



اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

ANNUAL REPORT 2011

The image on the cover page of this annual report is an artist's impression of the new corporate head office building of Utusan Melayu (Malaysia) Berhad which is scheduled for completion by early 2013. Located at Jalan 6 Off Jalan Chan Sow Lin, the building will house 8 levels of office space.

CONTENTS

2	Notice of Annual General Meeting	45	Directors' Report
5	Statement Accompanying Notice of Annual General Meeting of the Company	48	Statement by Directors & Statutory Declaration
6	Five Year Group Financial Highlights	49	Independent Auditors' Report
12	Profile of the Board of Directors	51	Consolidated Statement of Comprehensive Income
17	Corporate Information	53	Consolidated Statement of Financial Position
18	Management and Heads of Department	55	Consolidated Statement of Changes in Equity
19	Statement of Directors' Responsibility in Relation to the Financial Statements	56	Consolidated Statement of Cash Flow
20	Audit Committee Report	59	Statement of Comprehensive Income
23	Statement of Internal Control	60	Statement of Financial Position
25	Statement on Corporate Governance	62	Statement of Changes in Equity
28	Other Information Required by The Listing Requirements of The Bursa Malaysia Securities Berhad	63	Statement of Cash Flow
32	Chairman's Statement	65	Notes to the Financial Statements
36	Statement of Corporate Responsibility	150	List of Properties
38	Corporate Calendar	154	Analysis of Shareholdings
44	Financial Statements	155	List of Top Thirty Largest Shareholders
		•	Proxy Form



■ NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth 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, 7 June 2012 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 2011 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) Datuk Abdul Aziz Ishak

(Ordinary Resolution 2)

- ii) Datuk Tengku Sariffuddin Tengku Ahmad

(Ordinary Resolution 3)

3. To re-elect the following Director who retire in accordance with Article 103 of the Company's Articles of Association, and being eligible has offered herself for re-election:

- i) Dato' Dr. Norraesah Mohamad

(Ordinary Resolution 4)

4. 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)

5. To approve the payment of Directors' fees for the year ended 31 December 2011.

(Ordinary Resolution 5)

6. To re-appoint Messrs. Ernst & Young as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Directors.

(Ordinary Resolution 6)

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTION

New Issue of Shares

7. '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 7)

SPECIAL RESOLUTION

Proposed Amendment to the Company's Articles of Association

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

(Special Resolution 2)

Articles of Association

The existing Article 73 be deleted in its entirety and replaced with the following new Article 73:

Existing Article 73

73. Voting in person or by proxy

Subject to Article 57(d),(e) and (f) above, every member shall be entitled to be present and to vote at any general meeting either personally or by proxy on any question, on a show of hands or upon a poll, and to be reckoned in a quorum in respect of any share or shares upon which all calls due to the Company have been fully paid and in respect of partly paid shares where calls are not due and unpaid.

A holder may appoint more than (2) proxies to attend at the same meeting. Where a holder appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a member of the company is an authorised nominee as defined under the Central Depositories Act, 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.

■ NOTICE OF ANNUAL GENERAL MEETING

New Article 73

73. Voting in person or by proxy

Subject to Article 58(d),(e) and (f) above, every member shall be entitled to be present and to vote at any general meeting either personally or by proxy on any question, on a show of hands or upon a poll, and to be reckoned in a quorum in respect of any share or shares upon which all calls due to the Company have been fully paid and in respect of partly paid shares where calls are not due and unpaid.

A holder may appoint more than (2) proxies to attend at the same meeting. Where a holder appoints two (2) or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. Where a member of the company is an authorised nominee as defined under the Central Depositories Act, 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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one omnibus account, the exempt authorised nominee may appoint multiple proxies for each omnibus account it holds.

A proxy appointed to attend and vote instead of a member shall be accorded the same rights as the member to speak at the general meeting.

9. 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 44th 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 30 May 2012. Only a depositor whose name appears on the Record of Depositors as at 30 May 2012 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
17 May 2012

■ 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 7

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

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Forty-Third Annual General Meeting held on 26 May 2011 and which will lapse at the conclusion of the Forty-Fourth Annual General Meeting.

2. Special Resolution 2

The proposed Special Resolution 2, if passed, will bring the Company's Articles of Association to be in line with the recent amendments prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

■ STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY

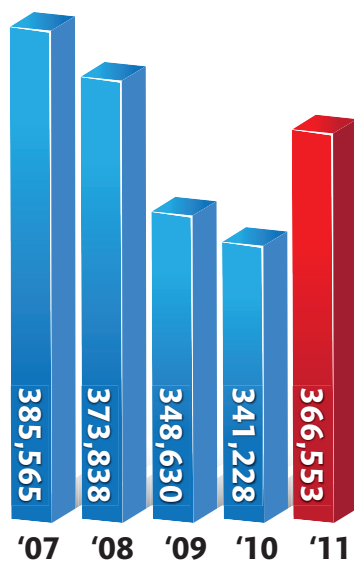
Directors who are standing for re-election at the Forty-Fourth Annual General Meeting of the Company are:

- i) Datuk Abdul Aziz Ishak
- ii) Datuk Tengku Sariffuddin Tengku Ahmad
- iii) Dato' Dr. Norraesah Mohamad
- iv) Tan Sri Haji Husein Ahmad

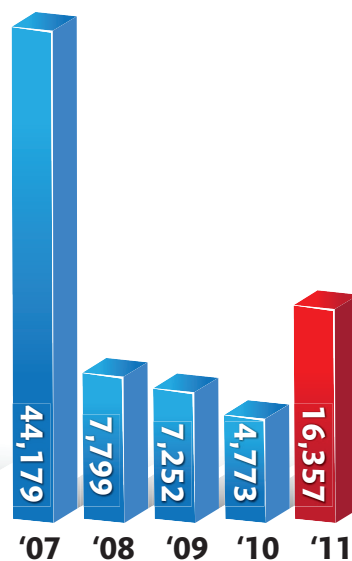
The details of the four (4) Directors standing for re-election are set out in their respective profiles which appear in the Profile of the Board of Directors on pages 12 to 15 of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 154 of this Annual Report.

FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

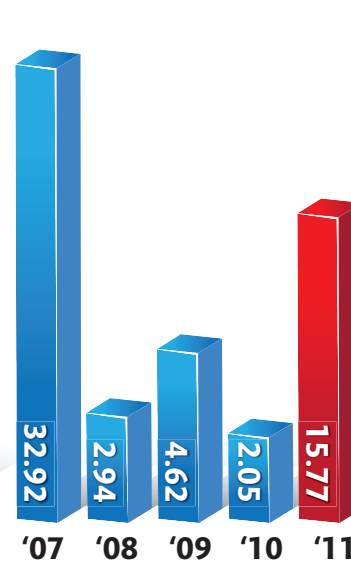
GROUP REVENUE RM'000



GROUP PROFIT BEFORE TAX RM'000



BASIC EARNINGS PER SHARE SEN

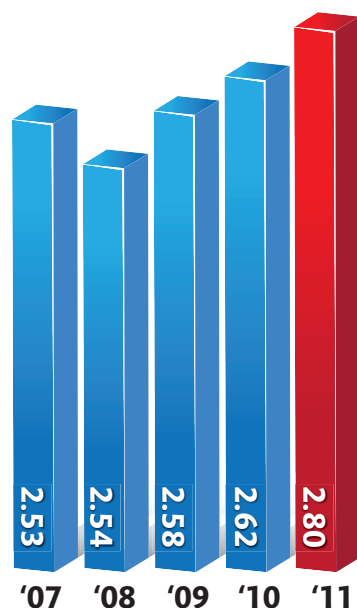


CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

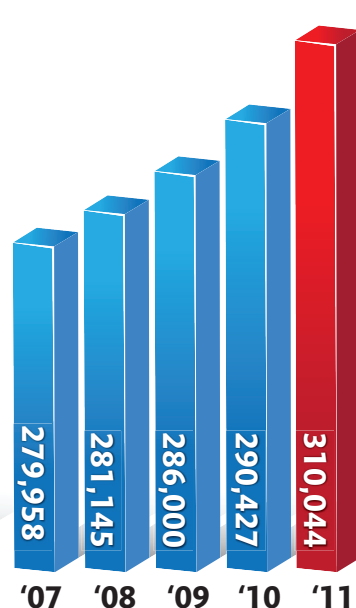
RM'000	YEAR ENDED 31 DECEMBER				
	2011	2010	2009	2008	2007
Group Revenue	366,553	341,228	348,630	373,838	385,565
Group Profit Before Tax	16,357	4,773	7,252	7,799	44,179
Income Tax	1,367	(2,506)	(2,091)	(4,549)	(7,341)
Zakat	(261)	-	(40)	-	(393)
Group Profit For The Year	17,462	2,267	5,121	3,250	36,445
Attributable to:					
Owners Of The Parent	17,462	2,267	5,121	3,250	36,445
Minority Interests	-	-	-	-	-
Earnings Per Share Attributable To Owners Of The Parent (sen):					
Basic, For Profit For The Year	15.77	2.05	4.62	2.94	32.92
Diluted, For Profit For The Year	15.77	2.05	4.62	2.94	32.46
Gross Dividend Per Share (sen)	-	-	-	1.00	2.75

FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

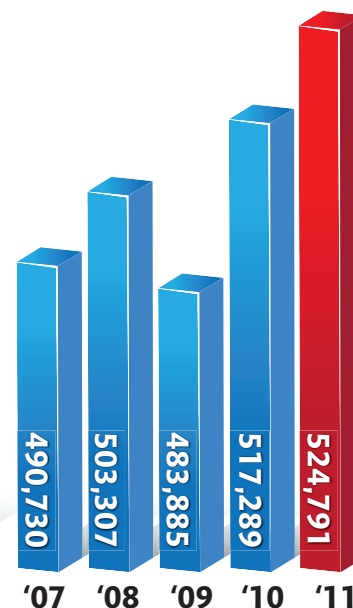
NET TANGIBLE ASSET PER SHARE RM



EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000



TOTAL ASSETS RM'000



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RM'000	AS AT 31 DECEMBER				
	2011	2010*	2009*	2008	2007
Share Capital	110,734	110,734	110,734	110,734	110,734
Reserves	199,310	179,693	175,266	170,411	169,224
Equity Attributable To Owners Of The Parent	310,044	290,427	286,000	281,145	279,958
Total Equity	310,044	290,427	286,000	281,145	279,958
Non-Current Liabilities	99,638	101,430	116,319	135,712	131,533
Current Liabilities	115,109	125,432	81,566	86,450	79,239
Total Liabilities	214,747	226,862	197,885	222,162	210,772
TOTAL EQUITY AND LIABILITIES	524,791	517,289	483,885	503,307	490,730
Non-Current Assets	325,246	300,230	295,758	310,091	306,317
Current Assets	199,545	217,059	188,127	193,216	184,413
TOTAL ASSETS	524,791	517,289	483,885	503,307	490,730
Net Tangible Asset Per Share (RM)	2.80	2.62	2.58	2.54	2.53

* Restated









PROFILE OF THE BOARD OF DIRECTORS



TAN SRI MOHAMED HASHIM AHMAD MAKARUDDIN

(Executive Chairman)
(62 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. Was Adjunct Professor at the School of Media and Communication Studies, Faculty of Social Sciences and Humanities, National University of Malaysia (2009 - 2011). Holds directorship in subsidiaries of Kumpulan Utusan namely Utusan Media Sales Sdn Bhd, Utusan Karya Sdn Bhd and Utusan Publications & Distributors Sdn Bhd.



DATUK MOHD NASIR ALI

(Group Executive Director)
(53 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)
(47 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.

PROFILE OF THE BOARD OF DIRECTORS



TAN SRI HAJI HUSEIN AHMAD

(77 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

(68 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

(65 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, Petronas Gas Berhad dan Amcorp Properties Berhad.

■ PROFILE OF THE BOARD OF DIRECTORS



DATUK SERI ISMAIL YUSOF

(67 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

(49 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 Journalist 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.

■ PROFILE OF THE BOARD OF DIRECTORS



DATO' DR. NORRAESAH MOHAMAD

*(64 years of age - Malaysian)
(Appointed w.e.f 1 March 2012)*

INDEPENDENT Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 1 March 2012. Graduated with a Bachelor of Arts (Honours) in Economics from University of Malaya in 1972. Obtained Masters in International Economics Relations from International Institute of Public Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. Earned PhD (Economic Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France in 1986. Held several posts in the government sector from 1972 to September 1988. Joined Esso Productions Malaysia Inc. as Communications Manager from October 1988 to 1990. Assumed the position of Managing Director with a consulting firm that provides financial and advisory services from 1990 to 1991 prior to appointment as Chief Representative of Credit Lyonnais Bank, Malaysia up to 1998. Formerly Chairman of Bank Kerjasama Rakyat Malaysia from 2000 to 2003. She is the Executive Chairman of My E.G. Services Berhad, Executive Director of Malaysian Genomics Resource Centre Berhad and also holds directorships in SBC Corporation Berhad, KESM Industries Berhad, Adventa Berhad, Ya Horng Electronic (M) Berhad and ICapital.Biz Berhad. Currently, she is a member of the Board of Trustee of the World Islamic Economic Forum Foundation ('WIEF'), Chairman of the WIEF Businesswomen Network and serves as a member of the WIEF International Advisory Panel.



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 2011. 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	5/6
YB Senator Dato' Dr. Firdaus Haji Abdullah	6/6
Dato' Ab Halim Mohyiddin	6/6
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 154 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 SARIFUDDIN TENGKU AHMAD
Independent Non-Executive Director

DATO' DR. NORRAESAH MOHAMAD
Independent Non-Executive Director
(Appointed w.e.f 1 March 2012)

AUDIT COMMITTEE

DATO' AB HALIM MOHYIDDIN
Chairman

DATUK SERI ISMAIL YUSOF
DATUK TENGKU SARIFUDDIN 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 SARIFUDDIN 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. Datuk 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. Mohd Nazlan Osman
GENERAL MANAGER, HUMAN RESOURCE
8. Ahmad Khairumuzamil Abd Rahman
GENERAL MANAGER, PRODUCTION
9. Mohd Yazid Ahmad
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. Faridah Hashim
SENIOR MANAGER, INTERNAL AUDIT
13. Zulkifli Basharuddin
SENIOR MANAGER, ADMINISTRATION AND PROPERTY
SERVICES
14. Abdul Halim Johar @ Mazahar
SENIOR MANAGER, INFORMATION TECHNOLOGY
15. Abdul Kadir Mansuri
SENIOR MANAGER, PROCUREMENT
16. Syed Agil Syed Jaafar
MANAGER, EDITORIAL DEPARTMENT
17. Nur Shafina Redzuan
MANAGER, CORPORATE COMMUNICATIONS
18. Abdul Kadir Bachok
PHOTO EDITOR
19. Abdul Rashid Abdul Aziz
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

1. MEMBERSHIP

The Audit Committee comprises two (2) Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows:

Dato' Ab Halim Mohyiddin – Chairman

Independent Non-Executive Director and a member of the Malaysian Institute of Accountants ('MIA')

Datuk Seri Ismail Yusof

Non-Independent Non-Executive Director

Datuk Tengku Sariffuddin Tengku Ahmad

Independent Non-Executive Director

2. MEETINGS AND ATTENDANCE

A total of five (5) meetings were held during the financial year ended 31 December 2011. The details of attendance of each Committee member are as follows:

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

3. COMPOSITION AND TERMS OF REFERENCE

3.1 Composition

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

- The Committee shall comprise not less than three (3) members, all of whom shall be non-executive directors. The majority of the Committee members shall be independent directors.
- At least one (1) member of the Committee:
 - must be a member of the MIA; or
 - if he is not a member of the MIA, he must have at least three (3) years working experience and:
 - he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.

- fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- The members shall elect a Chairman from amongst them whom shall be an independent director.

3.2 Procedure Of Meetings

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

3.3 Rights

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

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

3.4 Responsibilities and Duties

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

AUDIT COMMITTEE REPORT

a. External Audit

- to discuss the audit plan and scope whilst evaluating the Group's system of internal controls with the external auditors.
- to review the audit reports and to discuss any issues arising from the statutory audits.
- to assess the performance of the external auditors and make recommendations to the Board on their appointment and removal.

b. Financial Reporting

- to ensure that the financial report presents a true and fair view of the Group's financial position and performance in compliance with regulatory requirements.
- to review the quarterly results and year-end financial statements, before submission to the Board, focusing particularly on:
 - changes in or implementation of new accounting policies and practices;
 - significant or material adjustments with financial impact arising from the audit;
 - significant unusual events or exceptional activities;
 - compliance with approved accounting standards and other legal and regulatory requirements.

c. Internal Audit

- to review and approve the Group Internal Audit ('GIA') Charter.
- to review the adequacy of the scope, functions, competency and resources of the GIA, and that it has the necessary authority to carry out its work.
- to review the internal audit plan and results of the internal audit process to ensure that appropriate and adequate remedial actions are taken by management on significant lapses in controls and procedures that are identified.
- to approve the appointment, replacement and dismissal of the head of the GIA.

d. Related Party Transactions

- to review any related party transactions and conflict of interests situation that may arise within the Company or Group and any other major transactions outside the normal course of business of the Company and Group.

e. Other Matters

- to consider such other matters as the Committee considers appropriate or as authorised by the Board.

