



اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)



ANNUAL REPORT

2015



Contents

2	Notice of Annual General Meeting	46	Financial Statements
5	Statement Accompanying Notice of Annual General Meeting of the Company	47	Directors' Report
6	Five-Year Group Financial Highlights	50	Statement by Directors
10	Profile of the Board of Directors	50	Statutory Declaration
15	Corporate Information	51	Independent Auditors' Report
16	Management and Heads of Departments/ Subsidiaries	53	Consolidated Statement of Comprehensive Income
17	Statement of Directors' Responsibility in Relation to the Financial Statements	55	Consolidated Statement of Financial Position
18	Audit Committee Report	57	Consolidated Statement of Changes in Equity
22	Statement of Risk Management and Internal Control	58	Consolidated Statement of Cash Flows
24	Statement on Corporate Governance	61	Statement of Comprehensive Income
32	Other Information Required by The Listing Requirements of The Bursa Malaysia Securities Berhad	62	Statement of Financial Position
34	Chairman's Statement	64	Statement of Changes in Equity
36	Corporate Responsibility Statement	65	Statement of Cash Flows
40	Corporate Calendar	67	Notes to the Financial Statements
		160	List of Properties
		163	Analysis of Shareholdings
		165	List of Top Thirty Largest Shareholders
		●	Proxy Form

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Eighth Annual General Meeting of Utusan Melayu (Malaysia) Berhad will be held at Dewan Besar, Level 1, Bangunan Korporat Utusan Melayu (Malaysia) Berhad, No. 44, Jalan Utusan Off Jalan Chan Sow Lin, 55200 Kuala Lumpur on Wednesday, 25 May 2016 at 11.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.
(See Note 2)
2. To re-elect the following Directors who retire by rotation in accordance with Article 97 of the Company's Articles of Association and being eligible offer themselves for re-election:
 - i) Datuk Seri Tengku Sariffuddin Tengku Ahmad
(Ordinary Resolution 1)
 - ii) Mohd Yusof Abu Othman
(Ordinary Resolution 2)
3. To re-elect Dato' Mohamad Fatmi Che Salleh who retires in accordance with Article 102 of the Company's Articles of Association and being eligible, offers himself for re-election.
(Ordinary Resolution 3)
4. To re-appoint Datuk Seri Ismail Yusof who retires in accordance with Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.
(Special Resolution 1)
5. To approve the payment of Directors' fees of RM30,000 per annum for each of the Directors for the financial year ended 31 December 2015
(Ordinary Resolution 4)
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 5)

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTION

7. Authority Under Section 132D of the Companies Act, 1965 For Directors to Issue Shares
"THAT pursuant to Section 132D of the Companies Act, 1965, the Board of Directors be and are hereby authorized to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue."
(Ordinary Resolution 6)
8. To transact any other ordinary business of which due notice shall have been given.

Notice Of Annual General Meeting

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 48th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 57(e) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 May 2016. Only a depositor whose name appears on the Record of Depositors as at 18 May 2016 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

SHIRAD ANUAR
LS 0009472
Company Secretary

Kuala Lumpur
29 April 2016

Notice Of Annual General Meeting

GENERAL NOTES:

1. Appointment of Proxy

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

2. Audited Financial Statements for the Financial Year Ended 31 December 2015

This Agenda is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. Payment of Directors' Fees

The Company's Articles of Association provides that the remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Such fees cannot be increased except pursuant to a resolution passed at the general meeting. Therefore, shareholders' approval is required for the payment of Directors' fees. Shareholders' approval on the Directors' fees was obtained at the 47th Annual General Meeting held on 3 June 2015 and there is no revision to the fees.

4. Appointment of Auditors

The Board at its meeting held on 14 April 2016 approved the recommendation by the Audit Committee on the re-appointment of Messrs. Ernst & Young as Auditors of the Company based on the criteria prescribed under Paragraph 15.21 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

5. Statement Accompanying Notice of Annual General Meeting of the Company

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

Notice Of Annual General Meeting

EXPLANATORY NOTES:

1. **Ordinary Resolution 6 - Authority under Section 132D of the Companies Act, 1965 for Directors to Issue Shares**

The proposed Ordinary Resolution 6 is for the purpose of granting a renewal General Mandate ('General Mandate'), if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting ('AGM') of the Company.

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Forty-Seventh Annual General Meeting held on 3 June 2015 and which will lapse at the conclusion of the Forty-Eighth Annual General Meeting.

Statement Accompanying Notice Of Annual General Meeting Of The Company

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

- i) Datuk Seri Tengku Sariffuddin Tengku Ahmad
- ii) Mohd Yusof Abu Othman
- iii) Dato' Mohamad Fatmi Che Salleh
- iv) Datuk Seri Ismail Yusof

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 10 to 13 of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appears on page 163 of this Annual Report.

Five-Year Group Financial Highlights

GROUP REVENUE RM'000		GROUP PROFIT/(LOSS) BEFORE TAX RM'000		BASIC EARNINGS PER SHARE SEN	
'11	366,553	'11	16,357	'11	15.77
'12	345,252	(16,162)	'12	(14.23)	'12
'13	342,432	(20,394)	'13	(14.64)	'13
'14	291,195	(83,650)	'14	(74.03)	'14
'15	248,867	(17,351)	'15	(18.94)	'15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RM'000	FINANCIAL YEAR ENDED 31 DECEMBER				
	2015	2014	2013	2012	2011
Group Revenue	248,867	291,195	342,432	345,252	366,553
Group (Loss)/Profit Before Tax	(17,351)	(83,650)	(20,394)	(16,162)	16,357
Income Tax	(3,885)	1,798	4,231	444	1,366
Zakat	261	(127)	(50)	(36)	(261)
Group (Loss)/Profit For The Year	(20,975)	(81,979)	(16,213)	(15,754)	17,462
Attributable to:					
Owners Of The Parent	(20,975)	(81,979)	(16,213)	(15,754)	17,462
Earnings Per Share Attributable To					
Owners Of The Parent (sen):					
Basic And Diluted, For (Loss)/Profit For The Year	(18.94)	(74.03)	(14.64)	(14.23)	15.77
Gross Dividend Per Share (sen)	-	-	-	-	-

Five-Year Group Financial Highlights

NET TANGIBLE ASSET PER SHARE RM	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	TOTAL ASSETS RM'000
'11 2.80	'11 310,534	'11 524,791
'12 2.68	'12 296,649	'12 550,328
'13 2.53	'13 279,837	'13 533,145
'14 1.75	'14 193,921	'14 502,324
'15 1.56	'15 172,655	'15 469,309

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RM'000	AS AT 31 DECEMBER				
	2015	2014	2013	2012	2011
Share Capital	110,734	110,734	110,734	110,734	110,734
Reserves	61,921	83,187	169,103	185,915	199,800
Equity Attributable To Owners Of The Parent	172,655	193,921	279,837	296,649	310,534
Total Equity	172,655	193,921	279,837	296,649	310,534
Non-Current Liabilities	173,565	90,715	101,349	104,886	99,149
Current Liabilities	123,089	217,688	151,959	148,793	115,108
Total Liabilities	296,654	308,403	253,308	253,679	214,257
TOTAL EQUITY AND LIABILITIES	469,309	502,324	533,145	550,328	524,791
Non-Current Assets	306,354	340,428	358,724	350,825	325,246
Current Assets	159,350	161,896	174,421	199,503	199,545
Non-Current Asset Classified As Held For Sale	3,605	-	-	-	-
TOTAL ASSETS	469,309	502,324	533,145	550,328	524,791
Net Tangible Asset Per Share (RM)	1.56	1.75	2.53	2.68	2.80



اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

In line with the development of technology, Utusan has taken pro-active steps by introducing a digital newspaper or e-paper since November 2012 to make it more interactive and easy to access while maintaining the existing print and online versions.



Board Of Directors



Profile Of The Board Of Directors

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



DATO' MOHAMAD FATMI CHE SALLEH
(Chairman, 59 years of age - Malaysian)

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



DATUK MOHD NOORDIN ABBAS
*(Group Managing Director,
56 years of age - Malaysian)*

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



DATUK ABDUL AZIZ ISHAK
*(Group Editor-in-Chief,
52 years of age - Malaysian)*

Profile Of The Board Of Directors

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



DATUK SERI ISMAIL YUSOF
(72 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 Committee, Nomination Committee and Remuneration Committee of the Board. Holds a Diploma in Mass Communications from MARA University of Technology and attended the Fellowship Programme at the University of Seoul, Korea. He was a journalist at the New Straits Times Press (M) Berhad from 1987 till 1997. Serves in the government services as the Press Secretary to the Prime Minister of Malaysia from 1997 till now. He is also the Media Director of the Prime Minister's Office. Does not have any other directorships in other public companies.



**DATUK SERI TENGKU SARIFFUDDIN
TENGKU AHMAD**
(53 years of age – Malaysian)

INDEPENDENT Non-Executive Director. Joined the Board of Utusan Melayu (Malaysia) Berhad on 1 March 2012. Chairman of the Investment Committee and a member of the Audit Committee and Nomination Committee of the Board. Graduated with a Bachelor of Arts (Honours) in Economics from University of Malaya in 1972. Obtained Masters Degree 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 in 1982 and subsequently earned PhD (Economic Science) in International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France in 1986. She held several posts in the government sector from 1972 to September 1988 and joined Esso Productions Malaysia Inc. from October 1988 to 1990. She then assumed the position of Managing Director with a consulting firm that provides financial and advisory before her appointment as Chief Representative of Credit Lyonnais Bank, Malaysia from 1991 to 1998. Norraesah was also Chairman of Bank Kerjasama Rakyat Malaysia from 2000 to 2003. She is currently the Executive Chairman of My E.G. Services Berhad. She is also Executive Director of Malaysian Genomics Resource Centre Berhad, a member of the Board of Adventa Berhad, 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.



DATO' DR. NORRAESAH MOHAMAD
(68 years of age – Malaysian)

Profile Of The Board Of Directors

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



MOHD YUSOF ABU OTHMAN
(64 years of age – Malaysian)

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



DATUK MD AFENDI HAMDAN
(54 years of age – Malaysian)

Profile Of The Board Of Directors

APPOINTED as the Company Secretary of Utusan Melayu (Malaysia) Berhad on 9 December 2013. He is also the Senior Manager for the Company's Legal department. He is a Licensed Company Secretary and an Affiliate of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). He graduated with a LLB. (Hons) from Wolverhampton Polytechnic in 1989 and was called to the Malaysian Bar in January 1992. He has also an MBA in Islamic Banking and Finance from International Islamic University Malaysia. He began his career in the Judicial and Legal Service as a Magistrate on 2 January 1992. He was a legal advisor and also involved in corporate finance and secretarial in several public listed companies such as Faber Group Berhad, DRB Hicom Berhad and Landmarks Berhad. In total he has over 20 years of experience in the corporate sector.



SHIRAD ANUAR
*(Company Secretary,
51 years of age – Malaysian)*

Other Information Of Directors

i) Family Relationship

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

ii) Conflict of Interest

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

iii) List of Convictions for Offences

None of the Directors have been convicted of any offences (other than traffic offences) within the past ten (10) years.

iv) Attendance of Directors at Board Meetings

There were seven (7) Board Meetings held during the financial year ended 31 December 2015. Details of attendance of the Directors at Board Meetings are as follows:

DIRECTOR	ATTENDANCE
Datuk Mohd Noordin Abbas	6/7
Datuk Abdul Aziz Ishak	6/7
Datuk Seri Ismail Yusof	6/7
Datuk Seri Tengku Sariffuddin Tengku Ahmad	5/7
Dato' Dr. Norraesah Mohamad	4/7
Mohd Yusof Abu Othman	7/7
Datuk Md Afendi Hamdan <i>(Appointed w.e.f 25 March 2015)</i>	5/6
Dato' Mohamad Fatmi Che Salleh <i>(Appointed w.e.f 1 December 2015)</i>	1/1
Tan Sri Haji Husein Ahmad <i>(Resigned w.e.f 11 March 2015)</i>	0/1

v) Securities Holdings in the Company and its Subsidiaries

The Directors' shareholdings, etc are disclosed on page 163 of this Annual Report.

