office	2,288	3,980	Leasehold (01.08.2079)	66,000

(Note: D/P - Date of Purchase)

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2011

Authorised Share Capital	-	RM500,000,000
Issued and Fully Paid-up Share Capital	-	RM110,733,837
Class of Shares	-	Ordinary Shares of RM1.00 each
No. of Shareholders	-	5,762
Voting Rights	-	One voting right for one Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	% of Shareholders	Number of Shares Held	% of Issued Capital
000000001 - 000000099	397	6.90	16,332	0.01
000000100 - 000001000	2,427	42.12	2,014,937	1.82
000001001 - 000010000	2,435	42.26	9,577,050	8.65
000010001 - 000100000	460	7.98	12,631,799	11.41
000100001 - 005536690	41	0.71	15,036,763	13.58
005536691 & above	2	0.03	71,456,956	64.53
TOTAL	5,762	100.00	110,733,837	100.00

DIRECT AND INDIRECT INTERESTS OF DIRECTORS As at 31 March 2011

Names	Direct Shareholdings	Indirect Shareholdings	% of Issued Capital
Tan Sri Mohamed Hashim Ahmad Makaruddin	-	-	-
Datuk Mohd Nasir Ali	10,000	-	0.009
Datuk Abdul Aziz Ishak	-	-	-
Tan Sri Haji Husein Ahmad	-	-	-
YB Senator Dato' Dr. Firdaus Haji Abdullah	-	-	-
Dato' Ab Halim Mohyiddin	-	-	-
Datuk Seri Ismail Yusof	-	-	-
Datuk Tengku Sariffuddin Tengku Ahmad	-	-	-

SUBSTANTIAL SHAREHOLDERS As at 31 March 2011

Names of Shareholders	Number of Shares Held	% of Issued Capital
1. RHB Nominees (Tempatan) Sdn Bhd (<i>Pertubuhan Kebangsaan Melayu Bersatu</i> or UMNO (United Malays National Organisation))	55,113,956	49.77
2. Nilam Setar (M) Sdn Bhd	16,343,000	14.76

LIST OF TOP THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2011

NAMES OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OF ISSUED CAPITAL
1. RHB Nominees (Tempatan) Sdn Bhd (<i>Pertubuhan Kebangsaan Melayu Bersatu</i> or UMNO (United Malays National Organisation))	55,113,956	49.77
2. Nilam Setar (M) Sdn Bhd	16,343,000	14.76
3. Aspirasi Sigma Sdn Bhd	3,500,000	3.16
4. Fasa Mahsuri Sdn Bhd	2,000,000	1.81
5. TA Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Chua Eng Ho Waa</i> <i>@ Chua Eng Wah</i>)	879,900	0.79
6. Bimsec Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Rangkaian Delima Sdn Bhd</i>)	557,000	0.50
7. Meng Hin Holdings Sdn Bhd	544,600	0.49
8. Chin Kian Fong	408,300	0.37
9. Hussein Noordin Sdn Bhd	381,000	0.34
10. OSK Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Tan Gaik Suan</i>)	363,600	0.33
11. Mayban Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Chua Eng Ho Wa'a @ Chua Eng Wah</i>)	356,100	0.32
12. Christina Ng Po Ni	315,900	0.29
13. Cheah Yee Lin	314,500	0.28
14. Tan Jin Tuan	291,200	0.26
15. Senawang Land Sdn Bhd	289,000	0.26
16. Rajalingam A/L RVR Singam	286,400	0.26
17. Tan Jin Tuan	276,900	0.25
18. HDM Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Tay Boon Seng</i>)	274,000	0.25
19. Mayban Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Felix Miller</i>)	268,300	0.24
20. AIBB Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Yayasan Pok Dan Kassim</i>)	261,100	0.24
21. HLB Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Chan Yau Chiang</i>)	252,600	0.23
22. HSBC Nominess (Asing) Sdn Bhd (<i>Exemption for Credit Suisse {SG BR-TST-Asing}</i>)	200,000	0.18
23. TA Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Chua Eng Kui</i>)	199,500	0.18
24. Onn Kok Puay (Weng Guopei)	185,200	0.17
25. Li Liong Bee	182,800	0.17
26. AIBB Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for</i> <i>Batu Bara Resources Corporation Sdn Bhd</i>)	176,600	0.16
27. HDM Nominees (Tempatan) Sdn Bhd (<i>Pledged Securities Account for Ooi Chin Sin</i>)	169,800	0.15
28. Chua Eng Ho Wa'a @ Chua Eng Wah	163,000	0.15
29. Ching Siew Siang	160,000	0.14
30. Lee Choon Hooi	149,000	0.13
TOTAL	84,863,256	76.64

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PROXY FORM



CDS Account No. of authorised nominee (i)

I/We, (full name in block capitals) _____
 NRIC No./Company No. _____
 of _____

being a member/members of Utusan Melayu (Malaysia) Berhad hereby appoint _____
 NRIC No. _____ of _____
 _____ and/or _____
 NRIC No. _____ of _____

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Forty-Third Annual General Meeting of the Company to be held at Dewan Besar, Level 1, Bangunan Tabung Haji, 201, Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 26 May 2011 at 11.00 a.m. and at any adjournment thereof.

*My/Our proxy is to vote as indicated below:

	AS ORDINARY BUSINESS – ORDINARY RESOLUTIONS	For	Against
No. 1	To receive and adopt the Financial Statements To re-elect the following Directors under Article 98		
No. 2	Dato' Ab Halim Mohyiddin		
No. 3	YB Senator Dato' Dr. Firdaus Haji Abdullah To re-appoint the following Director pursuant to Section 129 of the Companies Act, 1965		
Special Resolution 1	Tan Sri Haji Husein Ahmad		
No. 4	To approve the Directors' fees		
No. 5	To re-appoint Auditors AS SPECIAL BUSINESS – ORDINARY RESOLUTION		
No. 6	Directors' authority pursuant to Section 132D AS SPECIAL BUSINESS – SPECIAL RESOLUTION		
Special Resolution 2	Amendment to the Article of Association		

Please indicate with a tick (x) in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit at his discretion or abstain from voting.

(*strike out whichever is not desired)

Signature/Common Seal of Corporation _____

Number of Shares Held: _____

Date: _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies

	Number of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

NOTE: Appointment of Proxy

- Applicable to shares held through a nominee account.
- 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 may but need not be a member of the Company.
- A member 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.
- 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.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- To be valid the proxy form duly completed must be deposited at the Registrar's Office, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 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.

3. Fold this flap for sealing

2. Then fold here

AFFIX STAMP

TRICOR INVESTOR SERVICES SDN BHD
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

1. Fold here



ANNUAL REPORT 2010

UTUSAN MELAYU (MALAYSIA) BERHAD 7170-V

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