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE

The following activities were performed by the Audit Committee during the financial year ended 31 December 2011:

4.1 External Audit

- Reviewed with the external auditors :
 - their audit plan, strategy and scope of the statutory audits of the Group accounts for the year;
 - 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.
- Reviewed the performance and independence of the external auditors and made recommendations to the Board on their re-appointment and remuneration.

4.2 Internal Audit

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

4.3 Financial Reporting

- a. Reviewed the quarterly results and the audited financial statements of the Group with the Chief Financial Officer and the external auditors before recommending to the Board for its 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
- b. 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.

5. INTERNAL AUDIT FUNCTION

The in-house Group Internal Audit ('GIA') provides independent and objective assessment on the adequacy, integrity and effectiveness of the system of internal controls, risk management and governance processes throughout the Group. The purpose, authority and responsibility of the GIA are reflected in the GIA's Charter. The GIA reports directly to the Audit Committee.

The GIA adopts a risk-based audit approach in formulating the Annual Audit Plan. The GIA also maintains a flexible audit approach and a dynamic audit plan that appropriately addresses current issues and risks as well as potential risk exposures over key business processes within the Group. All high risk activities in each auditable unit are audited annually.

During the year, the GIA has carried out audits on the Group's operating units based on the Annual Audit Plan which had been approved by the Audit Committee as well as special ad-hoc and investigative reviews. The GIA also

conducted information systems audits on the financial and key computer systems as well as network infrastructure to ensure that the computing resources are adequately secured and the data integrity and confidentiality are intact. In performing such reviews, recommendations for improvement and enhancements to the existing system of internal controls and work processes are made. The resulting reports of audits undertaken were presented to the Audit Committee and forwarded to the Management's concerned for their attention and necessary corrective actions. The Management is responsible for ensuring that corrective actions on reported weaknesses as recommended are taken within the required timeframe.

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

The Audit Committee reviews and approves the GIA's human resource requirements to ensure that the function is adequately resourced with competent internal auditors. The total operational costs of the GIA in 2011 are as follows:

	RM
Salaries & staff welfare costs	876,807
Other expenses	11,303
Total	888,110

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 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;

■ STATEMENT OF INTERNAL CONTROL

- 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 26 April 2012.

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 nine (9) members comprising:
Three (3) Executive Directors (including Chairman)
Four (4) 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 55.6% 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 2011, six (6) 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	6/6
Ahmad Makaruddin	
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	6/6
Dato' Ab Halim Mohyiddin	5/6
Datuk 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.

STATEMENT ON CORPORATE GOVERNANCE

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.

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 20 to 22 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 2011.

(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 2011 are as follows:

	Salaries	Fees	Ex-gratia RM	Benefits- in-kind	Total
Executive Directors	1,511,900	129,000	-	160,793	1,792,693
Non-Executive Directors	-	208,500	-	-	208,500

STATEMENT ON CORPORATE GOVERNANCE

The number of Directors of the Company whose total remuneration fall within the following bands for the financial year ended 31 December 2011 are as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	5
RM300,001 to RM350,000	1	-
RM700,001 to RM750,000	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.

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 19 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 23 to 24 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 dispatched 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 26 April 2012.

■ 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

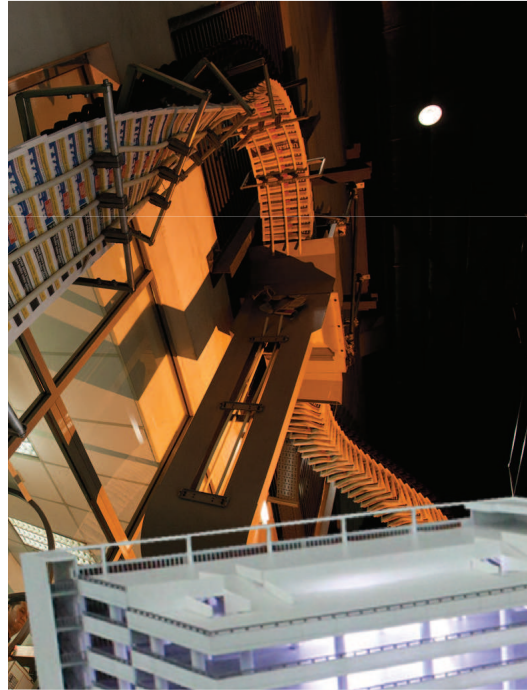
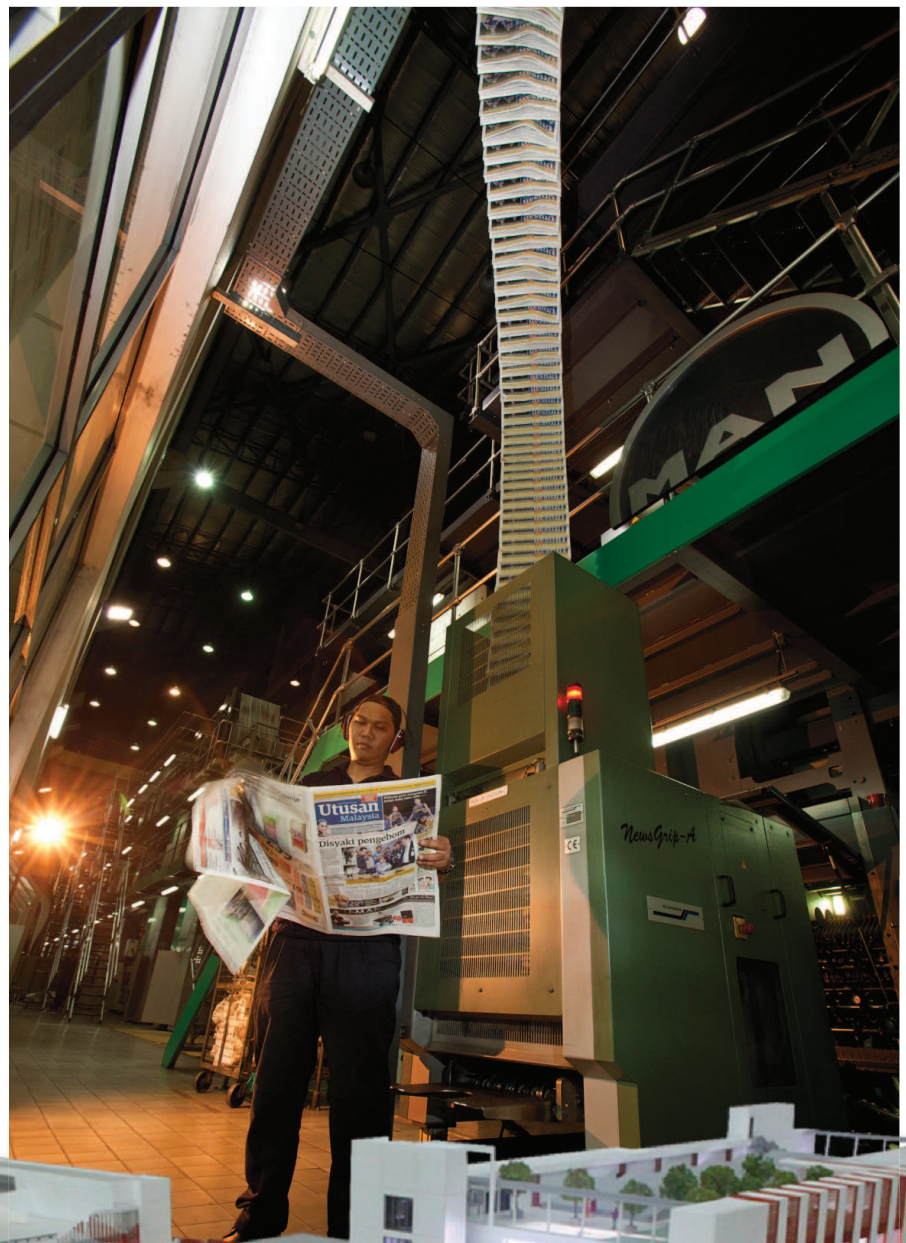
During the financial year, there were no profit guarantees given by the Company.

INTERNAL AUDIT FUNCTIONS

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







CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors of Utusan Melayu (Malaysia) Berhad ('the Company') and its subsidiaries (collectively referred to as 'the Group'), I am pleased to present the Annual Report of the Company and of the Group for the financial year ended 31 December 2011.

FINANCIAL PERFORMANCE

Group

For the financial year under review, the Group registered a positive growth of 7.4% in its revenue after a decline of 2.9% in the previous year. Total revenue grew from RM341.2 million in 2010 to RM366.6 million contributed by both the advertising and circulation revenue growth. The Group's advertising revenue bounced back 15.8% in 2011 after a decline of 9.6% in the previous year whilst circulation revenue contributed

by newspapers increased by 3.2%. In addition, the Group also recorded a gain of RM18.4 million on disposal of 70% interest in a subsidiary. As a result, the Group's pre-tax profit for the financial year under review of RM16.4 million was higher compared with RM4.8 million in the previous year, thus increasing basic earnings per share to 15.77 sen from 2.05 sen in the previous year.

Company

For the financial year under review, the Company registered pre-tax profit of RM13.5 million compared with pre-tax loss of RM11.3 million previously. The profit is largely due to the write back of impairment allowance of RM23.4 million arising from the disposal of a subsidiary and an increase in revenue for the year by 6%. Circulation revenue increased by 3.2% while advertising revenue increased by 10.9%. The Company's revenue of RM285.0 million contributed 77.7% to the Group's total revenue.

Kosmo continued to strengthen its position by recording higher circulation and advertising revenue, thereby increasing its contribution to the Company's revenue to 33.7% from 29.2% in 2010.



CHAIRMAN'S STATEMENT

Subsidiary Performance

Utusan Media Sales Sdn Bhd, the Group's advertising arm, recorded pre-tax profit of RM0.7 million as against pre-tax loss of RM0.6 million in 2010 due to higher advertising income 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 an impressive pre-tax profit of RM10.0 million on the back of higher revenue of RM18.5 million compared with RM11.3 million in 2010.

In the publishing sector, Utusan Karya Sdn Bhd, our magazine publishing subsidiary, managed to record a slightly higher pre-tax profit of RM526 thousand compared with RM494 thousand previously despite lower revenue of RM30.5 million compared with RM31.4 million the previous year.

Meanwhile, Utusan Publications & Distributors Sdn Bhd which is in the book publishing and distribution business, recorded pre-tax profit of RM0.6 million compared with RM0.4 million the preceding year.

Arah Pendidikan Sdn Bhd, whose main business activity is to distribute Cambridge's books chalked up a higher revenue of RM5.5 million compared with RM1.9 million in 2010 hence registering higher pre-tax profit of RM0.4 million compared with RM0.2 million previously.

For the financial year under review, the Group registered a positive growth of 7.4% in its revenue after a decline of 2.9% in the previous year. Total revenue grew from RM341.2 million in 2010 to RM366.6 million contributed by both the advertising and circulation revenue growth

Juasa Holdings Sdn Bhd, an investment holding subsidiary, recorded pre-tax profit of RM2.2 million in 2011 compared with RM2.1 million previously.

Perfasio Solutions Sdn Bhd ('Perfasio'), an online business subsidiary in the multimedia segment, posted a slightly higher pre-tax loss of RM1.2 million compared with RM0.9 million in the previous year despite higher revenue by RM1.0 million.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the financial year ended 31 December 2011 as the fund is required for the Company's capital expenditure.



CORPORATE DEVELOPMENT

The construction of the Company's corporate head office building is in progress. However, there is a slight delay due to shortage of building material which requires alteration to the original design in order to minimise disruption in construction schedule. The building is expected to be completed by early next year, in time for the Company to celebrate its 75th anniversary in May 2013.

In view of the popularity of tablet computers and smart phones, the Company

CHAIRMAN'S STATEMENT

During the year 2011, our journalists received a number of awards in various categories. Among them are Johore Journalism Award, Health Media Award, Shell Kenyalang Journalism Award and Franchise Journalism Award. We congratulate them for their achievements

has embarked in a project to expand the availability of its newspapers in digital format to these devices. The ability of digital newspaper to accept additional contents in the form of audio and video will enable the Company to offer advertisers the opportunity to place their already-produced radio and TV advertisements in a newspaper.

The Company has also embarked in a plan to create other sources of non-media income to support the media business. Towards this end, the Company has identified property



development as the vehicle with a long term view to create sustainable rental income. In September last year, we have entered into a joint venture agreement with a property developer for the development of our land in Jalan Chan Sow Lin, Kuala Lumpur. The centralisation of various departments under one roof upon completion of the corporate office building will enable the Company to realise this plan further by developing the site currently occupied by these departments. Potential partners have been identified to expedite execution.

Last year the Company disposed 70% of its share in Utusan Printcorp Sdn Bhd ('Printcorp') to DTSP Consortium Sdn Bhd. The move was undertaken to enable debt-laden Printcorp charter its future plan with guidance from the new majority shareholder and to provide the Company the opportunity to benefit from any business upsides. It is Printcorp's vision to become a one-stop printing solution provider.

AWARDS

During the year 2011, our journalists received a number of awards in various categories. Among them are Johore Journalism Award, Health Media Award, Shell Kenyalang Journalism Award and Franchise Journalism Award. We congratulate them for their achievements.



CHAIRMAN'S STATEMENT



FUTURE OUTLOOK

The year 2012 will continue to post challenges to the Group in view of stiff competition for the market share of advertising expenditure (ADEX) among all media. Nevertheless we will remain focus on our core business activities and will continually strive to improve our existing product contents and quality. In view of the increasing number of sales and readership of Kosmo in Peninsular Malaysia, we will expand its distribution to Sabah and Sarawak to tap the business potentials from these states. The Group expects the move will enhance further sales and readership numbers and, in the long run, attracts advertisers to increase their spending in Kosmo. We will continue to leverage on Kosmo for a more significant contribution to the Group's revenue while continually improving our flagship newspapers Utusan Malaysia and Mingguan Malaysia.

We believe online business is a sector that will provide greater opportunities to grow our future revenue stream. Greater emphasis will be given to improve the infrastructure and facilities in this sector so as to keep up with the current demand that prefers information over mobile devices and simultaneously provide value added products and services to our consumers and advertisers as well as to enhance the Group's business continuity plans.

Utusan Airtime Sdn Bhd which acts as the marketing agent for RTM's radio and television commercial airtime, registered an impressive pre-tax profit of RM10.0 million on the back of higher revenue of RM18.5 million compared with RM11.3 million in 2010.

We view good potential in education and employment sectors. Business activities in these sectors are currently undertaken by Perfisio which has been entrusted by MIMOS Berhad to implement and commercialise a new e-learning technology known as the Intelligent Learning Management System ('ILMS'). Perfisio also provides our own educational contents through www.tutor.com.my and career website www.kareer.com.my. This business segment registered an increase of RM1.0 million in revenue last year. Going forward, the Group will continue to invest in the infrastructural requirements of this segment.

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.

Lastly, I would like to welcome Dato' Dr. Norraesah Mohamad as a new member of the Board. I am confident the Board will benefit from her contribution.

TAN SRI MOHAMED HASHIM AHMAD MAKARUDDIN
Executive Chairman



STATEMENT OF CORPORATE RESPONSIBILITY

As a responsible corporate citizen in support of the aspirations of the government, the Utusan Group is committed in implementing various programmes and activities, especially in the areas of community affairs and education for the development of human capital towards achieving a developed nation status of distinction.

COMMUNITY

Investing in the community has long been a tradition of the company. Our goal is that, all walks of society must be able to reap the benefits from the agenda and activities undertaken by the Group. In essence, it has long been considered a part of the Group's long-term investment in reaching out to the public.

Based on the encouraging response from various quarters for our *Kami Prihatin* Campaign, this project was continued in 2011 very much for its positive impact on the image of *Utusan Malaysia* as a newspaper that cares for the community and its issues.

The Group launched the IAM-Utusan Flood Disaster Fund in collaboration with the Malaysia Islamic Aid in November 2011 to provide financial assistance for the flood-hit states in the east coast, while also providing additional assistance in the form of basic necessities and food.

As one of the nation's leading Malay media organisation, we continue to support and provide recognition for writers who produce prolific and outstanding works of literature for the younger generation through the Utusan Group ExxonMobil Prize for Literature 2010. The event was first organised 26 years ago in 1985 and is presently organised as part of the Utusan's Literature's programme of 2011.

The Teachers' Day Festival is now in its third year. The Festival has had a favourable impact on the branding of the Group, particularly in reaching out to readers in East Malaysia for the first time when it was held in Kuching, Sarawak. Organised in support of education, this event provides an added value to the annually celebrated National Teacher's Day.