Corporate Information

BOARD OF DIRECTORS

DATO' MOHAMAD FATMI CHE SALLEH

Independent Non-Executive Chairman

DATUK MOHD NOORDIN ABBAS

Group Managing Director

DATUK ABDUL AZIZ ISHAK

Group Editor-in-Chief

DATUK SERI ISMAIL YUSOF

Non-Independent Non-Executive Director

DATUK SERI TENGKU SARIFUDDIN TENGKU AHMAD

Independent Non-Executive Director

DATO' DR. NORRAESAH MOHAMAD

Independent Non-Executive Director

DATUK MD AFENDI HAMDAN

Independent Non-Executive Director

MOHD YUSOF ABU OTHMAN

Independent Non-Executive Director

AUDIT COMMITTEE

MOHD YUSOF ABU OTHMAN

(Chairman)

DATUK SERI ISMAIL YUSOF

DATUK SERI TENGKU SARIFUDDIN TENGKU AHMAD

DATO' DR. NORRAESAH MOHAMAD

REMUNERATION COMMITTEE

DATUK SERI ISMAIL YUSOF

MOHD YUSOF ABU OTHMAN

DATUK SERI TENGKU SARIFUDDIN TENGKU AHMAD

(Appointed w.e.f 30 November 2015)

DATUK MD AFENDI HAMDAN

(Appointed w.e.f 30 November 2015)

NOMINATION COMMITTEE

DATUK SERI TENGKU SARIFUDDIN TENGKU AHMAD

DATO' DR. NORRAESAH MOHAMAD

DATUK MD AFENDI HAMDAN

(Appointed w.e.f 30 November 2015)

INVESTMENT COMMITTEE

DATO' DR. NORRAESAH MOHAMAD

(Chairman)

DATUK MOHD NOORDIN ABBAS

MOHD YUSOF ABU OTHMAN

W. NOR ASMAH W. ISMAIL

AHMAD RAZIF MOHAMED

COMPANY SECRETARY

SHIRAD ANUAR

REGISTERED OFFICE

No. 44, Jalan Utusan

Off Jalan Chan Sow Lin

55200 Kuala Lumpur

Tel : 03-92322600

Fax : 03-92210691

Website : www.utusangroup.com.my

FOREIGN REPRESENTATIVE OFFICE

The Belleza Permata Hijau

25-vs-6 (Versailles Residence)

Jalan Arteri, Permata Hijau

12210 Jakarta Selatan

Jakarta, Indonesia

Tel/Fax : 021-25675848

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Aras 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03-27839299

Fax : 03-27839222

AUDITORS

Ernst & Young

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Berhad

Bank Muamalat Malaysia Berhad

Affin Islamic Bank Berhad

STOCK EXCHANGE LISTING

Main Board of the Bursa Malaysia Securities Berhad

Stock Name : UTUSAN

Stock Code : 5754

Listing Date : 16 August 1994

Management And Heads Of Departments

DATUK MOHD NOORDIN ABBAS

Group Managing Director

DATUK ABDUL AZIZ ISHAK

Group Editor-In-Chief

DATUK OTHMAN MOHAMAD

Deputy Group Editor-In-Chief

W. NOR ASMAH W. ISMAIL

Chief Financial Officer

MOHD NAZLAN OSMAN

General Manager, Human Resource

ROSMAN ZULKIFLI

General Manager, Marketing/Circulation

AHMAD KHAIRUMUZAMIL ABD RAHMAN

*General Manager, Special Projects
at Group Managing Director's Office*

AZLAN NAIM ABDULLAH

General Manager at Group Managing Director's Office

AHMAD RAZIF MOHAMED

General Manager, Corporate Services & Risk Management

JAMAL AHMED ALI AHMAD

General Manager, Corporate Communications

SHIRAD ANUAR

Senior Manager, Legal/Company Secretary

FARIDAH HASHIM

Senior Manager, Internal Audit & Group Compliance

NORIDZAN KAMAL

Senior Manager, Information Centre

ZULKIFLI BASHARUDDIN

Senior Manager, Property Services

FAISAL MOKHTAR

Senior Manager, Procurement & Administration

FAROUQ AFFANDI MAMAT

Senior Manager, Production

SITI ROHAYA SYED HASSAN

Acting Head, Information Technology

AINOL AMRIZ ISMAIL

Manager, Editorial Department

ABDUL KADIR BACHOK

Photo Editor

MOHAMAD RIZAL MOHAMED NOR

Head, Graphic Unit

Heads of Subsidiaries

DATO' MOHD ZAMRI SULONG

*Chief Executive Officer
Utusan Airtime Sdn Bhd*

AHMAD RAZIF MOHAMED

*Director
Juasa Holdings Sdn Bhd*

MOHD YAZID AHMAD

*Chief Executive Officer / Executive Director
Utusan Media Sales Sdn Bhd / Karya Outdoor Sdn Bhd*

ROZITA YUSOFF

*Executive Director
Utusan Publications & Distributors Sdn Bhd*

SOBRI AHMAD

*Executive Director
JobHouse Sdn Bhd*

ZULKIFLI BASHARUDDIN

*Chief Executive Officer
Utusan Land Sdn Bhd*

ARFFIN NORDIN

*Executive Director
Utusan Karya Sdn Bhd*

AZLAN NAIM ABDULLAH

*Director
Utusan Studios Sdn Bhd
(formerly known as Utusan Sight & Sound Sdn Bhd)*

Statement Of Directors' Responsibility

In Relation to the Financial Statements

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

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

The directors consider that in preparing the financial statements:

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

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

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

Audit Committee Report

1. MEMBERSHIP

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

MOHD YUSOF ABU OTHMAN – CHAIRMAN

*Independent Non-Executive Director
(Appointed as Chairman w.e.f 7 April 2016)*

DATUK SERI ISMAIL YUSOF

Non-Independent Non-Executive Director

DATUK SERI TENGKU SARIFFUDDIN TENGKU AHMAD

Independent Non-Executive Director

DATO' DR. NORRAESAH MOHAMAD

*Independent Non-Executive Director
(Resigned as Chairman w.e.f 7 April 2016)*

2. MEETINGS AND ATTENDANCE

A total of seven (7) meetings were held during the financial year ended 31 December 2015. The details of the attendance of each Committee member are as follows:

MEMBERS	ATTENDANCE
Dato' Dr. Norraesah Mohamad	6/7
Datuk Seri Ismail Yusof	6/7
Datuk Seri Tengku Sariffuddin Tengku Ahmad	6/7
Mohd Yusof Abu Othman	7/7

3. COMPOSITION AND TERMS OF REFERENCE

3.1 Composition

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

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

Audit Committee Report

3.2 Procedure Of Meetings

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

3.3 Rights

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

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

3.4 Responsibilities and Duties

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

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

Audit Committee Report

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE

The following activities were performed by the Audit Committee during the financial year ended 31 December 2015:

4.1 External Audit

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

4.2 Internal Audit

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

4.3 Financial Reporting

- a. Reviewed the quarterly results 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. GIA has a total of 9 staff as at 31 December 2015. The total operation costs of the department for 2015 was RM922,149 (2014:RM951,969) comprising mainly salaries, staff welfare and travelling costs. GIA reports directly to the Audit Committee.

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

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 system audits on the Group's key computer systems.

Audit Committee Report

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

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

Statement Of Risk Management And Internal Control

BOARD'S RESPONSIBILITIES

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

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

THE FRAMEWORK OF THE GROUP'S INTERNAL CONTROL SYSTEM

- The Board oversees the conduct of the Group's business and review the adequacy and integrity of the risk management and internal control system and compliance to applicable law and regulations. The Audit Committee ('AC') and the Board also review the operational and financial performance of the Group at Audit Committee and Board meetings.
- The Group Managing Director provides the Board with quarterly financial information. These include amongst others, the monitoring of results against budget with major variances being followed up and management action taken, where necessary. Business plan and budget are reviewed and approved by the Board on an annual basis. These processes are also practiced at each subsidiary level.
- The AC on behalf of the Board regularly reviews the effectiveness of the risk management and internal control system reported by the Group Internal Audit Department ('GIAD') and the external auditors. The AC also reviews the adequacy of scope, functions and resources of GIAD.
- The Group Managing Director supported by heads of business functions ('The Management') are entrusted with the responsibility of assisting the Board in overseeing the risk management practices throughout the Group. The Management reviews and recommends overall risk management policies and processes and monitors significant risks through review of risks profile and its mitigation plans.
- The Investment Committee comprising two (2) Non-Executive Directors, the Group Managing Director, Chief Financial Officer and General Manager, Corporate Services & Risk Management, is primarily responsible for assessing the viability of any investment proposal for the Group before recommending the same for the Board's approval.
- Policies and procedures of key business processes are documented in the Operating Manuals and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements.
- Clear limits of authority are imposed in respect of day-to-day operations which sets the limit for operating and capital expenditure for each level of Management within the Group.

INTERNAL AUDIT FUNCTION

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

Statement Of Risk Management And Internal Control

RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

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

Statement made in accordance with the resolution of the Board of Directors dated 14 April 2016.

Statement On Corporate Governance

INTRODUCTION

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

The Board is pleased to present below, a statement on the application of the principles and the extent to which the Company has complied with the recommendations in the Code throughout the financial year ended 31 December 2015 ('FY2015').

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1. Functions of the Board and Management

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

1.2. Roles and Responsibilities of the Board

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

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

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

1.3. Directors' Code of Ethics

Utusan has established a Directors' Code of Ethics to guide the Board in discharging its oversight role effectively. The Code of Ethics requires all directors to observe high ethical business standards of honesty and integrity and to apply these values to all aspects of our business and professional practices and act in good faith in the best interests of the Group and its shareholders.

1.4. Sustainability Policy

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

Statement On Corporate Governance

1.5. Supply of Information

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

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

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

1.6. Company Secretary

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

1.7. Board Charter

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

1.8. Whistleblowing Policy

The Company has in place a whistleblowing policy to inculcate the culture of good business ethics and governance within the Group and provide employees with an accessible avenue to disclose any improper conduct or any action that is, or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders.

2. STRENGTHENING BOARD COMPOSITION

2.1. Composition of the Board

The Board consists of eight (8) members comprising:

- One (1) Independent Non-Executive Chairman
- Two (2) Executive Directors
- Four (4) Independent Non-Executive Directors
- One (1) Non-Independent Non-Executive Director

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

Statement On Corporate Governance

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

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

A brief profile of each Director is presented on pages 10 to 13 of the Annual Report.

2.2. Board Committees

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

(a) Audit Committee

The composition, terms of reference and the Report of Audit Committee are set out separately in the Audit Committee Report as laid out on pages 18 to 21 of this Annual Report.

(b) Nomination Committee

(i) Composition

The members of the Nomination Committee ('NC') comprise Independent Non-Executive Directors as follows:

- Datuk Seri Tengku Sariffuddin Tengku Ahmad
- Dato' Dr. Norraesah Mohamad
- Datuk Md Afendi Hamdan (*Appointed w.e.f. 30 November 2015*)
- Tan Sri Haji Husein Ahmad (*Resigned w.e.f 11 March 2015*)

(ii) Responsibilities

The primary responsibilities of the NC are as follows:

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

(iii) Boardroom Diversity

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

- is currently comprised of Directors from a diverse background;
- age ranges from 50 years to 75 years;
- one Board member is of the female gender; and
- drawn from different socio-economic background and is sufficiently diverse to ensure that different viewpoints are considered in the decision making process.

However, the NC will continue to improve the Board's approach towards Boardroom diversity from time to time.

Statement On Corporate Governance

(iv) Appointment and Re-election to the Board

The NC will make recommendation to the Board who will thereon assess the candidate and arrive at a decision on the appointment of the Director. The candidate will be assessed based on the mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate shall bring to complement the Board.

During the FY2015, Dato' Mohamad Fatmi Che Salleh (Independent Non-Executive Chairman) and Datuk Md Afendi Hamdan (Independent Non-Executive Director) were appointed to the Board.

In accordance with the Company's Articles of Association ('Articles'), those Directors who are appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors are subject to re-election by shareholders at the Annual General Meeting ('AGM') following their appointments. The Articles also provide that one-third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office provided always that all Directors shall retire from office at least once in each three (3) years. All retiring Directors are eligible to offer themselves for re-election at the AGM.

Directors over the age of 70 are required to seek re-appointment annually in accordance with the Companies Act, 1965.

(v) Activities

A summary of key activities undertaken by the NC in the discharge of its duties for the FY2015, are as follows :

- Reviewed and recommended the appointment of additional Directors to the Board of Directors of the Company;
- Reviewed and recommended the appointment of members of the Board Committees of the Company; and
- Reviewed and recommended to the Board for its approval, the re-appointment and re-election of Directors at the forthcoming AGM.

(c) Remuneration Committee

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

The members of the Remuneration Committee are as follows:

- Datuk Seri Ismail Yusof
- Mohd Yusof Abu Othman
- Datuk Seri Tengku Sariffuddin Tengku Ahmad (*Appointed w.e.f. 30 November 2015*)
- Datuk Md Afendi Hamdan (*Appointed w.e.f. 30 November 2015*)
- Tan Sri Haji Husein Ahmad (*Resigned w.e.f 11 March 2015*)

Statement On Corporate Governance

(d) Investment Committee

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

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

- Dato' Dr. Norraesah Mohamad (Chairman)
- Datuk Mohd Noordin Abbas
- Mohd Yusof Abu Othman
- W. Nor Asmah W. Ismail
- Ahmad Razif Mohamed

2.3. Directors' Remuneration

The aggregate Directors' remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2015 are as follows:

	Non-Executive Chairman RM	Executive Directors RM	Non-Executive Directors RM
Salaries/Incentives	-	1,003,662	-
Directors' Fees	-	60,000	148,849
Allowances	20,000	-	65,500
Benefits-In-Kind	-	24,300	-
Total	20,000	1,087,962	214,349

The number of Directors of the Company whose total remuneration fall within the following bands for the financial year ended 31 December 2015 are as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	7
RM400,001 – RM450,000	1	-
RM650,001 – RM700,000	1	-

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

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

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

Statement On Corporate Governance

3. REINFORCE INDEPENDENCE

3.1. Independent Directors

The Board adopts the concept of independence in tandem with the definition of 'Independent Director' under Paragraph 1.01 of the BMLR. The current composition of five (5) Independent Non-Executive Directors meets the current 1/3 requirement for Independent Non-Executive Directors under BMLR. The Board is satisfied with the level of independence demonstrated by them and their abilities to act in the best interest of the Company and/or the Group.

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

3.2. Distinct Roles Between the Chairman and the GMD

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

The roles and responsibilities of the Board's Chairman and GMD are prescribed in the Board Charter which is available on the Company's corporate website.

4. FOSTER COMMITMENT

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

4.1. Board Meetings

During the financial year ended 31 December 2015, seven (7) Board meetings were held. The Board members will receive in advance documents on matters requiring its consideration with detailed management reports, proposal papers and supporting documents before the Board meetings. Senior management and advisers were invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at Board meetings.

Statement On Corporate Governance

As at 31 December 2015, the details of Directors on the Board and their attendance at meetings held during the year are as follows :-

Directors	Attendance
Datuk Mohd Noordin Abbas	6/7
Datuk Abdul Aziz Ishak	6/7
Datuk Seri Ismail Yusof	6/7
Datuk Seri Tengku Sariffuddin Tengku Ahmad	5/7
Dato' Dr. Norraesah Mohamad	4/7
Mohd Yusof Abu Othman	7/7
Datuk Md Afendi Hamdan <i>(Appointed w.e.f 25 March 2015)</i>	5/6
Dato' Mohamad Fatmi Che Salleh <i>(Appointed w.e.f 1 December 2015)</i>	1/1
Tan Sri Haji Husein Ahmad <i>(Resigned w.e.f 11 March 2015)</i>	0/1

4.2. Director's Training

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

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

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

- Sustainability Symposium;
- Navigating The Political Economy of Global Business: A Malaysian Insight;
- Publish Asia 2015;
- Digital Media Asia 2015; and
- 11th WIEF 2015 : Building Resilience For Equitable Growth

5. INTEGRITY IN FINANCIAL REPORTING

5.1. Financial Reporting

The annual financial statements and quarterly results are reviewed by the Audit Committee and approved by the Board of Directors prior to public release. A statement by the Directors explaining the Board's responsibilities for preparing the annual financial statements is set out on page 17 of this Annual Report.

5.2. External Auditors

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

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

Statement On Corporate Governance

6. RECOGNISE AND MANAGE RISKS

6.1. Risk Management Framework and Internal Control

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

6.2. Internal Audit Function

An adequately resourced Internal Audit Division is in place to assist the Board in maintaining a system of internal control to safeguard shareholders' investment and the Group's assets. An overview of the Internal Audit function is disclosed on pages 20 to 21 of this Annual Report.

7. TIMELY AND QUALITY DISCLOSURE

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

The Group strives to ensure that shareholders and the general public would have an easy and convenient access to the Group's corporate information via its website www.utusangroup.com.my.

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

8. RELATIONSHIP WITH THE SHAREHOLDERS

8.1. Annual General Meeting

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

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

8.2. Investor Relations

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

This Statement was approved by the Board on 14 April 2016.

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 RM14,500.

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.



اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

The Group's commitment to serve the community through corporate responsibility and feature articles of the community that covers a wide spectrum of life has earned the recognition of the various parties in the national and international levels.



Chairman's Statement

Dear Shareholders,

I joined Utusan Melayu (Malaysia) Berhad on 1 December 2015, in the midst of a very challenging time in the history of the Company. During my short tenure as the chairman, I have come to appreciate the magnitude of the challenges faced by the management especially in implementing measures to address the structural issues in the print-media industry.

I have advised the management and staff to stay united, work harder as a team and stay focused in implementing measures to improve the business to a level that is better than what has been achieved so far.



MOHAMAD FATMI CHE SALLEH
Independent Non-Executive Chairman

FINANCIAL PERFORMANCE

Last year, the Malaysian economy grew by 5% as against 6% in the year 2014 amidst uncertainties in major economic influences like global changes in oil price and weaker exchange rate of Ringgit against other major currencies. In the domestic market, the Consumer Price Index rose 2.3% in 2015. The much debated Goods and Services Tax (GST) was eventually enforced in April 2015. During early implementation period of the GST, the advertisers were cautious in their spending and made the necessary adjustments to their advertising budgets. The overall advertising expenditure (ADEX) for 2015 dropped by 3% whilst that of the newspaper segment declined by 10%.

Against the backdrop of these economic factors, Utusan Melayu (Malaysia) Berhad and its subsidiaries (the Group) registered a lower revenue of RM248.9 million for the financial year ended 31 December 2015 compared with RM291.2 million previously, a drop of 14.5%. However, higher other income and lower operating costs enabled the Group to post a lower net loss of RM21.0 million in 2015 compared with a loss of RM82.0 million the year before. Higher other income was derived mainly from the gain on disposal of investments.

Amidst operating in an increasingly challenging environment, we continued to focus our efforts to review and improve internal efficiencies as well as managing costs. Our continuous cost control measures undertaken for the past few years have shown positive results. For example, returns of newspapers have been minimized through a more effective order allocation management. The company has also realigned its printing activities to address the rising costs of raw materials and curb some fixed overhead costs.

At the company level, Utusan Melayu (Malaysia) Berhad posted a net profit of RM4.4 million in the year under review after registering a huge loss of RM63.9 million in 2014. Despite a fall in revenue by 13.4%, higher other income and lower operating costs enabled the Company to record a net profit.

LOOKING AHEAD

The Malaysian economy is expected to continue on a moderate growth path in 2016. Based on a report from Bank Negara, the Malaysia's gross domestic product (GDP) is projected to expand 4% to 5% while inflation is expected to be higher. Uncertainties in the global

Chairman's Statement

economic and financial environment are expected to continue in 2016.

Given this economic outlook, my fellow directors and I remain cautious with regard to the Group's performance in 2016 as we expect to face another challenging year ahead.

Nevertheless, we will continue to strengthen our core business amidst strategies to seek new revenue streams to diversify our business portfolios. Newspapers' contents are being continually improved and creative packages for advertisements are offered in our effort to increase readership and revenue. Based on the latest report released by the Audit Bureau of Circulations Malaysia, our flagship newspaper Minggu Malaysia managed to be the number one Bahasa Melayu newspaper on Sunday for the second year running with average circulation of 340,953 copies per issue. Meanwhile our Utusan Malaysia and Kosmo remained resilient with average circulations of 162,639 copies and 194,900 copies respectively, a drop of only 2% since the previous report.

Promotional activities to enable the Group to increase its direct engagement with readers and advertisers will continue to be organised. We are proud to announce that the Group had organised its inaugural business award namely 'Utusan Business Awards 2015' on 1 March 2016. The event was organised to celebrate and acknowledge the achievements of the various organisations in their contributions towards Malaysian economy and society. It also forms part of the Group's rebranding exercise in its engagement with all level of societies particularly the business communities. The event had been a very successful one and had received overwhelming support.

In addition, the Group will continue to evolve and adapt to the ever-transforming media landscape. We will continue to engage and attract readers using both print and digital medium that can be accessed via fixed and mobile devices with continuous improvement in their features to gain more readers.

The Group will continue to improve operational efficiency in order to sustain our immediate survival. We will constantly focus on strengthening our internal structure so as to ensure a solid foundation for the Group to embark on its future plans.

We are proud to announce that the Group had organised its inaugural business award namely 'Utusan Business Awards 2015' on 1 March 2016. The event was organised to celebrate and acknowledge the achievements of the various organisations in their contributions towards Malaysian economy and society. It also forms part of the Group's rebranding exercise in its engagement with all level of societies particularly the business communities. The event had been a very successful one and had received overwhelming support.

Moving forward, we strive to diversify the Group's businesses given the challenges faced by the print-based media industry. Last year, we mentioned that the development of our parcel of land in Jalan Chan Sow Lin is progressing well and is expected to complete by the end of 2016. We are pleased that the project is progressing as per its expected time frame.

ACKNOWLEDGEMENTS

I wish to express our utmost and sincere appreciation and gratitude to the Management and staff for their conscientious efforts, continuing commitment and dedication in seeing the Group through these trying times.

I would also like to thank our valued advertisers, readers, vendors, business associates and Government authorities, financiers and all other stakeholders for their continuous support, loyalty and confidence in the Group and its brands.

Corporate Responsibility Statement



'Sentuhan Kasih Aidilfitri Kumpulan Utusan' openhouse in Manek Urai, Kelantan.

Utusan Group's continual commitments towards corporate responsibility activities at both national and international levels has yielded encouraging impact on its branding.

The Group is proud that by championing these worthy efforts, we were honoured with two awards in 2015, namely the Global Leadership Award in the Most Promising Entrepreneurship category at the Asia Pacific Entrepreneurship Award 2015 and the Longest Serving Media Brand Award at the 6th Middle East Business Leaders Award.

Through the three main pillars of corporate responsibility, namely Community, Education and Environment, the Group will continue its effort in the cultural and socio-economic development in line with the Group's aspiration to build a caring society geared towards a developed country.

COMMUNITY

The Group's newspapers continue to actively highlight local community news and events encompassing natural disasters, socio-cultural events, education and sports in efforts to benefit the society via various activities and agendas.

The Solidarity Secretariat of the Utusan Group continues to extend aid missions to the victims of the 2014 East Coast floods through activities like the pre-preparation of Hari Raya celebration for the orphans in Temerloh, Pahang, "Sentuhan Kasih Aidilfitri Kumpulan Utusan" open house in Manek Urai, Kelantan and monetary aids to five selected schools in Temerloh, Pahang.

The Group's corporate responsibility efforts are also carried out by Yayasan Kumpulan Utusan that supported various social activities around Klang Valley. For example, working with the Food Aid Foundation in distributing food sponsored by McDonald's to Yayasan Chow Kit and students of Madrasah Hashimiah Tahfiz Al-quaran dan Anak Yatim, an orphanage in Batu Caves, Selayang, Selangor. Yayasan Kumpulan Utusan also hosted the autistic children at the Sentuhan Kasih Yayasan Kumpulan Utusan event held at The National Autisme Society of Malaysia.

The Group continues to be the champion in the development and preservation of the Malay language by providing literary materials to the generations of today and the future.

Corporate Responsibility Statement

This effort is achieved through events like Sayembara Fiksyen Sains dan Teknologi UTM-Kumpulan Utusan which has entered its third season as well as the prestigious Hadiah Sastera Kumpulan Utusan event which celebrated its Silver Jubilee in 2015. Both competitions provided local writers with platforms to showcase their writing abilities to produce literary pieces.

In addition to Hadiah Sastera Kumpulan Utusan, the Group also organised a workshop on "Basic Novel Writing" as part of the effort to educate and encourage young writers to produce works through tips shared by established and renowned authors and writers in the industry.

Poetry recital events have attracted young audiences to appreciate the local literary scene. Two events, namely the Majlis Bintang-Bintang Berpuisi and the 13th Malam Puisi Utusan organised in collaboration with local universities



Collaboration with Universiti Teknikal Malaysia Melaka (UTeM) in organizing 13th Malam Puisi Utusan.

such as Universiti Kebangsaan Malaysia (UKM) and Universiti Teknikal Malaysia Melaka (UTeM) succeeded in attracting audience of younger generation and in providing a new synergy in highlighting this Malay heritage.

The 7th Festival Hari Guru organised in collaboration



'Sentuhan Kasih Yayasan Kumpulan Utusan' with the autism children.

Corporate Responsibility Statement

with the Ministry of Education has managed to strengthen the branding of the Group not only at the national level but also at the ASEAN level. For the first time Thailand, Indonesia and Brunei Darussalam participated by sharing the culture of their respective countries through exhibitions and cultural performances during the opening ceremony.

In the field of sports, the 6th Kejuaraan Sepak Takraw KFC-Utusan continues to reinforce the Group's branding when it received recognition from the Malaysia Book of Records for having the highest number of team participation in the history of this sport. This achievement shows that Sepak Takraw still captures the hearts of local sport fans. The Group will continue to promote this sport by bringing constant changes and enhancements.

EDUCATION

The Group acknowledges that excellence in education is the key in achieving a developed nation status. In 2001 we introduced the community education site, tutor.com.my to ensure that free additional learning materials can be provided to students online. For students without internet access, Tutor inserts are distributed exclusively to schools from Monday to Wednesday of each school week.

Tutor has also received funding from the Perak government as well as corporate bodies such as UEM Group Berhad, Sime Darby and others to broaden Tutor's use as teaching aids in schools.

In addition, to ensure that the financially disadvantaged students are able to continue their education. Projek Biasiswa YPC-Utusan Malaysia will continue to fund the cost of their learning.

ENVIRONMENT

In the field of environmental conservation, the Group continues to show its support through published articles in the newspapers and other media channels within the Group. Continuous efforts are aimed at raising public awareness of the importance of restoring the environment.

Internally the Group has always encouraged practices that are environmentally friendly to help conserve the environment. For example, materials used for printing are systematically collected prior to disposal using environmentally friendly methods.

In addition, other practices such as recycling paper, energy saving and central printing are among the measures that are practiced in the daily operations.



UEM Group handing over sponsorships for Utusan Malaysia's education newspaper, Tutor.