With the support of our various sponsors, several sporting events were organised to attract the public especially the younger generation to pick up active and healthy sports activities. The KFC-Utusan Malaysia sepak takraw tournament provided a wider opportunity for fans to participate when it was extended to several selected zones throughout the country. Meanwhile, the *Rentap Futsal Putrajaya Kosmo! Championship* in its second year was inducted in the *Malaysia Book of Records* as the record holder of the largest and longest held futsal championship in this country.

EDUCATION

Understanding the need to educate the young, especially students who unwittingly engage in negative social activities, *Utusan Malaysia*, in collaboration with the Islamic Da'wah Foundation Malaysia ('Yadim') organised a seminar on the Psychology of Muslim Teens 2011 in an effort to inculcate positive moral attitudes in teens.

We realise the importance of continuing to improve the standard of education among students. We have engaged in continuous efforts to provide education through online means making it easier to access a pioneering mobile e-learning system, *Sekolahku*, while also maintaining the existing portal, *Tutor Online* and the Utusan Education Portal, *tutor.com.my*.

In addition, the *Akhbar dalam Pembelajaran* or ADaP, educational supplement, published every Wednesday and Thursday continues to provide a source of additional revision for students to improve their studies.

Our collaboration with MIMOS Berhad and the Majlis Amanah Rakyat ('MARA') in introducing the software *Intelligent Learning Management System* ('ILMS') is an educational initiative that has been successfully applied not only within the country but efforts are being engaged to introduce this software to several countries in Asia.

Our support for young people continues through the YPC-Utusan Malaysia Scholarship Project which provides financial aid for needy students to continue their studies in a basic course in Business and Information System at the Kolej Yayasan Pendidikan Cheras ('YPC').

Our efforts in encouraging *Jawi* writing skills among the young continue receive support from individuals and corporations who have continued to sponsor the *Utusan Melayu Mingguan* for distribution to schools as part of our social contribution to the society.

In placing agriculture as a prime industry, the Agro Remaja @ Sekolah Award was organised in collaboration with Institute Skill-Tech to provide recognition for schools involved in agricultural projects other than educating the younger generation of its importance in social and economic development.

ENVIRONMENT

We actively support the conservation of the environment through articles and news stories in our newspapers and other publications. The media coverage will encourage opportunities

■ STATEMENT OF CORPORATE RESPONSIBILITY

and motivate the community to contribute towards environmental protection and conservation activities so that the quality of the environment may be enhanced for posterity.

In our daily operations, we promote the eco-friendly elements such as the recycling of paper, encouraging electronic communications and energy saving practices among staff.

EMPLOYEES AND WORKPLACE

A healthy and safe workplace environment can motivate employees to perform at their optimum, encourage high productivity and enhance their character and provide self-satisfaction. The Group gives priority to the safety and health of employees through programmes, campaigns and health talks

to educate its employees on leading a healthy lifestyle and the importance of safety at the workplace.

Programmes and special activities are organised each year as part of our efforts in promoting better relations with our employees. In appreciation of their services, events such as *Malam Jasamu Dikenang* and Inter-Departmental Sports Tournaments were organised to bridge the gap between management and staff. While children of employees who excel in the Ujian Penilaian Sekolah Rendah ('UPSR'), Penilaian Menengah Rendah ('PMR') Sijil Pelajaran Malaysia ('SPM') and Sijil Tinggi Pelajaran Malaysia ('STPM') examinations are rewarded with incentives from the company to motivate them to succeed.



6 January 2011

Utusan employees at the Kompleks Sri Utusan, Bangi greeting HRH the Raja Muda of Perak, Raja Dr. Nazrin Shah ibni Sultan Azlan Shah Muhibbuddin, who is on his first visit to the Utusan Melayu printing press complex.



4 March 2011

Perfiso Solutions Sdn Bhd collaborated with MIMOS Berhad and the Majlis Amanah Rakyat (MARA) on a technology-based project related to learning and education known as the Intelligent Learning Management System (ILMS). The launch ceremony was officiated by the Deputy Prime Minister of Malaysia, YAB Tan Sri Dato' Hj. Muhyiddin Hj. Mohd Yassin at the Putrajaya Shangri-La Hotel.



19 March 2011

The Utusan Malaysia newspaper undergone a transformation with the introduction of a new and neater layout giving it a fresh look whilst its contents are complemented with the introduction of new columns in line with the newspaper's continuous efforts to enhance its content. The launch ceremony was officiated by the Chief Minister of Johore, Dato' Abdul Ghani Othman in conjunction with the Karnival Utusan Malaysia / Mingguan Malaysia in Johore Bahru, Johore.



13 to 16 May 2011

The Teachers' Day Festival was organised for the third year in running. This year's festival was held at the Kuching River Waterfront, Sarawak and was very well received by educators and the local community. The festival marked a significant milestone when it was attended by two prominent country leaders, the Deputy Prime Minister of Malaysia, YAB Tan Sri Dato' Hj. Muhyiddin Hj. Mohd Yassin and the Chief Minister of Sarawak, Pehin Sri Hj. Abdul Taib Mahmud. Both leaders attended the festival with their wives.

CORPORATE CALENDAR



26 to 29 May 2011

Rentap Futsal Putrajaya 2 Kosmo! 2011 was inducted in The Malaysia Book of Records as a Malaysia Record Holder for the largest and longest futsal tournament, which ran for 78 hours non-stop and had 16,010 participants representing 1,601 teams.



18 June 2011

After receiving encouraging response last year, the KFC/Utusan Sepak Takraw tournament was organised for its second year and participation was opened nationwide through four selected zones. The launch cum opening took place at the Stadium Perbadanan Pasir Gudang, Johor.



31 October 2011

A total of 29 writers won in six categories at the ExxonMobil Utusan Group Award for Literature 2010 (HSKU). Sri Rahayu Mohd Yusop continued her winning streak with her sixth win in the Young Adult Novel category through her novel entitled Bima Sakti Menari. The prizes were presented by the Deputy Prime Minister of Malaysia, YAB Tan Sri Dato' Hj. Muhyiddin Hj. Mohd Yassin at The Royale Chulan Hotel, Kuala Lumpur.



13 November 2011

Three grand prize winners and two consolation prize winners of the Hadiyah Sako 3 for the Novel Nasional were announced. This literary award was organised by Utusan Publications & Distributors Sdn Bhd in collaboration with Institut Terjemahan Negara Malaysia (ITNM). The prize presentation ceremony was officiated by the Minister of Finance II, Dato' Seri Haji Ahmad Husni Hanadzlah at the Perpustakaan Negara Malaysia, Kuala Lumpur.



5 December 2011

Utusan hosted a second royal visit of HRH the Sultan of Selangor, Sultan Sharafuddin Idris Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah. His Majesty visited Kompleks Sri Utusan in Bangi where His Majesty was given a guided tour on the operations and the printing processes of newspaper printing plant.



9 December 2011

Forty company retirees were feted with a special Malam Jasamu Dikenang dinner at the InterContinental Hotel, Kuala Lumpur.







FINANCIAL STATEMENTS

45 - 47	Directors' report	56 - 58	Consolidated statement of cash flows
48	Statement by directors	59	Statement of comprehensive income
48	Statutory declaration	60 - 61	Statement of financial position
49 - 50	Independent auditors' report	62	Statement of changes in equity
51 - 52	Consolidated statement of comprehensive income	63 - 64	Statement of cash flows
53 - 54	Consolidated statement of financial position	65 - 148	Notes to the financial statements
55	Consolidated statement of changes in equity	149	Supplementary information - breakdown of retained profits into realised and unrealised.



DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

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 14 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 for the year, attributable to owners of the parent	17,462,442	17,259,592

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 disposal of a subsidiary company resulting in an increase in the Group's and the Company's net profit for the year by RM18.4 million and RM23.4 million as disclosed in Note 14(i) and Note 19 to the financial statements respectively.

DIVIDENDS

The directors do not recommend any payment of dividend in respect of the financial year ended 31 December 2011.

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
Dato' Dr. Norraesah binti Mohamad *(appointed w.e.f 1 March 2012)*

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' REPORT

DIRECTORS' INTEREST

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:

The Company	Number of ordinary shares of RM1 each			
	1 January 2011	Acquired	Sold	31 December 2011
Direct interest				
Datuk Mohd Nasir Ali	10,000	-	-	10,000

	Number of options over ordinary shares of RM1 each			
	1 January 2011	Granted	Exercised	31 December 2011
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 25 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:
- 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
 - 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:
- 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
 - 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.

DIRECTORS' REPORT

- (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 14 and Note 31 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 32 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 26 April 2012.

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 51 to 148 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 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 37 on page 149 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 26 April 2012.

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 51 to 149 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 26 April 2012.

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 2011 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 51 to 148.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 2011 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 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 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements 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.

INDEPENDENT AUDITORS' REPORT

to the members of Utusan Melayu (Malaysia) Berhad (Incorporated in Malaysia)

OTHER MATTERS

The supplementary information set out in Note 37 on page 149 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

Kuala Lumpur, Malaysia
26 April 2012

Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/14(J)
Chartered Accountant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	NOTE	2011 RM	2010 RM RESTATED
Revenue	3	366,552,571	341,227,744
Other income	4	27,738,164	18,243,492
Changes in inventories of finished goods and work-in-progress		618,270	(3,073,897)
Raw materials and consumables used		(115,438,936)	(95,603,600)
Vendors' commissions		(46,495,869)	(45,226,812)
Transportation costs		(15,139,752)	(13,910,043)
Employee benefits expense	5	(124,351,057)	(113,775,184)
Depreciation of property, plant and equipment		(21,975,080)	(23,064,519)
Depreciation of investment properties		(119,333)	(49,619)
Amortisation of intangible assets		(907,646)	(2,809,980)
Other expenses		(50,872,752)	(53,824,758)
Finance costs	7	(6,402,511)	(6,368,823)
Operating profit		13,206,069	1,764,001
Share of results of associates		3,150,496	3,009,222
Profit before tax	8	16,356,565	4,773,223
Income tax	9	1,366,877	(2,505,827)
Zakat		(261,000)	-
Profit for the year, net of tax		17,462,442	2,267,396
Other comprehensive income			
Net gain on available-for-sale financial assets			
- Gain on fair value changes		2,297,644	1,925,944
- Transfer to profit or loss upon disposal		(50,737)	(29,944)
Foreign currency translation		(91,917)	263,547
Other comprehensive income for the year, net of tax		2,154,990	2,159,547
Total comprehensive income for the year		19,617,432	4,426,943

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	NOTE	2011 RM	2010 RM RESTATED
Profit attributable to:			
Owners of the parent		17,462,442	2,267,396
Total comprehensive income attributable to:			
Owners of the parent		19,617,432	4,426,943
Earnings per share attributable to owners of the parent (sen):			
Basic, for profit for the year	10	15.77	2.05
Diluted, for profit for the year	10	15.77	2.05

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	NOTE	31 DECEMBER 2011 RM	31 DECEMBER 2010 RM RESTATED	1 JANUARY 2010 RM RESTATED
Assets				
Non-current assets				
Property, plant and equipment	11	228,844,764	242,297,907	244,601,776
Investment properties	12	14,082,524	7,995,323	4,904,345
Intangible assets	13	1,742,291	2,292,142	4,055,849
Investments in associates	15	27,447,813	25,237,822	23,045,406
Investment securities	20	22,018,993	19,406,347	15,009,598
Other investments	20	14,378,502	1,378,502	2,661,003
Deferred tax assets	16	1,301,734	1,171,286	1,021,794
Long term receivables	17	584,065	450,224	457,713
Trade and other receivables	19	14,845,127	-	-
		325,245,813	300,229,553	295,757,484
Current assets				
Inventories	18	34,906,817	73,829,649	62,091,770
Trade and other receivables	19	97,040,290	93,582,980	68,788,557
Investment securities	20	-	1,089,467	-
Cash and bank balances	21	67,598,236	48,557,013	57,246,888
		199,545,343	217,059,109	188,127,215
TOTAL ASSETS		524,791,156	517,288,662	483,884,699
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	25	110,733,837	110,733,837	110,733,837
Share premium		50,703,162	50,703,162	50,703,162
Other reserves	26	14,819,375	13,524,784	11,375,721
Retained earnings	27	133,787,586	115,464,745	113,186,865
TOTAL EQUITY		310,043,960	290,426,528	285,999,585

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	NOTE	31 DECEMBER 2011 RM	31 DECEMBER 2010 RM RESTATED	1 JANUARY 2010 RM RESTATED
Non-current liabilities				
Retirement benefit obligations	22	3,909,935	5,543,475	6,089,267
Loans and borrowings	23	83,199,746	78,671,384	91,510,985
Deferred tax liabilities	16	12,528,753	17,214,988	18,718,918
		99,638,434	101,429,847	116,319,170
Current liabilities				
Retirement benefit obligations	22	570,625	730,669	787,929
Loans and borrowings	23	56,843,718	60,667,426	34,796,394
Trade and other payables	24	56,137,019	61,880,654	45,577,308
Taxation		1,557,400	2,153,538	404,313
		115,108,762	125,432,287	81,565,944
TOTAL LIABILITIES		214,747,196	226,862,134	197,885,114
TOTAL EQUITY AND LIABILITIES		524,791,156	517,288,662	483,884,699

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 2011

	Note	Share capital		Share premium		Retained earnings		Other reserves		Attributable to owners of the parent					Total equity RM
		RM		RM		RM		RM		Distributable		Non-distributable			
		RM		RM		RM		RM		Fair value adjustment reserve RM	Asset revaluation reserve RM	Foreign currency translation reserve RM	Share option reserve RM	Capital reserve RM	
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
Total comprehensive income		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
Transactions with owners										1,896,000	-	263,547	-	-	4,426,943
Forfeiture of share options granted under ESOS recognised directly in equity	25	-		-		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
At 1 January 2011		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
Total comprehensive income						17,462,442		2,154,990		2,246,907	-	(91,917)	-	-	19,617,432
Transactions with owners															
Impact upon disposal of 70% equity in a subsidiary directly in equity	14	-		-		860,399		(860,399)		-	(860,399)	-	-	-	-
At 31 December 2011		110,733,837		50,703,162		133,787,586		14,819,375		4,844,143	4,520,520	(14,624)	389,336	5,080,000	310,043,960

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,356,565	4,773,223
Adjustments for:		
Impairment loss on trade and other receivables	6,806,570	3,893,560
Reversal of impairment loss on trade and other receivables	(2,702,681)	(592,345)
Bad debt written off	336,154	-
Impairment loss on other investments	-	57,657
Impairment loss on investments in associates	133,306	-
Net gain on disposal of a subsidiary	(18,445,519)	-
Gain on disposal of available-for-sale investment	(113,732)	(84,933)
Gain on disposal of held for trading investment	(26,695)	(316,512)
Net fair value gain on held for trading investment	(21,666)	(217,679)
Provision for retirement benefits	835,909	1,209,938
Share of results of associates	(3,150,496)	(3,009,222)
Interest income	(916,836)	(602,329)
Interest expenses	5,921,672	5,876,155
Depreciation of property, plant and equipment	21,975,080	23,064,519
Depreciation of investment properties	119,333	49,619
Amortisation of intangible assets	907,646	2,809,980
Inventories written off	180,266	177,999
Reversal of inventories written down	(376,216)	(8,173)
Gain on disposal of property, plant and equipment	(51,964)	(1,089,864)
Impairment loss on property, plant and equipment	-	3,303,244
Property, plant and equipment written off	9,168	631,534
Impairment of goodwill	735,613	-
Gain on disposal of subsidiaries through voluntary winding up	-	(3,195)
Compensation for loss of income	-	(8,659,698)
Dividend income	(1,493,862)	(715,951)
Accruals written back	-	(1,175,442)
Waiver of former director's advance	(735,607)	-
Operating profit before working capital changes	26,282,008	29,372,085