Corporate Responsibility Statement

EMPLOYEES AND WORKPLACE

The welfare, safety and health of personnels are key priorities in maintaining a safe and secured work environment. In ensuring this, the Human Resource Department and Yayasan Kumpulan Utusan conducted a health screening program, Pemeriksaan Kesihatan Kumpulan Utusan-Columbia Asia Hospital and gave talks on diets and nutritions to cultivate healthy lifestyle among the staff.

Various programs and special activities were also organised as part of our efforts to maintain good relationship between our staff. Events such as Utusan Berpuisi Semarak Merdeka, Kejohanan Sukan Solidariti Kumpulan Utusan 2015, Majlis Korban dan Akikah, breaking fast events, Berkhatan Musim Cuti Sekolah, Majlis Meraikan Anak Yatim Kumpulan Utusan and Memperingati Nuzul Al-Quran, especially in the month of Ramadan have brought closer ties among the staff.

Other charitable activities organised by Badan Keluarga Utusan Melayu are tokens of appreciation from the Company to the staff.

Meanwhile, children of employees who excel in the Ujian Penilaian Sekolah Rendah (UPSR), Pentaksiran Tingkatan 3 (PT3), Sijil Pelajaran Malaysia (SPM) and Sijil Tinggi Pelajaran Malaysia (STPM) are given incentives to encourage them to continue to strive and excel in their studies.

We are proud of our good track record in good corporate governance that plays an important role in corporate responsibility activities. We uphold the virtues of corporate responsibility in every aspect of our business and we remain committed to adopt it for the benefits of the Company, community and country.



Utusan Berpuisi Semarak Merdeka.

Medical check-up organised by Yayasan Kumpulan Utusan-Columbia Asia Hospital.

Corporate Calendar 2015



JANUARY 14, 2015

The signing ceremony of the Memorandum of Understanding between Utusan Melayu (Malaysia) Berhad and Renet Asia Sdn Bhd in conjunction with the Joint Implementation of Digital Language Laboratory for Schools took place at the headquarters of Utusan Melayu (Malaysia) Berhad, Kuala Lumpur.



MARCH 6, 2015

Utusan Group won the Corporate Social Responsibility (CSR) Award in conjunction with the Global Leadership Award 2015 organized by The Leaders International magazine. The award was presented by Tengku Panglima Selangor Tengku Sulaiman Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah.



MARCH 19, 2015

Sayembara Fiksyen Sains dan Teknologi UTM-Kumpulan Utusan season 3 named Sri Rahayu Mohd Yusof as the first prize winner through her piece entitled *Transgenik Sifar*. She received a cash prize of RM15,000, a trophy and other prizes. The prizes were presented by the Deputy Minister of Education 1, YB Datuk Mary Yap Kain Chin at the Utusan Melayu (Malaysia) Berhad headquarters, Kuala Lumpur.

Corporate Calendar 2015



The inaugural Majlis Bintang-Bintang Berpuisi themed 'Hidup Dan Kehidupan Manusia Dan Kemanusiaan' was organized in collaboration with Universiti Kebangsaan Malaysia (UKM) that lined up popular artistes, poets, Utusan Group management as well as academics from UKM. The event was held at Universiti Kebangsaan Malaysia, Bangi, Selangor.



The 7th Festival Hari Guru has the participation of ASEAN countries such as Brunei Darussalam, Indonesia and Thailand. Their respective cultures were shared through exhibitions and cultural performances during the opening ceremony. The event was officiated by YB Dato Tajul Urus bin Mat Zain, Member of the Executive Council of Kedah and Chairman of the Education Committee, Transport and Works at Stadium Sultan Abdul Halim, Alor Setar, Kedah.



Utusan Group hosted 49 orphans in conjunction with the Majlis Meraikan Anak-Anak Yatim dan Memperingati Nuzul Al-Quran. Contributions in the form of duit raya and hampers were presented by the management of Utusan Group and ANGKASA, the sponsor of this event for the past 4 years.

Corporate Calendar 2015



Utusan Melayu (Malaysia) Berhad won the Industry Excellence Award-Bio for the print media category. The award was presented by the Minister of Science, Technology and Innovation, Datuk Madius Tangau to the Editor of Utusan Malaysia, Datuk Hassan Mohd. Noor. The prize giving ceremony was held at the Putra World Trade Centre (PWTC), Kuala Lumpur.



More than 5,000 flood victims from Manek Urai, Kelantan were treated in conjunction with the Sentuhan Kasih Aidilfitri as part of Kumpulan Utusan's corporate responsibility initiatives. Cash aids were also extended to 7 schools in that area in addition to *duit raya* given to children, disabled and elderly.



Utusan Melayu (Malaysia) Berhad had signed a Memorandum of Understanding (MoU) with VAMED Healthcare Services Sdn Bhd through the cooperation of Health Care Technology and Services as part of the Group's diversification plan. The MoU took place at the headquarters of Utusan Melayu (Malaysia) Berhad, Kuala Lumpur.

Corporate Calendar 2015



The 6th Kejuhanan Sepak Takraw KFC-Utusan 2015 continued to reinforce its brand through the recognition by the Malaysia Book of Records (MBOR) for having the most number of team participations in a *sepak takraw* championship after recruiting 240 teams from around the country for the four days tournament.



Group Managing Director of Kumpulan Utusan, Datuk Mohd Noordin Abbas was awarded the Most Promising category at the Asia Pacific Entrepreneurship Award 2015 at the Intercontinental Hotel, Kuala Lumpur.



The 30th Hadiah Sastera Kumpulan Utusan presentation ceremony was held at the Concorde Hotel Kuala Lumpur. This prestigious literary event awarded 27 winners through 6 categories.

Corporate Calendar 2015



NOVEMBER 4, 2015

The 13th Malam Puisi Utusan themed 'Melestari Bumi Menjulung Manusiawi' organised in collaboration with the Universiti Teknikal Malaysia Melaka (UTeM) received encouraging response from the public. The event was enlivened by popular artistes, poets, our very own Group Managing Director and graced by the presence of the Yang Dipertua Negeri Melaka, Tun Mohd. Khalil Yaakob.



NOVEMBER 17, 2015

Utusan Malaysia won the Special Recognition Award for Media in the Organisation category at the Malam Anugerah Francais (MAF) 2015 organized by the Persatuan Francais Malaysia (MFA). The prizes were presented by the Deputy Minister of Domestic Trade, Cooperatives and Consumerism, Datuk Seri Ahmad Basha Md. Hanipah.



DECEMBER 1, 2015

Utusan Melayu (Malaysia) Berhad was awarded the Longest Serving Media Brand at the 6th Middle East Entrepreneurial Leadership Awards 2015, organized by the Federation of GCC Chambers (FGCCC) by the Secretary-General of FGCCC, Abdulrahim Hassan Naqi in Dubai.



اوتوسن ملايو مليسيا برحد

UTUSAN MELAYU (MALAYSIA) BERHAD (7170-V)

Tutor published in January 2014, replaces the education insertion of the newspaper or *ADaP* featuring five inserts in tabloid format for elementary and secondary students namely *Tutor UPSR*, *Tutor PT3* or *Pentaksiran Tingkatan 3*, *Tutor SPM*, *Fokus A* and *Tutor English*.



Contents

47 - 49	Directors' report	58 - 60	Consolidated statement of cash flows
50	Statement by directors	61	Statement of comprehensive income
50	Statutory declaration	62 - 63	Statement of financial position
51 - 52	Independent auditors' report	64	Statement of changes in equity
53 - 54	Consolidated statement of comprehensive income	65 - 66	Statement of cash flows
55 - 56	Consolidated statement of financial position	67 - 158	Notes to the financial statements
57	Consolidated statement of changes in equity	159	Supplementary information - Breakdown of retained profits into realised and unrealised

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

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 RM	Company RM
(Loss)/profit for the year, attributable to owners of the parent	(20,975,061)	4,422,572

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 those disclosed in Note 4 to the financial statements.

DIVIDENDS

The directors do not recommend any payment of dividend in respect of the financial year ended 31 December 2015.

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:

Dato' Mohamad Fatmi Bin Che Salleh	appointed w.e.f 1 December 2015
Datuk Mohd Noordin Bin Abbas	
Datuk Abdul Aziz Bin Ishak	
Datuk Seri Ismail Bin Yusof	
Datuk Seri Tengku Sariffuddin Bin Tengku Ahmad	
Dato' Dr Norraesah Binti Mohamad	
Encik Mohd Yusof Bin Abu Othman	
Datuk Md Afendi Bin Hamdan	

Directors' Report

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.

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

DIRECTORS' INTERESTS

None of the 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.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (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, other than as disclosed in Note 29 to the financial statements.

Directors' Report

- (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 31 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 14 April 2016.

DATUK MOHD NOORDIN BIN ABBAS

DATUK ABDUL AZIZ BIN ISHAK

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Datuk Mohd Noordin Bin Abbas and Datuk Abdul Aziz Bin Ishak, 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 53 to 158 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 36 on page 159 of the financial statements have been prepared in accordance with the 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 14 April 2016.

DATUK MOHD NOORDIN BIN ABBAS

DATUK ABDUL AZIZ BIN ISHAK

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, W. Nor Asmah Binti 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 53 to 159 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 Binti W. Ismail at Kuala Lumpur in Wilayah Persekutuan on 14 April 2016.

W. NOR ASMAH BINTI 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 2015 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 information, as set out on pages 53 to 158 .

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the directors determine is 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 controls 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 controls. 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

To The Members Of Utusan Melayu (Malaysia) Berhad (Incorporated In Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is 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' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

1. The supplementary information set out in Note 36 to the financial statements on page 159 is disclosed to meet the requirements 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 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.
2. 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
14 April 2016

Muhammad Affan Bin Daud
No. 3063/02/18(J)
Chartered Accountant

Consolidated Statement Of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015 RM	2014 RM
Revenue	3	248,866,579	291,195,221
Other income	4	61,646,263	15,130,162
Raw materials and consumables used		(77,824,833)	(94,240,369)
Vendors' commissions		(30,738,249)	(33,863,960)
Transportation costs		(12,962,506)	(13,860,813)
Employee benefits expense	5	(129,665,900)	(129,329,616)
Depreciation of property, plant and equipment	11	(19,693,554)	(19,749,794)
Depreciation of investment properties	12	(333,991)	(333,997)
Amortisation of intangible assets	13	(868,956)	(786,716)
Other expenses		(47,525,530)	(92,186,164)
Finance costs	7	(9,522,730)	(8,271,756)
Operating loss		(18,623,407)	(86,297,802)
Share of results of associates		1,272,152	2,647,887
Loss before tax	8	(17,351,255)	(83,649,915)
Income tax (expense)/benefit	9	(3,884,806)	1,797,924
Zakat		261,000	(127,009)
Loss for the year, net of tax		(20,975,061)	(81,979,000)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net loss on available-for-sale financial assets:			
- Loss on fair value changes		(113,208)	(965,224)
- Transfer to profit or loss upon disposal	3, 4	(218,086)	(4,651,610)
Foreign currency translation		(13,110)	(963)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		(344,404)	(5,617,797)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gains on defined benefit obligations	22	71,291	2,211,278
Income tax relating to actuarial gains and losses on defined benefit obligations		(17,110)	(530,707)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		54,181	1,680,571
Total other comprehensive loss for the year		(290,223)	(3,937,226)
Total comprehensive loss for the year		(21,265,284)	(85,916,226)

Consolidated Statement Of Comprehensive Income

For the financial year ended 31 December 2015 (Contd.)

	Note	2015 RM	2014 RM
Loss attributable to:			
Owners of the parent		(20,975,061)	(81,979,000)
Total comprehensive loss attributable to:			
Owners of the parent		(21,265,284)	(85,916,226)
Loss per share attributable to owners of the parent (sen):			
Basic and diluted, for loss for the year	10	(18.94)	(74.03)

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

Consolidated Statement Of Financial Position

As at 31 December 2015

	Note	2015 RM	2014 RM
Assets			
Non-current assets			
Property, plant and equipment	11	250,892,278	285,717,535
Investment properties	12	45,312,315	16,893,850
Intangible assets	13	2,139,536	2,183,692
Investments in associates	15	1,077,214	26,158,991
Investment securities	16	1,316,536	3,770,330
Deferred tax assets	17	211,518	186,903
Trade and other receivables	18	1,654,327	2,158,818
Retirement benefit assets	22	3,750,450	3,357,813
		306,354,174	340,427,932
Current assets			
Inventories	20	15,057,399	22,135,887
Trade and other receivables	18	114,198,070	70,255,137
Tax recoverable		703,327	2,466,562
Investment securities	16	1,780,546	2,585,650
Cash and bank balances	21	27,611,105	64,452,901
		159,350,447	161,896,137
Non-current asset classified as held for sale	23	3,604,740	-
TOTAL ASSETS		469,309,361	502,324,069
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	26	110,733,837	110,733,837
Share premium		50,703,162	50,703,162
Other reserves	27	(49,347)	5,375,057
Retained earnings		11,267,577	27,108,457
TOTAL EQUITY		172,655,229	193,920,513

FINANCIAL

Consolidated Statement Of Financial Position

As At 31 December 2015 (Contd.)