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)		
Operating profit before working capital changes (contd.)	26,282,008	29,372,085
Increase in receivables	(42,003,214)	(18,729,383)
Decrease/(increase) in inventories	35,595,289	(10,170,615)
Increase in payables	31,440,320	14,149,288
Cash generated from operations	51,314,403	14,621,375
Interest paid	(5,951,190)	(5,740,962)
Taxes paid	(3,877,775)	(1,569,260)
Zakat paid	(40,000)	-
Real property gains tax paid	(223,997)	(112,000)
Taxes refund	1,092,881	11,435
Net cash generated from operating activities	42,314,322	7,210,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities in available for sale investment	(900,000)	(7,804,918)
Additional investment in associates	(1,500,000)	-
Proceeds from disposal of held for trading investment	1,137,828	4,668,237
Proceeds from disposal of available for sale investment	647,993	107,933
Proceed arising from capital reduction of other investment	-	1,282,501
Reclassification to available-for-sale investment	-	(1,500,000)
Interest received	916,836	602,329
Purchase of property, plant and equipment	(16,813,990)	(25,989,997)
Purchase of investment properties	(7,194,050)	(3,140,597)
Purchase of intangible assets	(1,093,417)	(260,660)
Proceeds from disposal of property, plant and equipment	74,217	2,384,415
Acquisition of subsidiary, net of cash acquired	-	44,611
Net cash outflow on disposal of subsidiary	(293,793)	-
Dividends received	2,298,731	713,621
Net cash used in investing activities	(22,719,645)	(28,892,525)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	2011 RM	2010 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/drawdown of short term borrowings	(6,635,028)	23,551,793
Drawdown of term loan	58,540,000	-
Payment of hire purchase payables	(16,852)	(19,905)
Repayment of long term borrowings	(50,744,626)	(10,856,046)
Payment of retirement benefits	(1,166,191)	(1,812,990)
Withdrawal of pledged fixed deposits	823,229	492,226
Net cash generated from financing activities	800,532	11,355,078
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,395,209	(10,326,859)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(91,917)	273,622
CASH AND CASH EQUIVALENTS AT 1 JANUARY	46,829,081	56,882,318
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (NOTE 21)	67,132,373	46,829,081

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 2011

	NOTE	2011 RM	2010 RM
Revenue	3	285,031,740	269,000,023
Other income	4	14,192,501	13,073,528
Raw materials and consumables used		(85,901,079)	(75,131,993)
Vendors' commissions		(40,817,459)	(39,198,886)
Transportation costs		(14,538,637)	(12,909,006)
Employee benefits expense	5	(93,336,840)	(83,262,982)
Depreciation of property, plant and equipment		(19,708,501)	(20,367,658)
Depreciation of investment properties		(4,864)	(8,516)
Amortisation of intangible assets		(781,778)	(2,653,507)
Other expenses		(24,429,275)	(53,465,965)
Finance costs	7	(6,216,420)	(6,369,415)
Profit/(loss) before taxation	8	13,489,388	(11,294,377)
Income tax	9	4,031,204	1,008,933
Zakat		(261,000)	-
Profit/(loss) for the year, net of tax		17,259,592	(10,285,444)
Other comprehensive income			
Net gain on available-for-sale financial assets			
- Gain on fair value changes		1,188,250	1,302,377
- Transfer to profit or loss upon disposal		(14,737)	-
Other comprehensive income for the year, net of tax		1,173,513	1,302,377
Total comprehensive income for the year		18,433,105	(8,983,067)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

		31 DECEMBER 2011 RM	31 DECEMBER 2010 RM RESTATED	1 JANUARY 2010 RM RESTATED
	NOTE			
ASSETS				
Non-current assets				
Property, plant and equipment	11	219,805,015	222,774,350	222,047,277
Investment properties	12	225,357	1,217,737	-
Intangible assets	13	325,051	1,090,812	3,494,319
Investments in subsidiaries	14	10,553,957	10,453,956	13,953,956
Investments in associates	15	4,089,000	2,589,000	2,589,000
Investment securities	20	17,747,926	3,588,674	2,281,380
Trade and other receivables	19	17,096,426	3,143,071	-
		269,842,732	244,857,600	244,365,932
Current assets				
Inventories	18	23,406,219	61,052,031	51,551,475
Trade and other receivables	19	87,886,400	67,776,956	66,510,060
Cash and bank balances	21	15,768,848	9,140,430	12,573,924
		127,061,467	137,969,417	130,635,459
TOTAL ASSETS		396,904,199	382,827,017	375,001,391
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	25	110,733,837	110,733,837	110,733,837
Share premium		50,703,162	50,703,162	50,703,162
Other reserves	26	8,013,221	6,839,708	5,547,815
Retained earnings	27	32,267,319	15,007,727	25,282,687
Total equity		201,717,539	183,284,434	192,267,501

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

		31 DECEMBER 2011 RM	31 DECEMBER 2010 RM RESTATED	1 JANUARY 2010 RM RESTATED
	NOTE			
Non-current liabilities				
Retirement benefit obligations	22	3,316,867	4,257,387	4,990,893
Loan and borrowings	23	83,199,746	78,801,689	91,931,325
Deferred tax liabilities	16	11,983,681	16,823,779	18,231,409
		98,500,294	99,882,855	115,153,627
Current liabilities				
Retirement benefit obligations	22	534,148	615,243	671,736
Loan and borrowings	23	54,524,025	58,335,390	32,686,794
Trade and other payables	24	41,041,048	40,527,954	34,019,341
Taxation		587,145	181,141	202,392
		96,686,366	99,659,728	67,580,263
TOTAL LIABILITIES		195,186,660	199,542,583	182,733,890
TOTAL EQUITY AND LIABILITIES		396,904,199	382,827,017	375,001,391

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 2011

	Note	← 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		
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		110,733,837	50,703,162	25,282,687	5,547,815	-	5,147,995	399,820	192,267,501	
Transactions with owners		-	-	(10,285,444)	1,302,377	1,302,377	-	-	(8,983,067)	
Forfeiture of share options granted under ESOS recognised directly in equity	25	-	-	10,484	(10,484)	-	-	(10,484)	-	
At 31 December 2010		110,733,837	50,703,162	15,007,727	6,839,708	1,302,377	5,147,995	389,336	183,284,434	
At 1 January 2011		110,733,837	50,703,162	15,007,727	6,839,708	1,302,377	5,147,995	389,336	183,284,434	
Total comprehensive income		-	-	17,259,592	1,173,513	1,173,513	-	-	18,433,105	
At 31 December 2011		110,733,837	50,703,162	32,267,319	8,013,221	2,475,890	5,147,995	389,336	201,717,539	

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	13,489,388	(11,294,377)
Adjustments for:		
Impairment loss on trade and other receivables	5,251,960	7,519,549
Reversal of impairment on trade and other receivables	(27,478,375)	(408,245)
Impairment loss on investment in a subsidiary	-	3,500,000
Provision for retirement benefits	628,309	734,249
Interest income	(492,925)	(229,201)
Interest expenses	5,996,751	6,008,119
Depreciation of property, plant and equipment	19,708,501	20,367,658
Depreciation of investment properties	4,864	8,516
Amortisation of intangible assets	781,778	2,653,507
Inventories written off	127,477	-
Gain on disposal of property, plant and equipment	(45,150)	(1,088,864)
Impairment loss on property, plant and equipment	-	1,202,626
Property, plant and equipment written off	-	556,978
Gain on disposal of available-for-sale investment	(13,732)	-
Dividend income	(2,925,223)	(1,622,083)
Accruals written back	-	(1,000,000)
Operating profit before working capital changes	15,033,623	26,908,432
Increase in receivables	(24,631,278)	(11,609,507)
Decrease/(increase) in inventories	37,518,334	(9,500,556)
Increase in payables	369,265	7,373,420
Cash generated from operations	28,289,944	13,171,789
Interest paid	(6,066,548)	(5,873,981)
Taxes paid	(158,290)	(622)
Zakat paid	(40,000)	-
Net cash generated from operating activities	22,025,106	7,297,186

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	2011	2010
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities in quoted investment	-	(4,918)
Proceeds from disposal of available for sale investment	27,993	-
Withdrawal of fixed deposit	1,017,324	-
Increase in investment in subsidiaries	(1,600,000)	-
Proceeds from disposal of a subsidiary	1	-
Interest received	492,925	38,689
Purchase of property, plant and equipment	(15,772,403)	(24,148,880)
Purchase of investment properties	-	(1,226,253)
Purchase of intangible assets	(16,017)	(250,000)
Proceeds from disposal of property, plant and equipment	65,902	2,383,409
Dividend received	2,468,142	1,482,562
Net cash used in investing activities	(13,316,133)	(21,725,391)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/drawdown in short term borrowings	(6,935,029)	23,751,793
Drawdown of term loan	58,540,000	-
Payment of hire purchase payable	(273,654)	(376,788)
Repayment of long term borrowings	(50,744,625)	(10,856,046)
Payment of retirement benefits	(1,649,923)	(1,524,248)
Net cash (used in)/generated from financing activities	(1,063,231)	10,994,711
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,645,742	(3,433,494)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	8,123,106	11,556,600
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (NOTE 21)	15,768,848	8,123,106

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 2011

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. 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 14 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 26 April 2012.

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 March 2010, 1 July 2010 and 1 January 2011 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 2011

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 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.

● 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.

● 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.

● Research and development

Research and development costs relate to development costs of content and application for e-Learning platform called Intelligent Learning Management System ('iLMS').

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 2011

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(g) Financial assets (contd.)

(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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 (contd.)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(l) Financial liabilities (contd.)

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').

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(n) Employee benefits (contd.)

(iii) Defined benefit plans (contd.)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(o) Leases (contd.)

(i) As lessee (contd.)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(p) Foreign currencies (contd.)

(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 2011

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 36, 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 2011

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 2011, 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 2011.

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 July 2010.

FRS 1 First-time Adoption of Financial Reporting Standards

Amendments to FRS 2 Share-based Payment

FRS 3 Business Combinations

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

Amendments to FRS 127 Consolidated and Separate Financial Statements

Amendments to FRS 138 Intangible Assets

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 12 Service Concession Arrangement

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 January 2011.

IC Interpretation 18 Transfers of Assets from Customers

Amendments to FRS 7: Improving Disclosures about Financial Instruments

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

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

IC Interpretation 4 Determining Whether an Arrangement contains a Lease

* Improvements to FRS issued in 2010

* The Improvements to FRS issued in 2010 comprise amendments to the following FRS that are effective for annual periods beginning on or after 1 January 2011:

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations
- FRS 7 Financial Instruments: Disclosures
- FRS 101 Presentation of Financial Statements
- FRS 121 The Effects of Changes in Foreign Exchange Rates
- FRS 128 Investments in Associates
- FRS 131 Interests in Joint Ventures
- FRS 132 Financial Instruments: Presentation
- FRS 134 Interim Financial Reporting
- FRS 139 Financial Instruments: Recognition and Measurement
- IC Interpretation 13 Customer Loyalty Programmes

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

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 accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

This revised standard was applied to the disposal of the controlling interest in a subsidiary when the Company officially disposed 70% of the issued and paid up capital of a subsidiary, Utusan Printcorp Sdn Bhd on 1 September 2011. The Company had derecognised the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost.

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.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 34 (e). The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 34 (c).

2.4 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ('MFRS Framework').

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Malaysian Financial Reporting Standards (contd.)

The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

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 FRS117. 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 16 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 2011 was RM50,000 (2010: RM785,613) further details are given in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

3. REVENUE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Publishing, distribution and advertisements	357,169,561	329,713,912	285,031,740	269,000,023
Printing	2,962,454	7,070,524	-	-
Information technology and multimedia	4,470,309	2,939,130	-	-
Investment holding, management services and others	1,950,247	1,504,178	-	-
	366,552,571	341,227,744	285,031,740	269,000,023

Included in investment holding revenue of the Group are:

	2011 RM	2010 RM
Dividend income from:		
Available-for-sale financial assets:		
- Equity instruments (quoted)	620,089	294,968
- Equity instruments (unquoted)	574,750	153,900
Net fair value gain on held for trading investment	21,666	217,679
Interest income on deposits	277,550	341,103
Gain on disposal of available-for-sale investments	100,000	84,933
Gain on disposal of held for trading investments	26,695	316,512

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

4. OTHER INCOME

Included in other income are the following:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Dividend income:				
- Available-for-sale investment (quoted in Malaysia)	299,023	267,083	299,023	267,083
- Held for trading investments				
- subsidiaries	-	-	1,819,000	546,000
- associates	-	-	807,200	809,000
Gain on disposal of property, plant and equipment	51,964	1,089,864	45,150	1,088,864
Gain on disposal of available-for-sale investment	13,732	-	13,732	-
Net gain on disposal of a subsidiary	18,445,519	-	-	-
Building rental income	774,500	525,050	2,104,800	2,477,550
Interest income charged to subsidiaries	-	-	169,138	190,512
Interest income on deposits	332,007	228,646	25,965	38,626
Interest income - others	307,279	32,580	297,822	63
Waiver of former director's advance	735,607	-	-	-
Compensation for loss of income	-	8,659,698	-	-

5. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Wages and salaries	86,779,519	79,351,276	69,049,331	59,437,600
Social security costs	1,002,352	977,323	758,877	727,097
Short term accumulating compensated absences	96,139	100,996	-	-
Contribution to defined contribution plans	13,068,107	11,510,054	9,944,020	8,374,598
Increase in liability for defined benefit plans (Note 22)	835,909	1,209,938	628,309	734,249
Other staff related expenses	22,569,031	20,625,597	12,956,303	13,989,438
	124,351,057	113,775,184	93,336,840	83,262,982

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM2,952,504 (2010: RM2,289,442) and RM1,631,900 (2010: RM1,437,692) respectively as further disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

6. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive directors' remuneration (Note 5):				
Fees	120,000	120,000	120,000	120,000
Other emoluments	2,832,504	2,169,442	1,511,900	1,317,692
	2,952,504	2,289,442	1,631,900	1,437,692
Non-executive directors' remuneration:				
Fees	208,500	216,808	208,500	216,808
Total directors' remuneration (Note 30(b))	3,161,004	2,506,250	1,840,400	1,654,500
Estimated money value of benefits-in-kind	161,993	217,577	160,793	174,107
Total directors' remuneration including benefits-in-kind	3,322,997	2,723,827	2,001,193	1,828,607

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

	GROUP AND COMPANY	
	2011 RM	2010 RM
Executive:		
Salaries and other emoluments	1,291,800	1,118,400
Fees	120,000	120,000
Defined contribution plan	220,100	199,292
Estimated money value of benefit-in-kind	160,793	174,107
	1,792,693	1,611,799
Non-executive:		
Fees	208,500	216,808
	2,001,193	1,828,607

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

6. DIRECTORS' REMUNERATION (CONTD.)

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

	NUMBER OF DIRECTORS	
	2011	2010
	RM	RM
Executive directors:		
RM250,001 – RM300,000	-	1
RM300,001 – RM350,00	1	-
RM650,001 – RM700,000	-	2
RM700,001 – RM750,000	2	-
Non-executive directors:		
Below RM50,000	5	5

7. FINANCE COSTS

Included in finance costs are the following:

	GROUP		COMPANY	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest expense on:				
- bank borrowings and overdrafts	5,920,938	5,874,281	5,802,958	5,774,638
- inter company borrowings	-	-	175,537	192,446
- hire purchase payables	734	1,874	18,256	41,035

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

8. PROFIT/(LOSS) BEFORE TAXATION

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-executive directors' remuneration (Note 6)	208,500	216,808	208,500	216,808
Auditors' remuneration:				
Statutory audit				
- to holding company's auditors	204,800	212,600	76,000	76,000
Other services				
- to holding company's auditors	7,000	7,000	4,000	4,000
Office/warehouse rental expenses	2,695,511	3,560,234	3,071,151	3,996,892
Equipment rental expenses	112,305	46,896	8,537	10,281
Impairment loss on trade and other receivables	6,806,570	3,893,560	5,251,960	7,519,549
Reversal of impairment loss on trade and other receivables	(2,702,681)	(592,345)	(27,478,375)	(408,245)
Bad debts written off	336,154	-	-	-
Bad debts recovered	(276,241)	(145,900)	(10,925)	(5,900)
Inventories written off	180,266	177,999	127,477	-
Reversal of inventories written down	(376,216)	(8,173)	-	-
Impairment loss on property, plant and equipment	-	3,303,244	-	1,202,626
Impairment of good will	735,613			
Property, plant and equipment written off	9,168	631,534	-	556,978
Impairment loss on investment in a subsidiary	-	-	-	3,500,000
Impairment loss on investment in an associate	133,306			
Impairment loss on other investment	-	57,657	-	-
Accruals written back	-	(1,175,442)	-	(1,000,000)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

9. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Current income tax:				
Malaysian income tax	3,477,978	4,015,911	821,808	398,172
(Over)/under provision in prior years:				
Malaysian income tax	(28,172)	(33,050)	(12,914)	525
Real property gains tax	-	176,388	-	-
	(28,172)	143,338	(12,914)	525
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	(3,745,718)	(1,494,644)	(3,447,794)	(1,229,634)
Over provision in prior years	(1,070,965)	(158,778)	(1,392,304)	(177,996)
	(4,816,683)	(1,653,422)	(4,840,098)	(1,407,630)
	(1,366,877)	2,505,827	(4,031,204)	(1,008,933)

Domestic income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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:

	2011 RM	2010 RM
Group		
Profit before taxation	16,356,565	4,773,223
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	4,089,141	1,193,306
Income not subject to tax	(4,608,896)	(168,793)
Expenses not deductible for tax purposes	601,769	1,063,046
Utilisation of previously unrecognised unutilised tax losses and unabsorbed capital allowances	-	(70,722)
Deferred tax assets recognised on unutilised tax losses and unabsorbed capital allowances	(40,156)	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	478,026	1,256,735
Effect of share of result of associates	(787,624)	(752,305)
Under provision of real property gains tax in prior years	-	176,388
Over provision of deferred tax in prior years	(1,070,965)	(158,778)
Over provision of tax expense in prior years	(28,172)	(33,050)
Income tax (benefit)/expense for the year	(1,366,877)	2,505,827
Company		
Profit/(Loss) before taxation	13,489,388	(11,294,377)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	3,372,347	(2,823,594)
Income not subject to tax	(7,157,688)	(390,545)
Expenses not deductible for tax purposes	1,159,355	2,382,677
Over provision of deferred tax in prior years	(1,392,304)	(177,996)
(Over)/under provision of tax expense in prior years	(12,914)	525
Income tax benefit for the year	(4,031,204)	(1,008,933)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

9. INCOME TAX EXPENSE (CONTD.)

	GROUP	
	2011	2010
	RM	RM
Tax savings during the financial year arising from:		
Utilisation of current year tax losses	8,462	248,585

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	
	2011	2010
Profit attributable to ordinary equity holders of the Company (RM)	17,462,442	2,267,396
Weighted average number of ordinary shares in issue	110,733,837	110,733,837
Basic earnings per share (sen)	15.77	2.05

(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	
	2011	2010
Profit attributable to ordinary equity holders of the Company (RM)	17,462,442	2,267,396
Adjusted weighted average number of ordinary shares in issue and issuable	110,733,837	110,733,837
Diluted earnings per share (sen)	15.77	2.05

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings*	Capital work-in- progress	Motor vehicles, plant and machinery	Other assets**	Total
	RM	RM	RM	RM	RM
Group					
At 31 December 2011					
Cost or valuation					
At 1 January 2011					
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
	147,781,219	20,568,723	257,179,988	54,417,872	479,947,802
Additions	782,650	10,394,813	2,659,531	2,976,996	16,813,990
Disposals	-	-	(459,163)	(237,196)	(696,359)
Written off	-	-	(763,985)	(83,122)	(847,107)
Disposal of a subsidiary	(3,646,714)	-	(44,283,484)	(1,725,112)	(49,655,310)
Reclassification	3,543,671	(13,334,204)	10,773,595	-	983,062
Exchange differences	-	-	8,777	581	9,358
At 31 December 2011	148,460,826	17,629,332	225,115,259	55,350,019	446,555,436
Representing:					
At cost	136,173,126	17,629,332	215,817,409	55,292,645	424,912,512
At valuation	12,287,700	-	9,297,850	57,374	21,642,924
At 31 December 2011	148,460,826	17,629,332	225,115,259	55,350,019	446,555,436

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. 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.)					
Accumulated depreciation and impairment					
At 1 January 2011	36,784,629	-	153,548,755	47,316,511	237,649,895
Depreciation charge for the year	2,943,599	-	15,699,041	3,332,440	21,975,080
Disposals	-	-	(439,969)	(234,138)	(674,107)
Written off	-	-	(763,985)	(73,955)	(837,940)
Disposal of a subsidiary	(3,487,405)	-	(35,339,054)	(1,580,700)	(40,407,159)
Reclassification	(4,454)	-	-	-	(4,454)
Exchange differences	-	-	8,777	580	9,357
At 31 December 2011	36,236,369	-	132,713,565	48,760,738	217,710,672
Net carrying amount					
At cost	106,778,236	17,629,332	92,401,694	6,589,281	223,398,543
At valuation	5,446,221	-	-	-	5,446,221
At 31 December 2011	112,224,457	17,629,332	92,401,694	6,589,281	228,844,764

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. 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 2010					
Cost or valuation					
At 1 January 2010					
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
	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
Accumulated depreciation and impairment					
At 1 January 2010	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 2011

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and building of the Group

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
As at 31 December 2011			
Cost or valuation			
At 1 January 2011			
At cost	12,144,363	123,349,156	135,493,519
At valuation	440,000	11,847,700	12,287,700
	12,584,363	135,196,856	147,781,219
Additions	142,906	639,744	782,650
Disposal of a subsidiary	(3,098,720)	(547,994)	(3,646,714)
Reclassification	1,345,192	2,198,479	3,543,671
At 31 December 2011	10,973,741	137,487,085	148,460,826
Representing:			
At cost	10,533,741	125,639,385	136,173,126
At valuation	440,000	11,847,700	12,287,700
At 31 December 2011	10,973,741	137,487,085	148,460,826
Accumulated depreciation and impairment			
At 1 January 2011	5,088,713	31,695,916	36,784,629
Depreciation charge for the year	233,180	2,710,419	2,943,599
Disposal of a subsidiary	(3,098,718)	(388,687)	(3,487,405)
Reclassification	-	(4,454)	(4,454)
At 31 December 2011	2,223,175	34,013,194	36,236,369
Net carrying amount			
At cost	3,304,345	103,473,891	106,778,236
At valuation	5,446,221	-	5,446,221
At 31 December 2011	8,750,566	103,473,891	112,224,457

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and building 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			
At cost	12,308,384	126,568,788	138,877,172
At valuation	440,000	11,847,700	12,287,700
	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	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. 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 2011					
Cost or valuation					
At 1 January 2011					
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
	132,774,193	20,568,725	209,586,594	33,125,472	396,054,984
Additions	776,121	10,394,813	2,659,531	1,941,938	15,772,403
Disposals	-	-	(236,384)	(7,945)	(244,329)
Written off	-	-	(763,985)	(37,067)	(801,052)
Reclassifications	3,543,671	(13,334,204)	10,773,595	-	983,062
At 31 December 2011	137,093,985	17,629,334	222,019,351	35,022,398	411,765,068
Representing:					
At cost	124,806,285	17,629,334	213,815,351	34,965,024	391,215,994
At valuation	12,287,700	-	8,204,000	57,374	20,549,074
At 31 December 2011	137,093,985	17,629,334	222,019,351	35,022,398	411,765,068
Accumulated depreciation and impairment					
At 1 January 2011	29,188,492	-	115,902,342	28,189,800	173,280,634
Depreciation charge for the year	2,642,096	-	14,930,681	2,135,724	19,708,501
Disposals	-	-	(217,190)	(6,386)	(223,576)
Written off	-	-	(763,985)	(37,067)	(801,052)
Reclassifications	(4,454)	-	-	-	(4,454)
At 31 December 2011	31,826,134	-	129,851,848	30,282,071	191,960,053
Net carrying amount					
At cost	100,085,984	17,629,334	92,167,503	4,740,327	214,623,148
At valuation	5,181,867	-	-	-	5,181,867
At 31 December 2011	105,267,851	17,629,334	92,167,503	4,740,327	219,805,015

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. 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					
Cost or valuation					
At 1 January 2010					
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
	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
Accumulated depreciation and impairment					
At 1 January 2010	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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. 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 2011			
Cost or valuation			
At 1 January 2011			
At cost	9,045,645	111,440,848	120,486,493
At valuation	440,000	11,847,700	12,287,700
	9,485,645	123,288,548	132,774,193
Additions	142,906	633,215	776,121
Reclassifications	1,345,192	2,198,479	3,543,671
At 31 December 2011	10,973,743	126,120,242	137,093,985
Representing:			
At cost	10,533,743	114,272,542	124,806,285
At valuation	440,000	11,847,700	12,287,700
At 31 December 2011	10,973,743	126,120,242	137,093,985
Accumulated depreciation and impairment			
At 1 January 2011	1,989,980	27,198,512	29,188,492
Depreciation charge for the year	233,180	2,408,916	2,642,096
Reclassifications	-	(4,454)	(4,454)
At 31 December 2011	2,223,160	29,602,974	31,826,134
Net carrying amount			
At cost	3,568,716	96,517,268	100,085,984
At valuation	5,181,867	-	5,181,867
At 31 December 2011	8,750,583	96,517,268	105,267,851

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings of the Company: (contd.)

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
At 31 December 2010			
Cost or valuation			
At 1 January 2010			
At cost	9,209,666	114,670,818	123,880,484
At valuation	440,000	11,847,700	12,287,700
	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	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM16,813,990 (2010: RM25,989,997) and RM15,772,403 (2010: RM24,148,880) respectively.

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Motor vehicles	8,644	29,921	105,621	340,769

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 28.

- (b) The net carrying amounts of property, plant and equipment pledged to financial institutions for bank borrowings as referred to in Note 23 are as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Land and buildings on leasehold land	109,191,976	87,741,108	109,191,976	87,741,108
Plant and machinery	115,043,022	43,978,772	115,043,022	43,978,772
	224,234,998	131,719,880	224,234,998	131,719,880

- (c) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM55,978,654 (2010: RM54,627,037) and RM42,847,702 (2010: RM40,085,751) 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 2011 at historical cost less accumulated depreciation, is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

12. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cost				
At 1 January	10,227,218	7,086,621	2,614,730	1,388,477
Additions	7,194,050	3,140,597	-	1,226,253
Reclassification	(983,062)	-	(983,062)	-
At 31 December	16,438,206	10,227,218	1,631,668	2,614,730
Accumulated depreciation				
At 1 January	2,231,895	2,182,276	1,396,993	1,388,477
Depreciation charge for the year	119,333	49,619	4,864	8,516
Reclassification	4,454	-	4,454	-
At 31 December	2,355,682	2,231,895	1,406,311	1,396,993
Net carrying amount	14,082,524	7,995,323	225,357	1,217,737
Fair value	20,774,000	12,120,597	6,500,000	4,726,253

Included in investment properties of the Group and of the Company are fully depreciated assets which are still in use costing RM1,388,477 (2010: RM 1,388,477) and RM1,388,477 (2010: RM 1,388,477) respectively.

During the year, the Group and the Company acquired investment properties with an aggregate cost of RM7,194,050 (2010: RM3,140,597) and RMNil (2010:RM1,226,253) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

13. INTANGIBLE ASSETS

	Software RM	MMS reproduction RM	Goodwill RM	Research and development * RM	Total RM
Group					
At 31 December 2011					
Cost					
At 1 January 2011	24,252,666	127,456	785,613	-	25,165,735
Additions	16,017	-	-	1,077,400	1,093,417
Disposal of a subsidiary	(115,555)	-	-	-	(115,555)
At 31 December 2011	24,153,128	127,456	785,613	1,077,400	26,143,597
Accumulated amortisation and impairment					
At 1 January 2011	22,746,137	127,456	-	-	22,873,593
Amortisation for the year	907,646	-	-	-	907,646
Impairment loss for the year	-	-	735,613	-	735,613
Disposal of a subsidiary	(115,546)	-	-	-	(115,546)
At 31 December 2011	23,538,237	127,456	735,613	-	24,401,306
Net carrying amount	614,891	-	50,000	1,077,400	1,742,291
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	-	-	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

* Research and development costs relate to development costs of content and application for e-Learning platform called Intelligent Learning Management System ('iLMS').

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

13. INTANGIBLE ASSETS (CONTD.)

	SOFTWARE RM
Company	
At 31 December 2011	
Cost	
At 1 January	23,524,872
Additions	16,017
At 31 December	23,540,889
Accumulated amortisation	
At 1 January	22,434,060
Amortisation for the year	781,778
At 31 December	23,215,838
Net carrying amount	325,051
At 31 December 2010	
Cost	
At 1 January	23,274,872
Additions	250,000
At 31 December	23,524,872
Accumulated amortisation	
At 1 January	19,780,553
Amortisation for the year	2,653,507
At 31 December	22,434,060
Net carrying amount	1,090,812

Included in intangible assets of the Group and of the Company are fully amortised assets which are still in use costing RM24,609,602 (2010: RM15,072,682) and RM22,035,511 (2010: RM13,947,526) respectively.

Impairment testing of goodwill

Goodwill arising from acquisition of a subsidiary has been allocated to the cash-generating units ('CGU') of the Publishing, Distributions and Advertisement segments for impairment testing.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

13. INTANGIBLE ASSETS (CONTD.)

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.

During the year the Group has recognised impairment losses on goodwill which amounted to RM735,613 after a review was carried out of the recoverable amount of these assets.

14. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2011 RM	2010 RM
Unquoted shares, at cost	11,589,957	14,989,956
Less: Accumulated impairment losses	(1,036,000)	(4,536,000)
	10,553,957	10,453,956

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2011	2010	
Held by the company				
Utusan Publications and Distributors Sdn Bhd	Malaysia	100	100	Publications and distribution of books
Utusan Printcorp Sdn Bhd	Malaysia	-	90	Commercial printing
Utusan Karya Sdn Bhd	Malaysia	100	100	Publication of magazines
Juasa Holdings Sdn Bhd	Malaysia	100	100	Investment holding
Utusan Airtime Sdn Bhd	Malaysia	100	-	Radio and TV advertising
Utusan Sight & Sound Sdn Bhd	Malaysia	100	-	Video post-production editing
PT. Sinar Media Advertising*	Indonesia	95	95	Outdoor advertising
Perfisio Solutions Sdn Bhd	Malaysia	100	100	Information technology and multimedia
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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2011	2010	
Held through subsidiaries:				
Utusan Printcorp Sdn Bhd	Malaysia	-	10	Commercial printing
Utusan Media Sales Sdn Bhd	Malaysia	100	100	Advertising agent
Utusan Airtime Sdn Bhd	Malaysia	-	100	Radio and TV advertising
Utusan Sight & Sound Sdn Bhd	Malaysia	-	100	Video post-production editing
Arah Pendidikan Sdn Bhd	Malaysia	100	-	Publications and distributions of books
PT. Sinar Media Advertising*	Indonesia	5	5	Outdoor advertising
Utusan Colourscan Sdn Bhd	Malaysia	100	100	Information technology and multimedia
KL Recorder Sdn Bhd	Malaysia	100	100	Dormant
Utusan Binders Sdn Bhd	Malaysia	100	100	Dormant
Tintarona Publications Sdn Bhd	Malaysia	100	100	Dormant

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

(i) Gain on disposal of subsidiary

On 12 August 2011 the Board of Directors of Utusan Melayu (Malaysia) Berhad ('UMMB') had announced to Bursa Malaysia that UMMB had entered into a Share Sale Agreement with DTSP Consortium Sdn Bhd for the disposal of 3,500,000 ordinary shares of RM1.00 each in its subsidiary, Utusan Printcorp Sdn Bhd ('UPSB') representing 70% of the issued and paid-up share capital of UPSB for the purchase consideration of RM1.00. Upon completion of the Agreement effectively on 1 September 2011 UPSB has become an associate of UMMB.

The subsidiary was previously reported as part of the printing segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(i) Gain on disposal of subsidiary (contd.)