	Note	2015 RM	2014 RM
Non-current liabilities			
Loans and borrowings	24	145,375,690	90,457,013
Trade and other payables	25	28,000,000	-
Deferred tax liabilities	17	189,605	258,396
		173,565,295	90,715,409
Current liabilities			
Loans and borrowings	24	43,538,185	127,346,206
Trade and other payables	25	78,658,364	90,147,165
Tax payables		892,288	194,776
		123,088,837	217,688,147
TOTAL LIABILITIES		296,654,132	308,403,556
TOTAL EQUITY AND LIABILITIES		469,309,361	502,324,069

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

FINANCIAL

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2015

	← Non-distributable →		Distributable ←		Attributable to owners of the parent			Total equity RM
	Share capital RM	Share premium RM	Retained earnings RM	Other reserves RM	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Capital reserve RM	
At 1 January 2014	110,733,837	50,703,162	107,406,886	10,992,854	5,603,692	309,162	5,080,000	279,836,739
Loss for the year	-	-	(81,979,000)	-	-	-	-	(81,979,000)
Other comprehensive loss	-	-	1,680,571	(5,617,797)	(5,616,834)	(963)	-	(3,937,226)
Total comprehensive loss	-	-	(80,298,429)	(5,617,797)	(5,616,834)	(963)	-	(85,916,226)
At 31 December 2014	110,733,837	50,703,162	27,108,457	5,375,057	(13,142)	308,199	5,080,000	193,920,513
At 1 January 2015	110,733,837	50,703,162	27,108,457	5,375,057	(13,142)	308,199	5,080,000	193,920,513
Loss for the year	-	-	(20,975,061)	-	-	-	-	(20,975,061)
Other comprehensive loss	-	-	54,181	(344,404)	(331,294)	(13,110)	-	(290,223)
Total comprehensive loss	-	-	(20,920,880)	(344,404)	(331,294)	(13,110)	-	(21,265,284)
Transaction with owners								
Effect of disposal of an associate recognised directly in equity	15	-	5,080,000	(5,080,000)	-	-	(5,080,000)	-
At 31 December 2015	110,733,837	50,703,162	11,267,577	(49,347)	(344,436)	295,089	-	172,655,229

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 2015

	2015 RM	2014 RM
Cash flows from operating activities		
Loss before taxation	(17,351,255)	(83,649,915)
Adjustments for:		
Impairment loss on trade and other receivables	7,505,109	33,837,973
Reversal of impairment loss on trade and other receivables	(1,083,401)	(893,840)
Bad debts written off	-	720,995
Impairment loss on investment in an associate	-	2,680,000
Reversal of impairment loss on investment in an associate	(2,813,306)	-
Net gain on disposal of an associate	(2,642,765)	-
Net gain on disposal of a subsidiary	-	(442,453)
Gain on disposal of available-for-sale investments	(218,086)	(4,651,610)
Gain on disposal of held-for-trading investments	(259,829)	(243,433)
Net fair value loss on held-for-trading investments	114,782	994,802
Gain on disposal of other investments	(50,565,003)	-
Provision/(reversal) for retirement benefits	91,658	(1,981,880)
Share of results of associates	(1,272,152)	(2,647,887)
Provision for litigations	1,590,000	1,070,000
(Reversal)/provision for returns	(168,709)	503,477
Interest income	(622,379)	(911,569)
Interest expenses	9,522,730	8,271,756
Depreciation of property, plant and equipment	19,693,554	19,749,794
Depreciation of investment properties	333,991	333,997
Amortisation of intangible assets	868,956	786,716
Inventories written off	19,910	34,940
Inventories written down	449,799	722,030
Loss/(gain) on disposal of property, plant and equipment	13,842	(231,644)
Property, plant and equipment written off	7,805	-
Impairment loss on property, plant and equipment	1,819,564	-
Impairment loss on preference shares	-	10,017,036
Dividend income	(104,442)	(535,597)
Operating loss before working capital changes	(35,069,627)	(16,466,312)

Consolidated Statement Of Cash Flows

For The Financial Year Ended 31 December 2015 (Contd.)

	2015 RM	2014 RM
Cash flows from operating activities (contd.)		
Operating loss before working capital changes (contd.)	(35,069,627)	(16,466,312)
(Increase)/decrease in receivables	(6,829,714)	21,877,495
Decrease/(increase) in inventories	6,608,779	(2,180,363)
Increase in payables	15,522,983	38,844,711
Cash (used in)/generated from operations	(19,767,579)	42,075,531
Interest paid	(9,725,241)	(8,356,460)
Tax paid	(1,799,592)	(2,165,170)
Zakat paid	-	(127,009)
Tax refunds	265,017	410,960
Net cash (used in)/generated from operating activities	(31,027,395)	31,837,852
Cash flows from investing activities		
Purchase of securities in held-for-trading investments	(3,130,223)	(6,321,725)
Proceeds from disposal of investment in associate	31,800,000	-
Proceeds from disposal of held-for-trading investments	4,080,374	5,846,056
Proceeds from disposal of available-for-sale investments	1,068,084	14,139,384
Proceeds from disposal of other investments	8,847,505	-
Interest received	622,379	911,569
Purchase of property, plant and equipment	(3,565,544)	(25,501,901)
Purchase of investment properties	(6,066,541)	-
Purchase of intangible assets	(824,800)	(85,000)
Proceeds from disposal of property, plant and equipment	68,633	261,177
Net cash outflow on disposal of subsidiary	-	(649,742)
Dividends received	104,442	1,735,598
Net cash generated from/(used in) investing activities	33,004,309	(9,664,584)

FINANCIAL

Consolidated Statement Of Cash Flows

For The Financial Year Ended 31 December 2015 (Contd.)

	2015 RM	2014 RM
Cash flows from financing activities		
(Repayment)/drawdown of short term borrowings	(19,691,756)	27,845,071
Repayment of hire purchase payables	(737,740)	(1,303,148)
Repayment of long term borrowings	(17,963,100)	(15,913,100)
Payment of retirement benefits	(413,004)	(1,230,284)
(Placement)/withdrawal of pledged fixed deposits	(24,071)	122,118
Net cash (used in)/generated from financing activities	(38,829,671)	9,520,657
Net (decrease)/increase in cash and cash equivalents	(36,852,757)	31,693,925
Effects of foreign exchange rate changes	(13,110)	(963)
Cash and cash equivalents at 1 January	62,950,795	31,257,833
Cash and cash equivalents at 31 December (Note 21)	26,084,928	62,950,795

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 2015

	Note	2015 RM	2014 RM
Revenue	3	203,245,245	234,686,099
Other income	4	93,571,982	28,646,485
Raw materials and consumables used		(63,051,470)	(75,550,430)
Vendors' commissions		(26,783,508)	(29,020,362)
Transportation costs		(12,900,671)	(13,750,595)
Employee benefits expense	5	(103,223,431)	(96,794,498)
Depreciation of property, plant and equipment	11	(18,694,020)	(18,766,709)
Depreciation of investment properties	12	(4,864)	(4,864)
Amortisation of intangible assets	13	(824,511)	(742,117)
Other expenses		(55,425,520)	(85,550,575)
Finance costs	7	(9,841,569)	(8,639,620)
Profit/(loss) before tax	8	6,067,663	(65,487,186)
Income tax (expense)/benefit	9	(1,906,091)	1,538,621
Zakat		261,000	-
Profit/(loss) for the year, net of tax		4,422,572	(63,948,565)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>			
Net profit/(loss) on available-for-sale financial assets:			
- Profit/(loss) on fair value changes		27,571	(313,632)
- Transfer to profit or loss upon disposal	4	-	(1,440,653)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		27,571	(1,754,285)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>			
Actuarial gains on defined benefit obligations	22	71,291	2,211,278
Income tax relating to actuarial gains and losses on defined benefit obligations		(17,110)	(530,707)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		54,181	1,680,571
Total other comprehensive income/(loss) for the year		81,752	(73,714)
Total comprehensive profit/(loss) for the year		4,504,324	(64,022,279)

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

FINANCIAL

Statement Of Financial Position

As At 31 December 2015

	Note	2015 RM	2014 RM
Assets			
Non-current assets			
Property, plant and equipment	11	246,341,048	264,073,446
Investment properties	12	205,901	210,765
Intangible assets	13	2,023,382	2,023,093
Investments in subsidiaries	14	4,230,000	5,230,000
Investments in associates	15	69,000	999,000
Investment securities	16	99,829	62,258
Retirement benefit assets	22	3,750,450	3,357,813
		256,719,610	275,956,375
Current assets			
Inventories	20	10,018,232	16,686,362
Trade and other receivables	18	110,615,974	71,733,958
Tax recoverable		-	1,923,201
Cash and bank balances	21	5,977,543	36,197,230
		126,611,749	126,540,751
TOTAL ASSETS		383,331,359	402,497,126
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	26	110,733,837	110,733,837
Share premium		50,703,162	50,703,162
Other reserves	27	40,859	13,288
Accumulated losses		(59,004,336)	(63,481,089)
TOTAL EQUITY		102,473,522	97,969,198

Statement Of Financial Position

As At 31 December 2015 (Contd.)

	Note	2015 RM	2014 RM
Non-current liabilities			
Loans and borrowings	24	135,000,297	89,212,539
Trade and other payables	25	28,000,000	-
		163,000,297	89,212,539
Current liabilities			
Loans and borrowings	24	39,355,770	123,615,467
Trade and other payables	25	78,501,770	91,699,922
		117,857,540	215,315,389
TOTAL LIABILITIES		280,857,837	304,527,928
TOTAL EQUITY AND LIABILITIES		383,331,359	402,497,126

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 2015

	←----- Non-distributable -----→	← Distributable - →	←----- Non-distributable -----→		Total equity RM
	Share capital RM	Share premium RM	Retained earnings/ (accumulated losses) RM	Other reserves RM	Fair value adjustment reserve RM
At 1 January 2014	110,733,837	50,703,162	(1,213,095)	1,767,573	1,767,573
Loss for the year	-	-	(63,948,565)	-	-
Other comprehensive loss	-	-	1,680,571	(1,754,285)	(1,754,285)
Total comprehensive loss	-	-	(62,267,994)	(1,754,285)	(1,754,285)
At 31 December 2014	110,733,837	50,703,162	(63,481,089)	13,288	13,288
At 1 January 2015	110,733,837	50,703,162	(63,481,089)	13,288	13,288
Profit for the year	-	-	4,422,572	-	-
Other comprehensive income	-	-	54,181	27,571	27,571
Total comprehensive profit	-	-	4,476,753	27,571	27,571
At 31 December 2015	110,733,837	50,703,162	(59,004,336)	40,859	40,859
					161,991,477
					(63,948,565)
					(73,714)
					(64,022,279)
					97,969,198
					97,969,198
					4,422,572
					81,752
					4,504,324
					102,473,522

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 2015

	2015 RM	2014 RM
Cash flows from operating activities		
Profit/(loss) before taxation	6,067,663	(65,487,186)
Adjustments for:		
Impairment loss on trade and other receivables	7,916,808	25,948,954
Reversal of impairment loss on trade and other receivables	(542,377)	(716,162)
Impairment loss on investment in a subsidiary	1,000,000	-
Impairment loss on investment in an associate	-	2,680,000
Provision/(reversal) for retirement benefits	91,658	(1,999,310)
Provision for litigations	1,590,000	1,070,000
Reversal of provision for returns	(197,250)	-
Interest income	(185,170)	(589,601)
Interest expenses	9,841,569	8,639,620
Depreciation of property, plant and equipment	18,694,020	18,766,709
Depreciation of investment properties	4,864	4,864
Amortisation of intangible assets	824,511	742,117
Property, plant and equipment written off	7,805	-
Impairment loss on property, plant and equipment	1,819,564	-
Inventories written off	4,479	16,600
Loss/(gain) on disposal of property, plant and equipment	46,031	(222,116)
Gain on disposal of available-for-sale investment	-	(1,440,653)
Gain on disposal of investment in an associate	(30,880,000)	-
Impairment loss on preference shares	-	10,017,036
Dividend income	(53,000,000)	(13,297,793)
Operating loss before working capital changes	(36,895,825)	(15,866,921)
(Increase)/decrease in receivables	(3,197,717)	8,530,970
Decrease/(increase) in inventories	6,663,651	(2,210,359)
Increase in payables	13,739,374	31,070,659
Cash (used in)/generated from operations	(19,690,517)	21,524,349
Interest paid	(9,892,181)	(8,472,880)
Tax refund	-	410,960
Net cash (used in)/generated from operating activities	(29,582,698)	13,462,429

FINANCIAL

Statement Of Cash Flows

For The Financial Year Ended 31 December 2015 (Contd.)

	2015 RM	2014 RM
Cash flows from investing activities		
Proceeds from disposal of available-for-sale investment	-	3,600,654
Additional investment in a subsidiary	-	(499,998)
Proceeds from disposal of an associate	31,800,000	-
Interest received	107,777	497,390
Purchase of property, plant and equipment	(2,769,240)	(12,666,680)
Purchase of intangible assets	(824,800)	(85,000)
Proceeds from disposal of property, plant and equipment	32,250	245,928
Dividend received	10,000,000	13,297,793
Net cash generated from investing activities	38,345,987	4,390,087
Cash flows from financing activities		
(Repayment)/drawdown in short term borrowings	(19,095,756)	28,511,071
Payment of hire purchase payables	(811,114)	(1,283,137)
Repayment of long term borrowings	(18,663,102)	(15,913,100)
Payment of retirement benefits	(413,004)	(634,145)
Net cash (used in)/generated from financing activities	(38,982,976)	10,680,689
Net (decrease)/increase in cash and cash equivalents	(30,219,687)	28,533,205
Cash and cash equivalents at 1 January	36,197,230	7,664,025
Cash and cash equivalents at 31 December (Note 21)	5,977,543	36,197,230

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 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company is located at No. 44 Jalan Utusan Off Jalan Chan Sow Lin, 55200 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 14 April 2016.

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 Malaysian Financial Reporting Standards ("MFRS") as issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements, other than for financial instruments and retirement benefit obligations, have been prepared on the historical cost basis. Certain financial instruments are carried at fair value in accordance with MFRS 139 Financial Instruments: Recognition and Measurement, and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 Employee Benefits.

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

2.2 Adoption of new and revised MFRSs and changes in accounting policies

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

On 1 January 2015, the Group and the Company adopted the following new and amended MFRSs and mandatory for annual financial periods beginning on or after 1 January 2015.

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRS 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRS 2011 – 2013 Cycle	1 July 2014

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Adoption of new and revised MFRSs and changes in accounting policies (contd.)

The nature and impact of the new and amended MFRS are described below:

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's financial statements.

2.3 MFRS and Amendments to MFRS issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRS and Amendments to MFRSs	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 MFRS and Amendments to MFRS issued but not yet effective (contd.)

The adoption of the above will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

(b) MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 Summary of significant accounting policies

(a) 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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

(b) Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(b) Business Combinations (contd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(c) Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

The Company's investment in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(h). On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(d) Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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 or joint venture's profit or loss for the period in which the investment is acquired.

An associate is equity accounted from the date on which the investee becomes an associate.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(d) Associates (contd.)

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates are accounted for 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.

(e) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(e) Intangible assets (contd.)

(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 reporting date.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to acquisition of the asset and any other costs directly attributable to bringing the assets to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(f) Property, plant and equipment (contd.)

(i) Recognition and measurement (contd.)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation lives for the current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(g) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed based on straight-line basis over the leasehold period.

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 fair value.

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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.4(f) up to the date of change in use.

(h) 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(h) Impairment of non-financial assets (contd.)

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.

(i) 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 loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss.

(i) 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.

(ii) 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 preceding categories.

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

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(i) Financial assets (contd.)

(ii) Available-for-sale financial assets (contd.)

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.

(iii) 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 gain 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 are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group's investment in quoted securities is designated as fair value through profit or loss on initial recognition.

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.

(j) 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(j) Impairment of financial assets (contd.)

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

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

(ii) Unquoted equity securities carried at cost

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

(iii) Available-for-sale financial assets

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

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

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(k) 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.

(l) 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.

(m) 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.

(n) 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 MFRS 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 other financial liabilities.

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 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(n) Financial liabilities (contd.)

Other 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.

(o) 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.

(p) 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. 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.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(p) Employee benefits (contd.)

(iii) Defined benefit plans (contd.)

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan:

- Net actuarial losses of the current period and past service cost of the current period are recognised immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognised immediately.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(p) Employee benefits (contd.)

(iv) 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.

(q) Leases

(i) As lessee

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

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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 2.4(s)(iii).

(r) 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(r) Foreign currencies (contd.)

(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.

(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.

(s) 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(s) Revenue recognition (contd.)

(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.

(t) 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:

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(t) Income taxes (contd.)

(ii) Deferred tax (contd.)

- 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.

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 and Goods and Services Tax ("GST")

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

- Where the sales tax and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax and GST 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 and GST included.

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

(u) 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 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Summary of significant accounting policies (contd.)

(v) 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.

2.5 Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(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 payment of premium for leasehold land extension, which is allocated to land cost and amortised over the lease term as disclosed in Note 2.4(q)(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 reporting 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 and the Company 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. Information on income taxes is disclosed in Note 9.

(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 are as disclosed in Note 17.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 Significant accounting judgements and estimates (contd.)

(b) Key sources of estimation uncertainties (contd.)

(iii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 18.

(iv) Defined benefit plans

The cost of the Retirement Benefit Scheme ("the Scheme") and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers values of AA rated corporate bond yields with 3 to 15 years of maturity and convert these bond yields rate to estimated spot rates. The spot rates are then used to value the projected future cash flows of the Scheme. An equivalent single discount rate is then sought such that the present value of projected cash flows discounted at this single discount rate is similar to the present value of the projected cash flows discounted at various spot rates. The resulting discount rate is 5.25% per annum.

The mortality rate is based on the experience of Malaysian insured lives from 1999 to 2003. The rates are published as a standard table MO9903 and the table is used in the insurance industry in Malaysia. The disability rates used are 10% of mortality rates.

Further details about the retirement benefit assets are given in Note 22.

(v) Impairment of plant and equipment

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

During the current financial year, the Group and the Company has recognised impairment losses in plant and equipment. The Group and the Company carried out the impairment test based on a variety of estimation including the value in use of cash-generating units ("CGU") to which the plant and equipment are allocated. Estimating the value in use requires the Group to make an estimate of the expecting future cash flow from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flow. Further details of the impairment losses recognised for the plant and equipment are disclosed in note 11 to the financial statements.

A 1% change in the management's estimated pre-tax discount rate applied to the discounted cash flows will not give rise to further impairment.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

3. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Publishing, distribution and advertisements	242,548,467	281,330,362	203,245,245	234,686,099
Information technology and multimedia	-	297,150	-	-
Investment holding, management services and others	6,318,112	9,567,709	-	-
	248,866,579	291,195,221	203,245,245	234,686,099

Included in investment holding revenue of the Group are:

	2015 RM	2014 RM
Dividend income from:		
Available-for-sale financial assets:		
- Equity instruments (quoted)	104,442	128,328
- Equity instruments (unquoted)	-	256,500
Held-for-trading financial assets	-	52,976
Net fair value loss on held-for-trading investment	(114,782)	(994,802)
Interest income on deposits	35,071	72,660
Interest income on advances given to employees	98,010	169,967
Gain on disposal of available-for-sale investments	218,086	3,210,957
Gain on disposal of held-for-trading investments	259,829	243,433
Gain on disposal of other investment	2,565,003	-

4. OTHER INCOME

Included in other income are the following:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Dividend income:				
- Available-for-sale investment (quoted in Malaysia)	-	97,793	-	97,793
- Subsidiaries	-	-	53,000,000	12,000,000
- Associates	-	-	-	1,200,000
Gain on disposal of scrap	6,307,953	6,483,525	6,015,497	6,130,920
Commission income	-	-	814,550	2,326,420

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

4. OTHER INCOME (CONTD.)

Included in other income are the following (contd.):

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Gain on disposal of property, plant and equipment	-	231,644	-	222,116
Gain on disposal of available-for-sale investment	-	1,440,653	-	1,440,653
Gain on disposal of other investment (Note 31(e))	48,000,000	-	-	-
Gain on disposal of a subsidiary	-	442,453	-	-
Gain on disposal of an associate	2,642,765	-	30,880,000	-
Building rental income	1,663,409	2,651,449	1,461,788	2,540,211
Interest income charged to subsidiaries	-	-	77,383	92,211
Interest income on deposits	157,109	171,066	-	-
Other interest income	332,189	497,876	107,787	497,390

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Wages and salaries	99,994,023	92,243,399	81,774,598	75,220,896
Social security costs	1,020,045	1,026,901	819,279	818,834
Contribution to defined contribution plans	15,019,334	14,298,418	12,161,427	11,470,092
Increase/(decrease) in liability for defined benefit plans (Note 22)	91,658	(1,999,310)	91,658	(1,999,310)
Other staff related expenses	13,540,840	23,760,208	8,376,469	11,283,986
	129,665,900	129,329,616	103,223,431	96,794,498

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,063,662 (2014: RM1,835,510) respectively as further disclosed in Note 6.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

6. DIRECTORS' REMUNERATION

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

	Group and Company	
	2015 RM	2014 RM
Executive directors' remuneration (Note 5):		
- Salaries and other emoluments	859,400	1,482,318
- Fees	60,000	120,082
- Defined contribution plan	144,262	233,110
	<u>1,063,662</u>	<u>1,835,510</u>
Non-executive directors' remuneration (Note 8):		
- Fees	148,849	161,589
- Allowances	85,500	66,500
	<u>234,349</u>	<u>228,089</u>
Total directors' remuneration (Note 30(b))	1,298,011	2,063,599
Estimated money value of benefits-in-kind	24,300	44,788
Total directors' remuneration including benefits-in-kind	<u>1,322,311</u>	<u>2,108,387</u>

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

	Number of directors	
	2015	2014
Executive directors		
RM350,001 – RM400,000	-	3
RM400,001 – RM450,000	1	-
RM650,001 – RM700,000	1	-
RM700,001 – RM750,000	-	1
Non-executive directors		
Below RM50,000	7	6

7. FINANCE COSTS

Included in finance costs are the following:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest expense on:				
- Bank borrowings and overdrafts	9,471,171	8,178,709	9,258,129	8,022,928
- Inter company borrowings	-	-	533,839	527,230
- Leasing/hire purchase payables	51,559	93,047	49,601	89,462
Total	<u>9,522,730</u>	<u>8,271,756</u>	<u>9,841,569</u>	<u>8,639,620</u>

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

8. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-executive directors' remuneration (Note 6)	234,349	228,089	234,349	228,089
Auditors' remuneration:				
- Statutory audit	202,500	195,900	85,000	81,000
- Other services	14,500	8,500	4,500	8,500
Office/warehouse rental expenses	442,362	674,706	459,645	637,900
Equipment rental expenses	3,563,592	4,118,678	3,477,236	4,026,036
Impairment loss on trade and other receivables	7,505,109	33,837,973	7,916,808	25,948,954
Reversal of impairment loss on trade and other receivables	(1,083,401)	(893,840)	(542,377)	(716,162)
Bad debts written off	-	720,995	-	-
Bad debts recovered	(210,771)	(3,045)	(230,298)	(187,725)
Inventories written off	19,910	34,940	4,479	16,600
Inventories written down	449,799	722,030	-	-
Impairment loss on preference shares (Note 16)	-	10,017,036	-	10,017,036
Property, plant and equipment written off	7,805	-	7,805	-
Impairment loss on property, plant and equipment (Note 11)	1,819,564	-	1,819,564	-
Loss on disposal of property, plant and equipment	13,842	-	46,031	-
Provision for litigation (Note 25 (d))	1,590,000	1,070,000	1,590,000	1,070,000
(Reversal)/provision for returns (Note 25 (d))	(168,709)	503,477	(197,250)	-
Impairment loss on investment in a subsidiary (Note 14)	-	-	1,000,000	-
Impairment loss on investment in an associate (Note 15)	-	2,680,000	-	2,680,000
Reversal of impairment on investment of associates (Note 15)	(2,813,306)	-	-	-

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

9. INCOME TAXATION

The major components of income taxation for years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current income tax:				
Malaysian income tax expense/(benefit)	2,195,019	(187,733)	-	-
Underprovision in prior years	1,800,303	166,349	1,923,201	-
	3,995,322	(21,384)	1,923,201	-
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	(247,260)	(3,683,081)	(17,110)	(3,512,539)
Underprovision in prior years	136,744	1,906,541	-	1,973,918
	(110,516)	(1,776,540)	(17,110)	(1,538,621)
Income tax expense/(benefit) recognised in profit or loss	3,884,806	(1,797,924)	1,906,091	(1,538,621)

The current income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected these changes.