The disposal had the following effects on the financial position of the Group as at the end of the year:

	2011 RM	2010 RM
Property, plant & equipment	9,317,842	10,049,619
Inventories	3,523,492	2,086,991
Trade and other receivables	6,017,006	5,144,827
Cash and bank balances	293,794	3,101,407
Trade and other payables	(32,280,119)	(28,500,439)
Borrowings	(5,247,842)	(6,359,236)
Total net liabilities	(18,375,827)	(14,476,831)
Net liabilities disposed	(18,375,827)	
Total disposal proceed	1	
Gain on disposal to the Group	18,375,828	
Realisation of unrealised profit upon disposal	69,691	
Net gain on disposal to the Group	18,445,519	
Cash inflow arising on disposal:		
Cash consideration	1	
Cash and cash equivalents of subsidiary disposed	(293,794)	
Net cash outflow on disposal	(293,793)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

15. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Unquoted shares, at cost	4,222,306	2,722,306	4,089,000	2,589,000
Share of post-acquisition reserves	23,358,813	22,515,516	-	-
	27,581,119	25,237,822	4,089,000	2,589,000
Less: Accumulated impairment losses	(133,306)	-	-	-
	27,447,813	25,237,822	4,089,000	2,589,000
Represented by:				
Share of net assets of the associates	27,447,813	25,237,822	-	-

Details of the associates are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2011	2010	
Held by the Company:				
Swan Malaysia Sdn Bhd and its subsidiaries*	Malaysia	40	40	Manufacturing of stationery
Utusan Transport Sdn Bhd and its subsidiaries*	Malaysia	30	30	Transportation
PT Sinar Mitra Utama*	Indonesia	40	40	Outdoor advertising
Utusan Printcorp Sdn Bhd	Malaysia	30	-	Commercial printing

* 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 2011 have been used.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

15. INVESTMENTS IN ASSOCIATES (CONTD.)

The summarised financial information of the associates are as follows:

	2011 RM	2010 RM
Assets and liabilities		
Current assets	79,547,174	61,626,377
Non-current assets	29,975,616	19,229,240
Total assets	109,522,790	80,855,617
Current liabilities	24,589,386	16,353,639
Non-current liabilities	19,131,404	2,962,889
Total liabilities	43,720,790	19,316,528
Results		
Revenue	111,273,707	100,644,490
Profit for the year	9,268,858	4,764,722

16. DEFERRED TAX

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 January	(16,043,702)	(17,697,124)	(16,823,779)	(18,231,409)
Recognised in the income statement (Note 9)	4,816,683	1,653,422	4,840,098	1,407,630
At 31 December	(11,227,019)	(16,043,702)	(11,983,681)	(16,823,779)
Presented after appropriate offsetting as follows:				
Deferred tax assets	1,301,734	1,171,286	-	-
Deferred tax liabilities	(12,528,753)	(17,214,988)	(11,983,681)	(16,823,779)
	(11,227,019)	(16,043,702)	(11,983,681)	(16,823,779)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

16. DEFERRED TAX (CONTD.)

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM
At 1 January 2011	(24,913,922)
Recognised in the income statement	787,774
	(24,126,148)
Less: Set-off deferred tax assets	11,597,395
At 31 December 2011	(12,528,753)
At 1 January 2010	(25,993,780)
Recognised in the income statement	1,079,858
	(24,913,922)
Less: Set-off deferred tax assets	7,698,934
At 31 December 2010	(17,214,988)

Deferred tax assets of the Group:

	Retirement benefit obligations RM	Unutilised tax losses and unabsorbed capital allowances RM	Provisions and accruals RM	Total RM
At 1 January 2011	2,886,236	4,479,357	1,504,627	8,870,220
Recognised in the income statement	(248,955)	3,594,197	683,667	4,028,909
	2,637,281	8,073,554	2,188,294	12,899,129
Less: Set-off deferred tax liabilities				(11,597,395)
At 31 December 2011				1,301,734
At 1 January 2010	3,406,113	3,167,433	1,723,110	8,296,656
Recognised in the income statement	(519,877)	1,311,924	(218,483)	573,564
	2,886,236	4,479,357	1,504,627	8,870,220
Less: Set-off deferred tax liabilities				(7,698,934)
At 31 December 2010				1,171,286

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

16. DEFERRED TAX (CONTD.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM
At 1 January 2011	(24,108,419)
Recognised in the income statement	899,672
	(23,208,747)
Less: Set-off deferred tax assets	11,225,066
At 31 December 2011	(11,983,681)
At 1 January 2010	(25,031,954)
Recognised in the income statement	923,535
	(24,108,419)
Less: Set-off deferred tax assets	7,284,640
At 31 December 2010	(16,823,779)

Deferred tax assets of the Company:

	Retirement benefit obligations RM	Unabsorbed capital allowances RM	Provisions and accruals RM	Total RM
At 1 January 2011	2,843,494	4,093,069	348,077	7,284,640
Recognised in the income statement	(374,803)	3,912,923	402,306	3,940,426
	2,468,691	8,005,992	750,383	11,225,066
Less: Set-off deferred tax liabilities				(11,225,066)
At 31 December 2011				-
At 1 January 2010	3,104,585	3,057,873	638,087	6,800,545
Recognised in the income statement	(261,091)	1,035,196	(290,010)	484,095
	2,843,494	4,093,069	348,077	7,284,640
Less: Set-off deferred tax liabilities				(7,284,640)
At 31 December 2010				-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

16. DEFERRED TAX (CONTD.)

Deferred tax liabilities of the Company:

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

	GROUP	
	2011	2010
	RM	RM
Unutilised tax losses	43,553,013	41,743,983
Unabsorbed capital allowances	13,109,364	13,220,875
Others	173,055	119,087
	<u>56,835,432</u>	<u>55,083,945</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

17. LONG TERM RECEIVABLES

	GROUP	
	2011 RM	2010 RM
Advances to employees		
Minimum receivables:		
Within and up to one year	644,988	561,965
After one and up to two years	404,361	330,887
After two and up to five years	238,682	162,231
	1,288,031	1,055,083
Less: Future finance income	(154,064)	(119,065)
Present value of assets	1,133,967	936,018
Present value of assets:		
Within and up to one year	549,902	485,794
After one and up to two years	362,796	299,720
After two and up to five years	221,269	150,504
	1,133,967	936,018
Analysed as:		
Receivables within twelve months (Note 19)	549,902	485,794
Receivables after twelve months	584,065	450,224
Total	1,133,967	936,018

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 rates 6.0% (2010: 6.0%) per annum and are recovered through salary deductions.

18. INVENTORIES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cost				
Raw materials	18,621,011	58,067,824	18,621,011	56,379,317
Spare parts and consumables	4,807,550	4,901,839	4,785,208	4,672,714
Work-in-progress	421,380	522,748	-	-
Finished goods	11,056,876	10,337,238	-	-
	34,906,817	73,829,649	23,406,219	61,052,031

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade receivables				
Third parties	90,853,181	92,266,009	15,792,920	15,240,634
Less: Allowance for impairment				
- Third parties	(12,507,390)	(9,131,266)	(557,401)	(1,751,524)
Trade receivables, net	78,345,791	83,134,743	15,235,519	13,489,110
Other receivables				
Due from related parties:				
Subsidiaries	-	-	86,674,174	97,828,871
Associates	4,974,006	1,529,451	3,572,709	-
	4,974,006	1,529,451	90,246,883	97,828,871
Deposits	6,033,954	2,268,005	5,672,178	1,788,773
Prepayments	2,709,084	2,797,206	836,423	328,695
Advances to employees (Note 17)	549,902	485,794	-	-
Sundry receivables	5,408,904	4,060,910	3,598,026	3,946,953
Tax recoverable	167,764	554,143	457,081	244,600
	19,843,614	11,695,509	100,810,591	104,137,892
Less: Allowance for impairment				
Subsidiaries	-	-	(28,118,863)	(49,850,046)
Associates	(1,100,000)	(1,100,000)	-	-
Other receivables	(49,115)	(147,272)	(40,847)	-
	(1,149,115)	(1,247,272)	(28,159,710)	(49,850,046)
Other receivables, net	18,694,499	10,448,237	72,650,881	54,287,846
Trade and other receivables	97,040,290	93,582,980	87,886,400	67,776,956
Non current				
Other receivables				
Loan to subsidiaries	-	-	2,251,299	3,143,071
Loan to associates	14,845,127	-	14,845,127	-
	14,845,127	-	17,096,426	3,143,071
Total trade and other receivables (current and non-current)	111,885,417	93,582,980	104,982,826	70,920,027
Add: Cash and bank balances (Note 21)	67,598,236	48,557,013	15,768,848	9,140,430
Total loans and receivables	179,483,653	142,139,993	120,751,674	80,060,457

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

19. TRADE AND OTHER RECEIVABLES (CONTD.)

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

	GROUP	
	2011 RM	2010 RM
Neither past due nor impaired	29,200,752	34,634,128
1 to 30 days past due not impaired	13,787,880	11,473,228
31 to 60 days past due not impaired	8,697,219	5,066,042
61 to 90 days past due not impaired	3,904,822	3,461,977
91 to 120 days past due not impaired	3,951,135	12,566,083
More than 120 days past due not impaired	16,193,335	15,617,524
	46,534,391	48,184,854
Impaired	15,118,038	9,447,027
	90,853,181	92,266,009

	COMPANY	
	2011 RM	2010 RM
Neither past due nor impaired	10,152,353	9,996,592
1 to 30 days past due not impaired	2,388,820	2,091,189
31 to 60 days past due not impaired	889,385	808,968
61 to 90 days past due not impaired	317,699	140,982
91 to 120 days past due not impaired	501,748	205,774
More than 120 days past due not impaired	985,514	245,605
	5,083,166	3,492,518
Impaired	557,401	1,751,524
	15,792,920	15,240,634

The Group and the Company has trade receivables amounting to RM46,534,391 and RM5,083,166 respectively (2010: RM48,184,854 and RM3,492,518) 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 2011

19. TRADE AND OTHER RECEIVABLES (CONTD.)

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

Receivables that are impaired

The Group's and the 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	
	2011 RM	2010 RM
Trade receivables-nominal value	15,118,037	9,447,027
Less: Allowance for impairment	(12,507,390)	(9,131,266)
Nominal Value	2,610,647	315,761

	COMPANY	
	2011 RM	2010 RM
Trade receivables-nominal value	557,401	1,751,524
Less: Allowance for impairment	(557,401)	(1,751,524)
Nominal Value	-	-

Movement in allowance accounts

	GROUP	
	2011 RM	2010 RM
At 1 January	9,131,266	7,142,758
Charge for the year	6,762,849	3,932,624
Reversal of impairment loss	(2,728,682)	(631,409)
Written off	(658,043)	(1,312,707)
At 31 December	12,507,390	9,131,266

	COMPANY	
	2011 RM	2010 RM
At 1 January	1,751,524	1,375,879
Charge for the year	209,476	397,807
Reversal of impairment loss	(1,403,599)	(22,162)
At 31 December	557,401	1,751,524

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

19. TRADE AND OTHER RECEIVABLES (CONTD.)

a) The ageing analysis of the Group's and the Company's trade receivables is 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 (2010: 5% per annum), and have an average maturity of 5 years (2010: 5 years)
- Amounts due from associate companies are unsecured, non-interest bearing and are repayable upon demand.

Other receivables that are impaired

At the reporting date, the Company has impaired RM1,511,234 (2010: RM5,029,309) for its amount due from subsidiaries. The Company also has recognised reversal of allowance for impairment on the amount due from subsidiaries of RM23,445,894 upon disposal of 70% equity in a subsidiary and RM1,832,246 upon payment received from impaired subsidiaries.

20. INVESTMENT SECURITIES

	2011 RM	Market Value of quoted investments	2010 RM	Market value of quoted investments
	Carrying amount		Carrying Amount*	
Group				
Current				
<i>Held for trading investments</i>				
- Equity instruments (quoted in Malaysia)	-	-	1,089,467	1,089,467
Total current investment securities	-		1,089,467	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

20. INVESTMENT SECURITIES (CONTD.)

	2011 RM	Market Value of quoted investments	2010 RM	Market value of quoted investments
	Carrying amount		Carrying Amount*	
Non-current				
<i>Available-for-sale financial assets</i>				
- Equity instruments (quoted in Malaysia)	22,018,993	22,018,993	19,406,347	19,406,347
<i>Other investments</i>				
- Equity instruments (unquoted)				
Preference shares**	13,000,000		-	
- Other investments (unquoted)	1,378,502	-	1,378,502	-
	<u>14,378,502</u>		<u>1,378,502</u>	
Total non-current investment securities	36,397,495		20,784,849	
Total investment securities	<u>36,397,495</u>		<u>21,874,316</u>	
Company				
Non-current				
<i>Available-for-sale financial assets</i>				
- Equity instruments (quoted in Malaysia)	4,747,926	4,747,926	3,588,674	3,588,674
<i>Other investments</i>				
- Equity instruments (unquoted)				
Preference shares**	13,000,000		-	
Total investment securities	<u>17,747,926</u>		<u>3,588,674</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.

** On 12 August 2011, an associate, Utusan Printcorp Sdn Bhd issued one hundred thousand (100,000) preference shares ('PS') at the issue price of RM130.00 each, comprising a nominal value of RM0.01 per subscription share and a premium of RM129.99 per subscription share in contra with the amount due from them. The PS is redeemable at the option of the issuer. The PS is unlisted.

The salient terms of the PS are as follows:

- (i) any capital paid-up on the preference shares shall not be liable for cancellation or reduction;
- (ii) the preference shares shall be issued free from all charges, liens or other encumbrances whatsoever; and
- (iii) the Company, as holder of the preference shares, shall be restricted to transfer the preference shares unless the majority shareholder shall have been first offered to purchase the preference shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

21. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash on hand and at banks	44,971,869	34,376,049	14,556,568	7,954,115
Deposits with:				
licensed banks	11,793,107	3,323,581	-	-
licensed financial institutions	2,447,417	4,566,217	1,212,280	1,186,315
money market institutions	8,385,843	6,291,166	-	-
Cash and bank balances	67,598,236	48,557,013	15,768,848	9,140,430
Less:				
Bank overdrafts (Note 23)	-	(438,840)	-	-
Pledged deposits	(465,863)	(1,289,092)	-	(1,017,324)
Cash and cash equivalents	67,132,373	46,829,081	15,768,848	8,123,106

Included in the above deposits of the Group and of the Company are amounts of RM465,863 (2010: RM1,289,092) and RMNil (2010: RM1,017,324) respectively which are pledged to banks for facilities granted as referred to in Note 23.

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

	GROUP		COMPANY	
	2011 %	2010 %	2011 %	2010 %
Licensed banks	3.3	3.0	-	-
Licensed financial institutions	3.7	3.4	3.0	3.0
Money market institutions	2.9	2.9	-	-

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

	GROUP		COMPANY	
	2011 DAYS	2010 DAYS	2011 DAYS	2010 DAYS
Licensed banks	269	262	-	-
Licensed financial institutions	166	172	83	83
Money market institutions	1	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

22. 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Present value of funded defined benefit obligations	16,216,810	16,404,391	16,216,810	16,404,391
Fair value of plan assets	(6,042,563)	(5,782,357)	(6,042,563)	(5,782,357)
	10,174,247	10,622,034	10,174,247	10,622,034
Present value of unfunded defined benefit obligations	674,361	2,133,869	-	-
Unrecognised actuarial loss	(299,482)	751,941	(299,482)	751,941
Net liability	10,549,126	13,507,844	9,874,765	11,373,975
Analysed as:				
Current	570,625	730,669	534,148	615,243
Non-current:				
After one and up to two years	424,005	542,926	396,900	457,159
After two and up to five years	1,145,577	1,466,877	1,072,345	1,235,151
Above five years	8,408,919	10,767,372	7,871,372	9,066,422
	9,978,501	12,777,175	9,340,617	10,758,732
	10,549,126	13,507,844	9,874,765	11,373,975

The amounts recognised in the income statement are as follows:

Interest cost	1,017,267	1,144,388	888,515	943,757
Expected return on plan assets	(260,206)	(209,508)	(260,206)	(209,508)
Amortisation of net loss	78,848	275,058	-	-
Total, included in employee benefit expenses (Note 5)	835,909	1,209,938	628,309	734,249

The actual return on the plan assets of the Group and of the Company was a surplus of RM177,354 (2010: RM548,308).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

22. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 January	13,507,844	14,566,405	11,373,975	12,418,341
Amounts recognised in the income statement	835,909	1,209,938	628,309	734,249
Contributions paid	(2,331,325)	(2,268,499)	(2,127,519)	(1,778,615)
Disposal of subsidiary	(1,463,302)	-	-	-
At 31 December	10,549,126	13,507,844	9,874,765	11,373,975
Less: Advance contributions paid	(6,068,566)	(7,233,700)	(6,023,750)	(6,501,345)
	4,480,560	6,274,144	3,851,015	4,872,630
Analysed as follows:				
Current	570,625	730,669	534,148	615,243
Non-current	3,909,935	5,543,475	3,316,867	4,257,387
	4,480,560	6,274,144	3,851,015	4,872,630

Principal actuarial assumptions used:

	2011 %	2010 %
Discount rate	5.9	5.9
Expected return on plan assets	4.5	4.5
Expected rate of salary increases	n.a	n.a

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

23. LOAN AND BORROWINGS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Secured:				
Al-Ijarah	-	3,902,821	-	3,902,821
Islamic Term Loan	4,000,000	5,000,000	4,000,000	5,000,000
Bai Bithaman Ajil - MBB	4,000,000	4,000,000	4,000,000	4,000,000
Commodity Murabahah Term Financing (CMTF MBB 1)	1,763,100	-	1,763,100	-
Commodity Murabahah Term Financing (CMTF MBB 2)	4,400,000	-	4,400,000	-
Bai Bithaman Ajil - AFFIN	2,000,000	-	2,000,000	-
Obligation under hire purchase payable (Note 28)	6,732	16,851	137,039	273,655
	16,169,832	12,919,672	16,300,139	13,176,476
Unsecured:				
Bank overdrafts (Note 21)	-	438,840	-	-
Bankers acceptance	12,673,886	21,308,914	11,223,886	20,158,914
Revolving credits	28,000,000	26,000,000	27,000,000	25,000,000
	40,673,886	47,747,754	38,223,886	45,158,914
	56,843,718	60,667,426	54,524,025	58,335,390
Non-current				
Secured:				
Al-Ijarah*	-	37,398,822	-	37,398,822
Islamic Term Loan **	8,000,000	12,000,000	8,000,000	12,000,000
Bai Bithaman Ajil MBB ***	25,265,829	29,265,829	25,265,829	29,265,829
Commodity Murabahah Term Financing (CMTF MBB 1) ●	11,187,570	-	11,187,570	-
Commodity Murabahah Term Financing (CMTF MBB 2) ●●	35,709,392	-	35,709,392	-
Bai Bithaman Ajil - AFFIN ●●●	3,036,955	-	3,036,955	-
Obligation under hire purchase payable (Note 28)	-	6,733	-	137,038
	83,199,746	78,671,384	83,199,746	78,801,689

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

23. LOAN AND BORROWINGS (CONTD)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Total loans and borrowings				
Bank overdrafts (Note 21)	-	438,840	-	-
Bankers acceptance	12,673,886	21,308,914	11,223,886	20,158,914
Revolving credits	28,000,000	26,000,000	27,000,000	25,000,000
Al-Ijarah *	-	41,301,643	-	41,301,643
Islamic Term Loan **	12,000,000	17,000,000	12,000,000	17,000,000
Bai Bithaman Ajil MBB ***	29,265,829	33,265,829	29,265,829	33,265,829
Commodity Murabahah Term Financing (CMTF MBB 1) ●	12,950,670	-	12,950,670	-
Commodity Murabahah Term Financing (CMTF MBB 2) ●●	40,109,392	-	40,109,392	-
Bai Bithaman Ajil - AFFIN ●●●	5,036,955	-	5,036,955	-
Obligation under hire purchase payables (Note 28)	6,732	23,584	137,039	410,693
	140,043,464	139,338,810	137,723,771	137,137,079
Maturity of borrowings (excluding obligation under hire purchase payables):				
Within and up to one year	56,836,986	60,650,575	54,386,986	58,061,734
After one and up to two years	19,163,100	12,119,917	19,163,100	12,119,917
After two and up to five years	41,792,084	40,845,722	41,792,084	40,845,722
Above five years	22,244,562	25,699,012	22,244,562	25,699,013
	140,036,732	139,315,226	137,586,732	136,726,386

* Al Ijarah

The Group entered into an early settlement arrangement during the year by way of refinancing from Maybank Islamic Berhad Commodity Murabahah Term Financing-i Facility (CMTF MBB2).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

23. LOAN 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 terms 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.