A reconciliation of income taxation applicable to (loss)/profit before taxation at the statutory income tax rate to income taxation at the effective income tax rate of the Group and of the Company for the years ended 31 December 2015 and 2014 are as follows:

	2015 RM	2014 RM
Group		
Loss before taxation	(17,351,255)	(83,649,915)
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	(4,337,814)	(20,912,479)
Income not subject to tax	(3,860,328)	(1,098,346)
Expenses not deductible for tax purposes	(1,383,430)	9,468,144
Effect of deferred tax recognised at different rates	(20,514)	141,023
Deferred tax assets recognised on unutilised tax losses and unabsorbed capital allowances	(839,248)	(301,668)
Utilisation of previously unrecognised capital allowances	(705,920)	(400,457)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	13,761,352	9,894,941
Effect of share of result of associates	(318,038)	(661,972)
(Over)/underprovision of deferred tax in prior years	(211,536)	1,906,541
Underprovision of tax expense in prior years	1,800,282	166,349
Income tax expense/(benefit)	3,884,806	(1,797,924)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

9. INCOME TAXATION (CONTD.)

	2015	2014
	RM	RM
Group (contd.)		
Tax savings recognised during the year arising from:		
Utilisation of current year tax losses	590,350	705,802
Utilisation of tax losses brought forward from previous years	17,603	-
Unutilised tax losses carried forward	114,749,056	85,162,872
Company		
Profit/(loss) before taxation	6,067,663	(65,487,186)
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	1,516,916	(16,371,797)
Income not subject to tax	(14,914,753)	(3,416,713)
Expenses not deductible for tax purposes	2,512,578	10,315,101
Effect of deferred tax recognised at different rate	(30,017)	133,897
Deferred tax assets not recognised during the year	10,898,166	5,826,973
Underprovision of deferred tax in prior year	-	1,973,918
Underprovision of tax expense in prior year	1,923,201	-
Income tax expense/(benefit)	1,906,091	(1,538,621)

10. LOSS PER SHARE

Basic and diluted

Basic and diluted loss per share amounts are calculated by dividing the loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	2014
Loss attributable to owners of the parent (RM)	(20,975,061)	(81,979,000)
Weighted average number of ordinary shares in issue	110,733,837	110,733,837
Basic and diluted loss per share (sen)	(18.94)	(74.03)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

11. PROPERTY, PLANT AND EQUIPMENT

	*Land and buildings RM	Capital work-in-progress RM	Motor vehicles, plant and machinery RM	** Other assets RM	Total RM
Group					
At 31 December 2015					
Cost					
At 1 January 2015	232,811,215	29,588,089	221,002,541	60,366,613	543,768,458
Additions	402,334	437,819	1,025,002	1,700,389	3,565,544
Disposals	-	-	(5,804,771)	(208,476)	(6,013,247)
Written off	-	-	-	(656,427)	(656,427)
Reclassification	1,389,223	(12,800,686)	10,283,063	1,128,400	-
Reclassification to investment properties (Note 12)	-	(16,787,403)	-	-	(16,787,403)
Exchange differences	-	-	16,900	1,119	18,019
At 31 December 2015	234,602,772	437,819	226,522,735	62,331,618	523,894,944
Accumulated depreciation and impairment					
At 1 January 2015	45,612,684	-	162,155,784	50,282,455	258,050,923
Depreciation charge for the year	4,617,052	-	11,614,561	3,461,941	19,693,554
Disposals	-	-	(5,726,493)	(204,279)	(5,930,772)
Written off	-	-	-	(648,622)	(648,622)
Impairment loss	-	-	1,713,686	105,878	1,819,564
Exchange differences	-	-	16,900	1,119	18,019
At 31 December 2015	50,229,736	-	169,774,438	52,998,492	273,002,666
Net carrying amount	184,373,036	437,819	56,748,297	9,333,126	250,892,278

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	*Land and buildings RM	Capital work-in- progress RM	Motor vehicles, plant and machinery RM	** Other assets RM	Total RM
Group (contd.)					
At 31 December 2014					
Cost					
At 1 January 2014	229,549,830	2,230,291	221,966,818	62,741,741	516,488,680
Additions	8,096,313	27,357,798	145,822	2,501,039	38,100,972
Disposals	-	-	(1,071,260)	(3,448,767)	(4,520,027)
Written off	-	-	-	(1,354,531)	(1,354,531)
Disposal of a subsidiary	-	-	-	(70,296)	(70,296)
Reclassification to investment properties (Note 12)	(4,834,928)	-	-	-	(4,834,928)
Exchange differences	-	-	(38,839)	(2,573)	(41,412)
At 31 December 2014	232,811,215	29,588,089	221,002,541	60,366,613	543,768,458
Accumulated depreciation					
At 1 January 2014	42,923,269	-	152,158,363	51,107,002	246,188,634
Depreciation charge for the year	4,644,098	-	11,107,520	3,998,176	19,749,794
Disposals	-	-	(1,071,260)	(3,419,234)	(4,490,494)
Written off	-	-	-	(1,354,531)	(1,354,531)
Disposal of a subsidiary	-	-	-	(46,385)	(46,385)
Reclassification to investment properties (Note 12)	(1,954,683)	-	-	-	(1,954,683)
Exchange differences	-	-	(38,839)	(2,573)	(41,412)
At 31 December 2014	45,612,684	-	162,155,784	50,282,455	258,050,923
Net carrying amount	187,198,531	29,588,089	58,846,757	10,084,158	285,717,535

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and buildings of the Group:

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
At 31 December 2015			
Cost			
At 1 January 2015	10,973,741	221,837,474	232,811,215
Additions	90,615	311,719	402,334
Reclassification	-	1,389,223	1,389,223
At 31 December 2015	11,064,356	223,538,416	234,602,772
Accumulated depreciation			
At 1 January 2015	2,901,703	42,710,981	45,612,684
Depreciation charge for the year	229,628	4,387,424	4,617,052
At 31 December 2015	3,131,331	47,098,405	50,229,736
Net carrying amount	7,933,025	176,440,011	184,373,036
At 31 December 2014			
Cost			
At 1 January 2014	10,973,741	218,576,089	229,549,830
Additions	-	8,096,313	8,096,313
Reclassification to investment properties	-	(4,834,928)	(4,834,928)
At 31 December 2014	10,973,741	221,837,474	232,811,215
Accumulated depreciation			
At 1 January 2014	2,675,527	40,247,742	42,923,269
Depreciation charge for the year	226,176	4,417,922	4,644,098
Reclassification to investment properties	-	(1,954,683)	(1,954,683)
At 31 December 2014	2,901,703	42,710,981	45,612,684
Net carrying amount	8,072,038	179,126,493	187,198,531

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	*Land and buildings RM	Capital work-in-progress RM	Motor vehicles, plant and machinery RM	** Other assets RM	Total RM
Company					
At 31 December 2015					
Cost					
At 1 January 2015	226,273,302	12,800,686	218,204,630	43,682,330	500,960,948
Additions	402,333	437,819	1,025,003	1,002,117	2,867,272
Disposals	-	-	(5,804,774)	(4,469)	(5,809,243)
Written off	-	-	-	(656,427)	(656,427)
Reclassifications	1,389,222	(12,800,686)	10,283,064	1,128,400	-
At 31 December 2015	228,064,857	437,819	223,707,923	45,151,951	497,362,550
Accumulated depreciation and impairment					
At 1 January 2015	42,359,362	-	159,561,464	34,966,676	236,887,502
Depreciation charge for the year	4,418,202	-	11,601,587	2,674,231	18,694,020
Disposals	-	-	(5,726,493)	(4,469)	(5,730,962)
Written off	-	-	-	(648,622)	(648,622)
Impairment loss	-	-	1,713,686	105,878	1,819,564
At 31 December 2015	46,777,564	-	167,150,244	37,093,694	251,021,502
Net carrying amount	181,287,293	437,819	56,557,679	8,058,257	246,341,048

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	*Land and buildings RM	Capital work-in-progress RM	Motor vehicles, plant and machinery RM	** Other assets RM	Total RM
Company (contd.)					
At 31 December 2014					
Cost					
At 1 January 2014	218,182,989	544,347	218,833,420	41,639,254	479,200,010
Additions	8,090,313	12,256,339	245,822	2,104,061	22,696,535
Disposals	-	-	(874,612)	(76,343)	(950,955)
Transfer from subsidiaries	-	-	-	15,358	15,358
At 31 December 2014	226,273,302	12,800,686	218,204,630	43,682,330	500,960,948
Accumulated depreciation					
At 1 January 2014	37,914,038	-	149,353,197	31,768,957	219,036,192
Depreciation charge for the year	4,445,324	-	11,082,879	3,238,506	18,766,709
Disposals	-	-	(874,612)	(52,531)	(927,143)
Transfer from subsidiaries	-	-	-	11,744	11,744
At 31 December 2014	42,359,362	-	159,561,464	34,966,676	236,887,502
Net carrying amount	183,913,940	12,800,686	58,643,166	8,715,654	264,073,446

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

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 2015			
Cost			
At 1 January 2015	10,973,743	215,299,559	226,273,302
Additions	90,614	311,719	402,333
Reclassifications	-	1,389,222	1,389,222
At 31 December 2015	11,064,357	217,000,500	228,064,857
Accumulated depreciation			
At 1 January 2015	2,901,688	39,457,674	42,359,362
Depreciation charge for the year	229,628	4,188,574	4,418,202
At 31 December 2015	3,131,316	43,646,248	46,777,564
Net carrying amount	7,933,041	173,354,252	181,287,293
At 31 December 2014			
Cost			
At 1 January 2014	10,973,743	207,209,246	218,182,989
Additions	-	8,090,313	8,090,313
At 31 December 2014	10,973,743	215,299,559	226,273,302
Accumulated depreciation			
At 1 January 2014	2,675,512	35,238,526	37,914,038
Depreciation charge for the year	226,176	4,219,148	4,445,324
At 31 December 2014	2,901,688	39,457,674	42,359,362
Net carrying amount	8,072,055	175,841,885	183,913,940

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

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 RM3,565,544 (2014: RM38,100,972) and RM2,867,272 (2014: RM22,696,535) respectively of which RMNil (2014: RM79,000) and RM98,032 (2014: RM10,033,469) respectively were acquired by means of loans and borrowings.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Motor vehicles	39,103	352,338	270,626	280,853
Computer equipment	-	176,993	-	176,993

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

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

	Group and Company	
	2015 RM	2014 RM
Land and buildings on leasehold land	164,439,858	168,255,132
Plant and machinery and others	46,565,972	57,853,579
	211,005,830	226,108,711

- (c) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, costing RM110,976,896 (2014: RM119,308,680) and RM100,185,498 (2014: RM103,900,648) respectively.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

12. INVESTMENT PROPERTIES

	Land and buildings RM	Capital work-in- progress RM	Total RM
At 31 December 2015			
Cost			
At 1 January 2015	21,992,585	-	21,992,585
Addition	-	15,569,793	15,569,793
Reclassification from property, plant and equipment (Note 11)	-	16,787,403	16,787,403
Non-current asset classified as held for sale (Note 23)	(3,604,740)	-	(3,604,740)
At 31 December 2015	18,387,845	32,357,196	50,745,041
Accumulated depreciation			
At 1 January 2015	5,098,735	-	5,098,735
Depreciation charge for the year	333,991	-	333,991
At 31 December 2015	5,432,726	-	5,432,726
Net carrying amount	12,955,119	32,357,196	45,312,315
Fair value	98,926,000	N/A	
At 31 December 2014			
Cost			
At 1 January 2014	17,157,657	-	17,157,657
Addition	-	-	-
Reclassification from property, plant and equipment (Note 11)	4,834,928	-	4,834,928
At 31 December 2014	21,992,585	-	21,992,585
Accumulated depreciation			
At 1 January 2014	2,810,055	-	2,810,055
Depreciation charge for the year	333,997	-	333,997
Reclassification from property, plant and equipment (Note 11)	1,954,683	-	1,954,683
At 31 December 2014	5,098,735	-	5,098,735
Net carrying amount	16,893,850	-	16,893,850
Fair value	60,600,000		

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

12. INVESTMENT PROPERTIES (CONTD.)

	Company	
	2015 RM	2014 RM
Cost		
At 1 January/31 December	1,631,668	1,631,668
Accumulated depreciation		
At 1 January	1,420,903	1,416,039
Depreciation charge for the year	4,864	4,864
At 31 December	1,425,767	1,420,903
Net carrying amount	205,901	210,765
Fair value	27,000,000	16,000,000

Fair value of the investment properties was determined using significant observable inputs (Level 2 of fair value hierarchy) obtained via reference to the prices of similar properties within the market by the Directors.

During the year, the Group acquired investment property with an aggregate cost of RM15,569,793 (2014: RMNil) of which RM9,503,252 (2014: RMNil) were acquired by means of loans and borrowings. The borrowing cost capitalised as cost of investment property of the Group amounted to RM127,156 (2014: RMNil).

Included in investment properties of the Group and of the Company are fully depreciated assets which are still in use, costing RM1,388,477 (2014: RM1,388,477) and RM1,388,477 (2014: RM1,388,477) respectively.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Rental income derived from investment properties	1,030,384	964,738	324,000	298,000
Direct operating expenses generating rental income (included in other operating expenses)	(133,990)	(204,920)	(40,269)	(34,506)
Profit arising from investment properties	896,394	759,818	283,731	263,494

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

13. INTANGIBLE ASSETS

Software

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 31 December 2015				
Cost				
At 1 January 2015	27,271,704	27,186,704	27,032,958	26,947,958
Additions	824,800	85,000	824,800	85,000
Written off	(9,991)	-	(9,991)	-
At 31 December 2015	28,086,513	27,271,704	27,847,767	27,032,958
Accumulated amortisation				
At 1 January 2015	25,088,012	24,301,296	25,009,865	24,267,748
Amortisation for the year	868,956	786,716	824,511	742,117
Written off	(9,991)	-	(9,991)	-
At 31 December 2015	25,946,977	25,088,012	25,824,385	25,009,865
Net carrying amount	2,139,536	2,183,692	2,023,382	2,023,093

Included in intangible assets of the Group and of the Company are fully amortised assets which are still in use, costing RM24,529,100 (2014: RM24,539,772) and RM23,514,882 (2014: RM23,524,872) respectively.

The net carrying amounts of intangible assets of the Group and of the Company held under hire purchase and leasing payable agreements are RMNil (2014: RM681,832) and RMNil (2014: RM876,642) respectively.