*** Bai Bithaman Ajil ('BBA') MBB

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 terms 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 financed under the BBA Term Financing.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

23. LOAN AND BORROWINGS (CONTD)

● Commodity Murabahah Term Financing (CMTF MBB 1)

The Group entered into an arrangement on 22 October 2010 to part-finance the purchase of pre-press equipment, additional printing machines, as well as the infrastructure, mechanical & electrical, and utilities work costs for both UMMB's printing plants in Tebrau, Johor and Gong Badak, Terengganu under Commodity Murabahah Term Financing amounting up to RM17,631,000.

Details of Commodity Murabahah Term Financing are as follows:

Payment terms details:

Amount:	RM17,631,000
Tenure:	10 years
Profit rate:	Cost of Fund + 1.25% per annum
Start date:	9 August 2011
Maturity date:	9 August 2021

The Commodity Murabahah Term Financing profit payments shall be made on monthly basis until full settlement whilst principal repayment on quarterly basis as prescribed in a schedule.

The securities of the above facility are as follows:

- (i) 1st legal charge over the freehold land and building(s) erected and/or to be erected thereon at Tebrau plant;
- (ii) 1st legal charge over the leasehold land and building(s) erected and/or to be erected thereon at Gong Badak plant; and
- (iii) A fresh fixed and floating debenture of UMMB's existing and future assets at Tebrau and Gong Badak plants.

* Despite of the facilities and tenure granted by the bank as shown above the Company only made a drawdown for RM13.4 million and will be matured in May 2018.

●● Commodity Murabahah Term Financing (CMTF MBB 2)

The Group entered into an arrangement on 22 October 2010 to refinance Al-Ijarah financing from Bank Kerjasama Rakyat Malaysia Berhad for the financing taken for Seberang Jaya plant under Commodity Murabahah Term Financing amounting up to RM44,000,000.

Details of Commodity Murabahah Term Financing are as follows:

Payment terms details:

Amount:	RM44,000,000
Tenure:	10 years
Profit rate:	Cost of Fund + 1.25% per annum
Start date:	13 October 2011
Maturity date:	13 October 2021

The Commodity Murabahah Term Financing profit payments shall be made on monthly basis until full settlement whilst principal repayment on quarterly basis as prescribed in a schedule.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

23. LOAN AND BORROWINGS (CONTD)

•• Commodity Murabahah Term Financing (CMTF MBB 2) (contd.)

The securities of the above facility are as follows:

- (i) 1st legal charge over the leasehold land and building(s) erected and/or to be erected thereon at Seberang Jaya plant; and
- (ii) A fresh fixed and floating debenture of UMMB's existing and future assets at Seberang Jaya plant.

* Despite of the facilities and tenure granted by the bank as shown above the Company only made a drawdown for RM40.1 million and will be matured in January 2021.

••• Bai Bithaman Ajil ('BBA') Affin

The Group entered into an arrangement on 31 March 2009 to finance 70% of the construction cost of UMMB's new corporate office at Jalan Chan Sow Lin, Kuala Lumpur under Bai Bithaman Ajil Financing amounting up to RM66,760,000.

Details of BBA Term Financing are as follows:

Payment terms details:

Amount:	RM66,760,000
Tenure:	10 years inclusive of 2 years grace period
Profit rate:	Cost of Fund + 0.75% per annum

The BBA Term Financing profit payments shall be made on monthly basis until full settlement whilst principal repayment on quarterly basis as prescribed in a schedule.

The securities of the above facility are as follows:

- (i) 1st party 1st legal charge over a parcel of land which is held under lot no: 234, 236, 238, 240, 433 & 545 at Jalan Chan Sow Lin, Kuala Lumpur; and
- (ii) Specific debenture over parcel of land and building erected thereon at Jalan Chan Sow Lin, Kuala Lumpur.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

23. LOAN 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	
	2011	2010	2011	2010
	%	%	%	%
Bank overdrafts	-	8.8	-	-
Bankers acceptance	3.6	3.0	3.6	2.9
Revolving credits	4.3	3.9	4.3	3.9
Islamic Term Loan	6.6	6.5	6.6	6.5
Al-Ijarah	-	5.6	-	5.6
Bai Bithaman Ajil - MBB	3.4	3.0	3.4	3.0
CMTF MBB 1	4.6	-	4.6	-
CMTF MBB 2	4.6	-	4.6	-
Bai Bithaman Ajil - AFFIN	4.2	-	4.2	-

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

24. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade payables				
Third parties	8,112,274	6,648,980	2,742,449	2,304,323
Other payables				
Accrued operating expenses	20,903,391	28,186,910	12,346,367	14,519,122
Other payables	18,152,403	19,619,945	9,215,755	6,193,945
Deposits	7,955,424	6,369,869	6,100,625	5,926,082
Due to associates	1,013,527	1,054,950	640,823	699,358
Amount due to subsidiary companies	-	-	9,995,029	10,885,124
	48,024,745	55,231,674	38,298,599	38,223,631
Total trade and other payables	56,137,019	61,880,654	41,041,048	40,527,954
Add: Loans and borrowings (Note 23)	140,043,464	139,338,810	137,723,771	137,137,079
Total financial liabilities carried at amortised cost	196,180,483	201,219,464	178,764,819	177,665,033

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2010: 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 (2010: average term of six months).

(c) Amounts due to related companies

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

25. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES OF RM1 EACH		AMOUNT	
	2011	2010	2011 RM	2010 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

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 ten (10) years (previously eight (8) years) from the date of the receipt of the first approval. The initial expiry date of the ESOS was on 7 July 2011 but the ESOS was extended by a further two (2) years and will expire on 6 July 2013.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

25. SHARE CAPITAL (CONTD.)

- (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 ten years (previously eight 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.

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

GRANTED DATE	Number of share options		
	AT 1 JANUARY	FORFEITED	AT 31 DECEMBER
2011			
7 July 2003	908,900	-	908,900
21 October 2003	419,100	-	419,100
9 September 2005	6,803,100	(80,200)	6,722,900
1 June 2006	1,960,800	-	1,960,800
	10,091,900	(80,200)	10,011,700
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

Details of share options:

GRANT DATE	EXERCISE PRICE RM	EXERCISE PERIOD
2011		
7 July 2003	2.13	07/07/2003 - 06/07/2013
21 October 2003	1.69	21/10/2003 - 06/07/2013
9 September 2005	1.00	09/09/2005 - 06/07/2013
1 June 2006	1.00	01/06/2006 - 06/07/2013
2010		
7 July 2003	2.13	07/07/2003 - 06/07/2013
21 October 2003	1.69	21/10/2003 - 06/07/2013
9 September 2005	1.00	09/09/2005 - 06/07/2013
1 June 2006	1.00	01/06/2006 - 06/07/2013

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

26. 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 2010	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
At 1 January 2011	2,597,236	5,380,919	77,293	389,336	5,080,000	13,524,784
Net gain on available-for-sale financial assets						
- Gain on fair value changes	2,297,644	-	-	-	-	2,297,644
- Transfer to profit or loss upon disposal	(50,737)	-	-	-	-	(50,737)
Impact upon disposal of of 70% equity in a subsidiary directly in equity	-	(860,399)	-	-	-	(860,399)
Foreign currency translation	-	-	(91,917)	-	-	(91,917)
At 31 December 2011	4,844,143	4,520,520	(14,624)	389,336	5,080,000	14,819,375

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

26. OTHER RESERVES (CONTD.)

	FAIR VALUE ADJUSTMENT RESERVE RM	ASSET REVALUATION RESERVE RM	FOREIGN CURRENCY TRANSLATION RESERVE RM	SHARE OPTION RESERVE RM	TOTAL RM
Company					
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	5,147,995	-	389,336	6,839,708
At 1 January 2011	1,302,377	5,147,995	-	389,336	6,839,708
Net gain on available-for-sale financial assets					
- Gain on fair value changes	1,188,250	-	-	-	1,188,250
- Transfer to profit or loss upon disposal	(14,737)	-	-	-	(14,737)
At 31 December 2011	2,475,890	5,147,995	-	389,336	8,013,221

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

26. 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.

27. RETAINED EARNINGS

Under the single tier system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Under this system, all the Company's retained earnings are distributable by way of dividend and tax of the Company's profit is the final tax and dividend distributed to shareholders will be exempted from tax.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

28. COMMITMENTS

(a) Capital commitments

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Capital expenditure:				
Approved and not contracted for:				
Property, plant and equipment	-	86,000,000	-	86,000,000
Approved and contracted for:				
Property, plant and equipment	71,973,726	-	71,973,726	-

(b) Hire Purchase payables

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Future minimum hire purchase payables:				
Within and up to one year	6,838	17,615	140,654	291,911
After one and up to two years	-	6,838	-	140,654
After two and up to five years	-	-	-	-
	6,838	24,453	140,654	432,565
Less: Future finance charges	(106)	(869)	(3,616)	(21,872)
Present value of finance liabilities	6,732	23,584	137,038	410,693
Present value of hire purchase payables:				
Within and up to one year	6,732	16,851	137,038	273,655
After one and up to two years	-	6,733	-	137,038
After two and up to five years	-	-	-	-
	6,732	23,584	137,038	410,693
Analysed as:				
Due within twelve months (Note 23)	6,732	16,851	137,038	273,655
Due after twelve months (Note 23)	-	6,733	-	137,038
Total	6,732	23,584	137,038	410,693

The hire purchase bear interests at the balance sheet date at rates of between 2.7% to 5.1% (2010: 2.7% to 5.1%) per annum.

Included in the hire purchase payables of the Company is an amount due to a subsidiary of RM137,038 (2010: RM410,693).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

29. CONTINGENT LIABILITIES

Material Litigation

The Utusan Group and the Company is a defendant in 40 (2010:10) legal suits with contingent liabilities amounting to approximately RM416.63 million (2010: RM150.63 million, 2011: RM 3.5 million). Of the 40 legal suits, 33 are for alleged defamation (inclusive of four (4) at the appeal stage), one (1) for alleged copyright and five (5) for employment claims. The Company is a plaintiff in one (1) legal suit each for defamation and breach of contract respectively.

Several suits for defamation were brought by various politicians against the Company for newspaper reports published in the Group's newspapers. Directors have been advised and are of the considered view that the Group have an even chance of succeeding in defending the claims.

As the purveyor of news and information, the Group faces with threats of legal suits which is inevitable and occurs on a daily and ongoing basis. Despite practicing the required standard of reporting and journalism, the law does not prohibit anyone from initiating legal suit against another regardless of motive, objective and amount. As a result, the Group is unable to avoid the risk of legal suits as individuals will sue if they perceive that they have been wronged. For this reason, having considered the various legal defences available to a media company, filing of a legal suit against it does not necessarily nor automatically translate into a liability for the Group, whether contingent or otherwise. Furthermore, it is noted that irrespective of amount claimed, the current trend of award for defamation suits once establishment of liability by the Courts is between the range of RM50,000.00 to RM300,000.00. The Directors are of the opinion, after taking appropriate legal advice, that the outcome of such actions will not give rise to any significant loss.

In addition, the Group has in place insurance coverage against damages, if any, awarded against it.

In so far as the suits for the alleged copyright and employment claims are concerned, the Directors have been advised and are of the considered view that most are unsustainable against the Group.

Where the Group is a Plaintiff for a breach of contract action, decision was entered against the Group. The Group has since filed an appeal challenging the entire decision of the High Court. Directors have been advised and are of the considered view that the Group have an even chance of succeeding in the appeal.

In 2009, a suit was filed by the Group against a politician for the defamatory remarks made by the defendant. The suit is currently at the case management stage.

Based on the above and after taking appropriate legal advice, no provision has been made in the financial statements of the Group as at 31 December 2011 as the Directors are of the opinion that most of the claims have no sustainable merit. The Directors do not therefore expect the outcome of the legal suits against the Group to have a material impact on the financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

30. 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:

	2011 RM	2010 RM
Group		
Services rendered by Utusan Transport Sdn Bhd and Group, an associate	10,993,814	10,311,628
Services rendered by Utusan Printcorp Sdn Bhd and Group, an associate	289,735	-
Company		
Services rendered by subsidiaries	12,486,642	13,197,709
Rental receivable from subsidiaries	1,304,000	2,136,000
Interest receivable from subsidiaries	169,138	190,512
Commission receivable from subsidiaries	3,133,227	3,380,435

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.

(b) Compensation of key management personnel

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Short-term employee benefits	3,058,196	2,434,961	1,916,120	1,693,168
Post-employment benefits:				
Defined contribution plan	449,364	352,185	270,836	242,228
	3,507,560	2,787,146	2,186,956	1,935,396

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

(b) Compensation of key management personnel (contd.)

Included in the total key management personnel remuneration are:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' remuneration (Note 6)	3,161,004	2,506,250	1,840,400	1,654,500

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	
	2011 '000	2010 '000
At 1 January/31 December	1,678	1,697

The share options were granted on the same terms and conditions as those offered to other executives of the Group (Note 25).

31. SIGNIFICANT EVENT

- (a) On 22 April 2011, the Board of directors of the Company had announced to Bursa Malaysia that on 9 March 2011, UMMB had entered into a financial facility agreement 'Commodity Murabahah Term Financing-i' ('CMTF MBB 1') with Maybank Islamic Berhad amounting to Ringgit Malaysia Seventeen Million Six Hundred and Thirty One Thousand only (RM17,631,000).

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

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.

UMMB had also entered into another financial facility agreement 'Commodity Murabahah Term Financing-i' ('CMTF MBB2') with Maybank Islamic Berhad amounting to Ringgit Malaysia Forty Four Million only (RM44,000,000).

The purpose of undertaking the said facility is to refinance UMMB's Al-Ijarah financing from Bank Kerjasama Rakyat Malaysia Berhad for the financing taken for UMMB's Seberang Jaya printing plant.

The above facility is secured by first legal charges on the Seberang Jaya plant and fixed and floating debenture on existing and future assets at the said plant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

31. SIGNIFICANT EVENT (CONTD.)

- (b) On 30 May 2011, the Board of directors of the Company had announced to Bursa Malaysia that UMMB had secured an Islamic Term Financing Facility from Affin Islamic Bank Berhad amounting to Ringgit Malaysia Sixty Six Million Seven Hundred and Sixty Thousand only (RM66,760,000).

The purpose of undertaking the said facility is to partly finance the construction cost of UMMB's new corporate head office situated at Jalan Lima and Jalan Enam, Off Jalan Chan Sow Lin, Kuala Lumpur.

The above facility is secured by first legal charges over UMMB's land situated at Jalan Lima and Jalan Enam Off Jalan Chan Sow Lin.

- (c) On 12 August 2011 the Board of Directors of the Company had announced to Bursa Malaysia that UMMB had entered into a Share Sale Agreement with DTSP Consortium Sdn Bhd for the disposal of 3,500,000 ordinary shares of RM1.00 each in its subsidiary, Utusan Printcorp Sdn Bhd ('UPSB') representing 70% of the issued and paid-up share capital of UPSB for the sale consideration of RM1.00.

Upon completion of the Agreement effectively on 1 September 2011 UPSB has become an associate of UMMB.

- (d) On 9 September 2011 the Board of Directors of the Company had announced to Bursa Malaysia that UMMB's wholly owned subsidiary, Juasa Holdings Sdn Bhd had entered into a Joint Venture Agreement with Insan Tiara Sdn Bhd for the development of a land known as PN(WP) 35250, Lot 535, Bandar and District of Kuala Lumpur, into a mixed use commercial industrial project consisting of eight (8) storey building with sub-basement and two (2) floors of car park ('the Proposed Project').

The completion of the Proposed Project shall be within four (4) years from the date of the delivery of vacant possession of the Property with a further extension of two (2) years.

32. SUBSEQUENT EVENT

The ESOS Committee has, on 14 February 2012 approved the granting of ESOS under the existing scheme to new eligible executives involving 1,980,900 units of options over ordinary shares of the Company. The ESOS was granted on 10 April 2012 at the price of RM1.00 being the higher of par value of the shares of the Company of RM1.00 or the average market price of the shares of the Company for the five trading days preceding the date of offer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

33. COMPARATIVES

Certain comparative amounts as at 31 December 2010 have been reclassified to conform with the current year's presentation:

	AS RESTATED RM	ADJUSTMENTS RM	AS PREVIOUSLY STATED RM
Group			
Consolidated statement of financial position			
Deferred tax assets	1,171,286	(7,698,934)	8,870,220
Deferred tax liabilities	(17,214,988)	7,698,934	24,913,922
Consolidated statement of comprehensive income			
Revenue	341,227,744	2,801,749	338,425,995
Raw material	(95,603,600)	(1,494,071)	(94,109,529)
Employee benefits expense	(113,775,184)	(2,314,833)	(111,460,351)
Other expenses	(53,824,758)	1,007,155	(54,831,913)
Company			
Statement of financial position			
Deferred tax assets	-	(7,284,640)	7,284,640
Deferred tax liabilities	(16,823,779)	7,284,640	24,108,419

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

34. 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 2011. 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

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM592,094 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movements in basis point for interest rate sensitivity analysis is based on prudent estimate of the current market environment.

(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 2011

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

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011		
	ON DEMAND OR WITHIN ONE YEAR RM	ONE TO FIVE YEARS RM	TOTAL RM
Group			
Financial liabilities			
Trade and other payables (Note 24)	56,137,019	-	56,137,019
Loans and borrowings	60,967,099	93,902,687	154,869,786
Total undiscounted financial liabilities	117,104,118	93,902,687	211,006,805
Company			
Trade and other payables (Note 24)	41,041,048	-	41,041,048
Loans and borrowings	58,650,915	93,902,687	152,553,602
Total undiscounted financial liabilities	99,691,963	93,902,687	193,594,650

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

(c) Liquidity risk (contd.)

	2010		
	ON DEMAND OR WITHIN ONE YEAR RM	ONE TO FIVE YEARS RM	TOTAL RM
Group			
Financial liabilities			
Trade and other payables (Note 24)	61,880,654	-	61,880,654
Loans and borrowings	64,453,491	90,976,085	155,429,575
Total undiscounted financial liabilities	126,334,145	90,976,085	217,310,229
Company			
Trade and other payables (Note 24)	40,527,954	-	40,527,954
Loans and borrowings	62,577,788	91,109,901	153,687,688
Total undiscounted financial liabilities	103,105,742	91,109,901	194,215,642

(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 19. 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 19 and Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

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

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximate 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 2011					
Financial assets					
Non-current					
<i>Available-for-sale financial assets</i>					
- Equity instruments					
- unquoted in Malaysia	20	1,378,502	*	13,000,000	*
Financial liabilities					
Non-current					
Islamic Term Loan	23	12,000,000	11,773,901	12,000,000	16,698,159
Al-Ijarah	23	-	-	-	40,479,466
Bai Bithaman Ajil - MBB	23	29,265,829	32,428,232	29,265,829	32,428,232
CMTF MBB 1	23	12,950,670	12,715,825	12,950,670	12,715,825
CMTF MBB 2	23	40,109,392	39,296,840	40,109,392	39,296,840
Bai Bithaman Ajil - AFFIN	23	5,036,955	5,036,955	5,036,955	5,036,955
Obligations under hire					
purchase payables	28	6,732	6,732	137,039	137,039
At 31 December 2010					
Financial assets					
Non-current					
<i>Available-for-sale financial assets</i>					
- Equity instruments					
- unquoted in Malaysia	20	1,378,502	*	-	-
Financial liabilities					
Non-current					
Islamic Term Loan	23	17,000,000	16,698,159	17,000,000	16,698,159
Al-Ijarah	23	41,301,643	40,479,466	41,301,643	40,479,466
Bai Bithaman Ajil	23	33,265,829	32,428,232	33,265,829	32,428,232
Obligations under hire					
purchase payables	28	23,584	20,901	410,693	409,085

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

34. 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.

Fair value hierarchy

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

- Level 1 - Quoted priced (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs that are based on observable market data, either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

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

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
2011				
Available-for-sale financial assets				
- Equity instrument	36,397,495	22,018,993	-	14,378,502
2010				
Available-for-sale financial assets				
- Equity instrument	20,784,849	19,406,347	-	1,378,502

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

35. 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 2011 and 31 December 2010.

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	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans and borrowings	23	140,043	139,339	137,724	137,137
Equity attributable to the owners of the parent		310,044	290,427	201,718	183,284
Gearing ratio		45%	48%	68%	75%

36. 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 2011 (contd.)

36. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements 2011 RM	Printing 2011 RM	Information technology and multimedia 2011 RM	Investment holding, management services and others 2011 RM	Adjustments and eliminations 2011 RM	Note	Per consolidated financial statements 2011 RM
Revenue:							
External customers	357,169,561	2,962,454	4,470,309	1,950,247	-		366,552,571
Inter-segment	11,449,505	8,942,169	332,620	777,120	(21,501,414)	A	-
Total revenue	368,619,066	11,904,623	4,802,929	2,727,367	(21,501,414)		366,552,571
Results:							
Interest income	943,954	239	-	-	(304,907)		639,286
Dividend income	2,925,223	-	-	1,194,839	(2,626,200)		1,493,862
Depreciation and amortisation	21,740,104	942,418	248,067	71,470	-		23,002,059
Share of results of associates	-	-	-	-	3,150,496		3,150,496
Impairment of non-financial assets	139,721	-	-	-	735,613		875,334
Other non-cash expenses	(42,682,308)	461,800	84,106	-	47,239,949	B	5,103,547
Segment profit/(loss)	25,454,884	(4,052,502)	(1,168,222)	2,200,324	(6,077,919)	C	16,356,565
Assets:							
Investment in associates	4,089,000	-	-	-	23,358,813		27,447,813
Segment assets	542,329,294	1,747,329	5,013,686	45,605,830	(69,904,983)	D	524,791,156
Segment liabilities	304,748,587	83,290	13,420,993	118,854	(103,624,528)	E	214,747,196

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (contd.)

36. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements 2010 RM	Printing 2010 RM	Information technology and multimedia 2010 RM	Investment holding, management services and others 2010 RM	Adjustments and eliminations 2010 RM	Note	Per consolidated financial statements 2010 RM
Revenue:							
External customers	329,713,912	7,070,524	2,939,130	1,504,178	-		341,227,744
Inter-segment	10,382,147	14,678,008	404,600	1,082,565	(26,547,320)	A	-
Total revenue	340,096,059	21,748,532	3,343,730	2,586,743	(26,547,320)		341,227,744
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)	(1,440,679)	(5,132,331)	(1,024,333)	2,133,377	10,237,189	C	4,773,223
Assets:							
Investment in associates	2,722,306	-	-	-	22,515,516		25,237,822
Segment assets	525,004,000	22,358,190	2,883,094	44,068,441	(77,025,063)	D	517,288,662
Segment liabilities	314,357,684	34,940,608	10,144,750	1,136,638	(133,717,546)	E	226,862,134

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

36. 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	2011 RM'000	2010 RM'000
Inventories written down/off/reversal	9	(196)	170
Provisions	9	1,196	1,936
Impairment of financial assets	9	4,103	3,256
		5,103	5,362

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:

	2011 RM'000	2010 RM'000
Share of results of associates	3,150	3,009
Profit from inter-segment sales	-	(772)
Elimination of dividend	(2,626)	(1,355)
Unallocated corporate expenses	(6,603)	9,355
	(6,079)	10,237

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

	2011 RM'000	2010 RM'000
Investment in associates	22,516	22,516
Inter-segment assets	(92,421)	(99,541)
	(69,905)	(77,025)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

36. SEGMENT INFORMATION (CONTD.)

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

	2011 RM'000	2010 RM'000
Loans and borrowings	(137)	(6,331)
Inter-segment liabilities	(103,488)	(127,387)
	<u>(103,625)</u>	<u>(133,718)</u>

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

	2011 RM'000	2010 RM'000
Property, plant and equipment	228,845	242,298
Investment properties	14,083	7,995
Intangible assets	1,742	2,292
	<u>244,670</u>	<u>252,585</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

37. SUPPLEMENTARY INFORMATION

Breakdown of retained profits into realised and unrealised

	AS AT 31/12/2011 RM'000	AS AT 31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	87,867	47,179
- Unrealised loss	(11,275)	(15,983)
	76,592	31,196
Total share of retained profits from associated companies		
- Realised	23,759	22,546
- Unrealised loss	(400)	(22)
	23,359	22,524
	99,951	53,720
Add: Consolidation adjustments	33,837	61,745
Total Group retained profits	133,788	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 2011

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2011
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)	69,126,307
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)	16,817,521
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)	6,770,175
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	5,151,022
Lot No. 15367 Industrial Estate Gong Badak Kuala Terengganu Terengganu (D/P : 28.03.1991)	Factory Building	Utusan's Printing Plant	130,684	22,000	Leasehold (27.03.2051)	4,324,332
Lot 59 & 60 Bukit Beruntung Industrial Estate Rawang, Selangor (D/P: 23.08.1996)	Industrial Land	Vacant Land	174,000	-	Freehold	3,604,740
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)	3,315,973
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	2,808,005

(Note: D/P - Date of Purchase)

LIST OF PROPERTIES

As at 31 December 2011

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2011
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	-	2,640,310
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	1,876,057
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)	1,843,070
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)	1,720,388
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)	1,197,299
No. 34, Pusat Niaga Paya Keladi Kuala Terengganu, Terengganu (D/P : 05.05.2008)	2 Storey Shoplot	Utusan's Office	1,431	2,500	Leasehold (10.12.2104)	1,157,775
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)	497,336
32, Jalan Argyll Georgetown Penang (D/P: 28.08.1969)	2 Storey Shophouse	Utusan's Office	1,280	1,995	Leasehold (26.09.2049)	494,189

(Note: D/P - Date of Purchase)

LIST OF PROPERTIES

As at 31 December 2011

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2011
34, Jalan Argyll Georgetown Penang (D/P : 01.07.1976)	2 Storey Shophouse	Utusan's Office	1,280	1,995	Leasehold (27.09.2049)	486,863
24, Jalan Serampang Taman Pelangi Johor Bharu, Johor (D/P : 27.10.1980)	3 Storey Shophouse	Utusan's Office	1,920	5,358	Freehold	428,621
D-05-2, Block D Plaza Glomac No. 6, Jalan SS7/19 Kelana Jaya Petaling Jaya (D/P : 01.05.2011)	2 Storey Commercial Unit Shophouse	Rented Out	1,292	1,292	Leasehold (26.03.2109)	388,796
Lot PT 667, Seksyen 92 Jalan Enam Off Jalan Chan Sow Lin Kuala Lumpur (D/P : 07.02.1991)	Corporate Office Under Construction	-	60,205	10,000	Leasehold (06.01.2109)	304,089
Lot 272, Section 92 Kuala Lumpur (D/P : 20.04.1963)	Corporate Office Under Construction	-	40,520	-	Leasehold (06.01.2065)	128,925
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)	225,357
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)	223,138
208, Jalan Sultan Iskandar Ipoh, Perak (D/P : 08.09.1990)	2 Storey Shophouse	Utusan's Office	1,740	2,720	Freehold	222,233
19, Jalan Mengkudu Taman Makmur Batu Pahat, Johore (D/P : 02.10.1984)	2 Storey Shophouse	Utusan's Office	1,680	3,192	Freehold	140,702

(Note: D/P - Date of Purchase)

■ LIST OF PROPERTIES

As at 31 December 2011

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2011
358, Taman Melaka Raya Melaka (D/P : 26.02.1982)	3 Storey Shophouse	Utusan's Office	1,400	4,160	Leasehold (04.10.2082)	132,000
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)	119,600
Jalan Hj Abdul Aziz Kuantan, Pahang (D/P : 15.07.1981)	Vacant Land	Vacant	3,267	-	Leasehold (17.09.2077)	9 9 , 4 5 8
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)	62,700

(Note: D/P - Date of Purchase)

ANALYSIS OF SHAREHOLDINGS

As at 30 March 2012

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	- 5,547
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	424	7.64	16,515	0.01
000000100 - 000001000	2,358	42.51	1,939,124	1.75
000001001 - 000010000	2,293	41.34	9,008,514	8.14
000010001 - 000100000	426	7.68	12,039,165	10.87
000100001 - 005536690	44	0.79	16,273,563	14.70
005536691 & above	2	0.04	71,456,956	64.53
TOTAL	5,547	100.00	110,733,837	100.00

DIRECT AND INDIRECT INTERESTS OF DIRECTORS

As at 30 March 2012

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	-	-	-
Dato' Dr. Norraesah Mohamad	-	-	-

SUBSTANTIAL SHAREHOLDERS

As at 30 March 2012

Names of Shareholders	Number of Shares Held	% of Issued Capital
1. RHB Nominees (Tempatan) Sdn Bhd (Pertubuhan Kebangsaan Melayu Bersatu 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 30 March 2011

Names of Shareholders	Number of Shares Held	% of Issued Capital
1. RHB Nominees (Tempatan) Sdn Bhd (Pertubuhan Kebangsaan Melayu Bersatu 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 (Pledged Securities Account for Chua Eng Ho Waa @ Chua Eng Wah)	879,900	0.79
6. Meng Hin Holdings Sdn Bhd	584,600	0.53
7. Tan Jin Tuan	568,100	0.51
8. Bimsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Rangkaian Delima Sdn Bhd)	557,000	0.50
9. OSK Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Gaik Suan)	506,000	0.46
10. Chin Kian Fong	452,300	0.41
11. Hussein Noordin Sdn Bhd	381,000	0.34
12. Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chua Eng Ho Wa'a @ Chua Eng Wah)	356,100	0.32
13. TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Teaw Kee)	330,400	0.30
14. Cheah Yee Lin	314,500	0.28
15. Christina Ng Po Ni	301,300	0.27
16. Rajalingam A/L RVR Singam	296,400	0.27
17. Senawang Land Sdn Bhd	289,000	0.26
18. Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Felix Miller)	278,300	0.25
19. HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tay Boon Seng)	274,000	0.25
20. AIBB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yayasan Pok Dan Kassim)	261,100	0.24
21. HLG Nominee (Tempatan) Sdn Bhd (Hong Leong Bank Berhad for Goh Chai Hong)	252,600	0.23
22. OSK Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Teaw Kee)	241,600	0.22
23. Li Liong Bee	225,000	0.20
24. HSBC Nominess (Asing) Sdn Bhd (Exemption for Credit Suisse {SG BR-TST-Asing})	200,000	0.18
25. Chua Eng Ho Wa'a @ Chua Eng Wah	199,500	0.18
26. Onn Kok Puay (Weng Guopei)	185,200	0.17
27. Ching Siew Siang	178,000	0.16
28. AIBB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	176,600	0.16
29. Chin Sin Lin	174,300	0.16
30. HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ooi Chin Sin)	172,800	0.16
TOTAL	85,592,556	77.30

this page is intentionally left blank

PROXY FORM



اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

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-Fourth 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, 7 June 2012 at 11.00 a.m. and at any adjournment thereof.

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

RESOLUTIONS		FOR	AGAINST
No. 1	AS ORDINARY BUSINESS - ORDINARY RESOLUTIONS To receive and adopt the Financial Statements		
No. 2	To re-elect the following Directors under Article 98 Datuk Abdul Aziz Ishak		
No. 3	Datuk Tengku Sariffuddin Tengku Ahmad		
No. 4	To re-elect the following Director under Article 103 Dato' Dr. Norraesah Mohamad		
Special Resolution 1	To re-appoint the following Director pursuant to Section 129 of the Companies Act, 1965 Tan Sri Haji Husein Ahmad		
No. 5	To approve the Directors' fees		
No. 6	To re-appoint Auditors		
No. 7	AS SPECIAL BUSINESS - ORDINARY RESOLUTION Directors' authority pursuant to Section 132D		
Special Resolution 2	AS SPECIAL BUSINESS - SPECIAL RESOLUTION Amendment to the Articles 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 or more 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



this page is intentionally left blank

ANNUAL REPORT 2011

 اوتوسن ملايو مليسيا برحد
UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)


UTUSAN MEDIA SALES SDN BHD


Utusan
Karya

PRINTCORP


perfisio
SOLUTIONS


JUASA HOLDINGS SDN BHD


UTUSAN PUBLICATIONS &
DISTRIBUTORS SDN BHD


ARAH
PENDIDIKAN

Utusan Airtime
SDN BHD

Utusanstudios


STABILO