FINANCIAL

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	9,365,999	9,365,999
Less: Accumulated impairment losses	(5,135,999)	(4,135,999)
	4,230,000	5,230,000
Movement in allowance accounts:		
At 1 January	4,135,999	4,135,999
Charge for the year	1,000,000	-
At 31 December	5,135,999	4,135,999

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2015	2014	
Held by the Company:				
Utusan Publications and Distributors Sdn Bhd	Malaysia	100	100	Publications and distribution of books
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	100	Radio and TV advertising
Utusan Studios Sdn Bhd (previously known as Utusan Sight & Sound Sdn Bhd)	Malaysia	100	100	Video post-production editing
Utusan Land Sdn Bhd	Malaysia	100	100	Property development
U-Print Sdn Bhd	Malaysia	100	100	Dormant
Utusan Teknologi Maklumat Sdn Bhd	Malaysia	70	70	Dormant
Held by the Company and Juasa Holdings Sdn Bhd				
PT. Sinar Media Advertising *	Indonesia	100	100	Dormant
Held through subsidiaries:				
Held via Juasa Holdings Sdn Bhd				
Utusan Media Sales Sdn Bhd	Malaysia	100	100	Advertising agent
Jobhouse Sdn Bhd	Malaysia	100	100	Management services
Utusan Binders Sdn Bhd	Malaysia	100	100	Dormant

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2015	2014	
Held via Utusan Media Sales Sdn Bhd				
Karya Outdoor Sdn Bhd	Malaysia	100	100	Outdoor advertising
Held via Karya Outdoor Sdn Bhd				
Tintarona Publications Sdn Bhd	Malaysia	100	100	Publications and distribution of books

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

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unquoted shares, at cost	2,882,306	3,812,306	2,749,000	3,679,000
Share of post-acquisition reserves	(1,805,092)	25,159,991	-	-
	1,077,214	28,972,297	2,749,000	3,679,000
Less: Accumulated impairment losses	-	(2,813,306)	(2,680,000)	(2,680,000)
	1,077,214	26,158,991	69,000	999,000
Represented by:				
Share of net assets of the associates	1,077,214	26,158,991	-	-

Details of the associates are as follows:

Name of associates	Country of incorporation	Equity interest held (%)		Principal activities
		2015	2014	
Held by the Company:				
Swan Malaysia Sdn Bhd and its subsidiaries **	Malaysia	-	40	Manufacturing of stationery
Utusan Transport Sdn Bhd and its subsidiaries *	Malaysia	30	30	Transportation
PT. Sinar Mitra Utama *	Indonesia	40	40	Dormant
Utusan Printcorp Sdn Bhd	Malaysia	40	40	Dormant

* 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 ("Swan") which has a financial year end of 30 June to conform with its holding company's financial year end. The Company had disposed its entire 40% equity in Swan and an audited financial statements of Swan as at 30 June 2015 had been used for calculation on gain on the disposal.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

15. INVESTMENTS IN ASSOCIATES (CONTD.)

** On 23 April 2015 the Company announced to Bursa Malaysia Securities Berhad ("Bursa") that it had entered into a Share Sale Agreement with Schwan-STABILO SchwanhauBer Finanzholding GMBH ("Purchaser"), the existing shareholder of Swan, to dispose its entire 40% equity interest amounting to 6,000,000 ordinary shares of RM1.00 each in Swan to the Purchaser for a cash consideration of RM31,800,000. The disposal was completed on 24 July 2015.

Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statements of financial position:

	Utusan Transport Sdn Bhd RM		
As at 31 December 2015			
Assets and liabilities			
Current assets			5,035,291
Non-current assets			3,194,489
Total assets			8,229,780
Current liabilities			4,777,352
Non-current liabilities			460,115
Total liabilities			5,237,467
	Swan Malaysia Sdn Bhd RM	Utusan Transport Sdn Bhd RM	Total RM
As at 31 December 2014			
Assets and liabilities			
Current assets	64,135,079	4,914,589	69,049,668
Non-current assets	16,901,730	2,602,915	19,504,645
Total assets	81,036,809	7,517,504	88,554,313
Current liabilities	10,410,176	3,317,800	13,727,976
Non-current liabilities	697,664	897,341	1,595,005
Total liabilities	11,107,840	4,215,141	15,322,981

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

15. INVESTMENTS IN ASSOCIATES (CONTD.)

(ii) Summarised statements of comprehensive income:

	Utusan Transport Sdn Bhd RM
Year ended 31 December 2015	
Results	
Revenue	6,729,749
Profit for the year	266,575

	Swan Malaysia Sdn Bhd RM	Utusan Transport Sdn Bhd RM	Total RM
Year ended 31 December 2014			
Results			
Revenue	91,201,665	8,147,543	99,349,208
Profit for the year	6,507,724	149,326	6,657,050
Dividend received from the associates during the year	1,200,000	-	1,200,000

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates.

	Utusan Transport Sdn Bhd RM
2015	
Net assets at 31 December	3,590,713
Interest in associate	30%
Carrying value of Group's interest in associates	1,077,214

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

15. INVESTMENTS IN ASSOCIATES (CONTD.)

- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates. (contd.)

	Swan Malaysia Sdn Bhd RM	Utusan Transport Sdn Bhd RM	Total RM
2014			
Net assets at 31 December	69,928,969	3,302,363	73,231,332
Interest in associate	40%	30%	
Carrying value of Group's interest in associates	27,971,588	990,709	28,962,297

- (iv) There are no financial information available for the associates that are not individually material as at 31 December 2015 and 2014. The Group and the Company has fully impaired the carrying amount for these associates in the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

16. INVESTMENT SECURITIES

	2015 RM		2014 RM	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Group				
Non-current				
<i>Available-for-sale financial assets</i>				
Equity instruments				
- Quoted in Malaysia	1,210,536	1,210,536	2,391,828	2,391,828
- Unquoted in Malaysia, at cost	10,000		1,282,502	
	<u>1,220,536</u>		<u>3,674,330</u>	
<i>Other investments</i>				
Preference shares, unquoted in Malaysia *	11,700,000		11,700,000	
less: impairment	(11,700,000)		(11,700,000)	
	<u>-</u>		<u>-</u>	
Club membership, unquoted, at cost	96,000		96,000	
	<u>96,000</u>		<u>96,000</u>	
Total non-current	<u>1,316,536</u>		<u>3,770,330</u>	
Current				
<i>Held-for-trading</i>				
- Quoted in Malaysia	1,780,546	1,780,546	2,585,650	2,585,650
Total investment securities	<u>3,097,082</u>		<u>6,355,980</u>	

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

16. INVESTMENT SECURITIES (CONTD.)

	2015 RM		2014 RM	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Company				
Non-current				
<i>Available-for-sale financial assets</i>				
Equity instruments				
- Quoted in Malaysia	89,829	89,829	62,258	62,258
- Unquoted in Malaysia, at cost	10,000		-	
	<u>99,829</u>		<u>62,258</u>	
<i>Other investments</i>				
Preference shares, unquoted in Malaysia *	11,700,000		11,700,000	
less: impairment	<u>(11,700,000)</u>		<u>(11,700,000)</u>	
	-		-	
Total investment securities	<u>99,829</u>		<u>62,258</u>	

- * On 12 August 2012, an associate, Utusan Printcorp Sdn Bhd ("UPSB") 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. In 2012, UPSB had redeemed 10,000 PS of RM1,300,000.

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.

The PS has been fully impaired in 2014.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

17. DEFERRED TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	(71,493)	(1,317,326)	-	(1,007,914)
Recognised in profit or loss (Note 9)	110,516	1,776,540	17,110	1,538,621
Recognised in other comprehensive income	(17,110)	(530,707)	(17,110)	(530,707)
At 31 December	21,913	(71,493)	-	-
Presented as follows:				
Deferred tax assets	211,518	186,903	-	-
Deferred tax liabilities	(189,605)	(258,396)	-	-
	21,913	(71,493)	-	-

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
2015	
At 1 January	(24,240,695)
Recognised in profit or loss	2,426,056
	(21,814,639)
Less: Set-off deferred tax assets	21,625,034
At 31 December	(189,605)
2014	
At 1 January	(24,917,897)
Recognised in profit or loss	677,202
	(24,240,695)
Less: Set-off deferred tax assets	23,982,299
At 31 December	(258,396)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

17. DEFERRED TAX (CONTD.)

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 2015	(65,558)	22,114,755	2,120,005	24,169,202
Recognised in profit or loss	-	(2,206,347)	(109,193)	(2,315,540)
Recognised in other comprehensive income	(17,110)	-	-	(17,110)
	(82,668)	19,908,408	2,010,812	21,836,552
Less: Set-off deferred tax liabilities				(21,625,034)
At 31 December 2015				211,518
At 1 January 2014	1,785,626	19,866,166	1,948,779	23,600,571
Recognised in profit or loss	(1,320,477)	2,248,589	171,226	1,099,338
Recognised in other comprehensive income	(530,707)	-	-	(530,707)
	(65,558)	22,114,755	2,120,005	24,169,202
Less: Set-off deferred tax liabilities				(23,982,299)
At 31 December 2014				186,903

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM
At 1 January 2015	(22,609,314)
Recognised in profit or loss	2,505,776
	(20,103,538)
Less: Set-off deferred tax assets	20,103,538
At 31 December 2015	-
At 1 January 2014	(24,113,596)
Recognised in profit or loss	1,504,282
	(22,609,314)
Less: Set-off deferred tax assets	22,609,314
At 31 December 2014	-

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

17. DEFERRED TAX (CONTD.)

Deferred tax assets of the Company:

	Retirement benefit obligations RM	Unabsorbed capital allowances RM	Provisions and accruals RM	Total RM
At 1 January 2015	-	22,609,314	-	22,609,314
Recognised in profit or loss	-	(2,505,776)	17,110	(2,488,666)
Recognised in other comprehensive income	(17,110)	-	-	(17,110)
	(17,110)	20,103,538	17,110	20,103,538
Less: Set-off deferred tax liabilities				(20,103,538)
At 31 December 2015				-
At 1 January 2014	1,647,212	20,606,003	852,467	23,105,682
Recognised in profit or loss	(1,116,505)	2,003,311	(852,467)	34,339
Recognised in other comprehensive income	(530,707)	-	-	(530,707)
	-	22,609,314	-	22,609,314
Less: Set-off deferred tax liabilities				(22,609,314)
At 31 December 2014				-

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised tax losses	115,230,811	73,109,618	52,116,306	18,998,213
Unabsorbed capital allowances	16,383,802	14,855,820	1,883,817	-
Others	20,043,576	14,828,009	17,796,357	9,205,601
	151,658,189	102,793,447	71,796,480	28,203,814

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 2015

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Trade receivables (a)				
Third parties	82,973,984	80,012,963	25,636,619	23,180,482
Less: Allowance for impairment	(24,800,792)	(20,645,748)	(4,601,349)	(1,671,289)
Trade receivables, net	58,173,192	59,367,215	21,035,270	21,509,193
Other receivables (c)				
Due from related parties (b):				
- Subsidiaries	-	-	72,515,126	71,208,891
- Associates	14,002,792	13,799,355	13,736,080	13,559,283
Deposits	1,846,068	2,581,582	1,337,311	2,057,653
Prepayments	2,972,547	3,277,633	512,672	463,458
Advances to employees (Note 19)	1,064,404	543,140	-	-
Dividend receivables	-	-	43,000,000	-
Sundry receivables	54,424,495	6,885,910	3,324,125	3,101,407
	74,310,306	27,087,620	134,425,314	90,390,692
Less: Allowance for impairment:				
- Subsidiaries	-	-	(29,230,924)	(24,931,738)
- Associates	(13,700,907)	(13,559,283)	(13,700,907)	(13,559,283)
- Other receivables	(4,584,521)	(2,640,415)	(1,912,779)	(1,674,906)
	(18,285,428)	(16,199,698)	(44,844,610)	(40,165,927)
Other receivables (current)	56,024,878	10,887,922	89,580,704	50,224,765
Trade and other receivables (current)	114,198,070	70,255,137	110,615,974	71,733,958
Non-current				
Other receivables (c)				
Other receivables	1,514,700	1,514,700	1,514,700	1,514,700
Loan to associate (b)	12,745,127	12,745,127	12,745,127	12,745,127
Loans to subsidiaries (b)	-	-	1,061,686	1,381,703
Advances to employees (Note 19)	1,654,327	2,158,818	-	-
	15,914,154	16,418,645	15,321,513	15,641,530
Less: Allowance for impairment:				
- Subsidiaries	-	-	(1,061,686)	(1,381,703)
- Associate	(12,745,127)	(12,745,127)	(12,745,127)	(12,745,127)
- Other receivables	(1,514,700)	(1,514,700)	(1,514,700)	(1,514,700)
Other receivables (non-current)	1,654,327	2,158,818	-	-
Total trade and other receivables	115,852,397	72,413,955	110,615,974	71,733,958

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

18. TRADE AND OTHER RECEIVABLES (CONTD.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total trade and other receivables (contd.)	115,852,397	72,413,955	110,615,974	71,733,958
Add: Cash and bank balances (Note 21)	27,611,105	64,452,901	5,977,543	36,197,230
Less: Prepayments	(2,972,547)	(3,277,633)	(512,672)	(463,458)
Total loans and receivables	140,490,955	133,589,223	116,080,845	107,467,730

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 day (2014: 30 to 120 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Neither past due nor impaired	16,002,499	18,699,673	6,468,149	8,485,454
1 to 30 days past due not impaired	10,830,486	10,966,617	3,781,021	3,913,186
31 to 60 days past due not impaired	5,545,773	6,314,259	1,282,930	1,383,250
61 to 90 days past due not impaired	3,167,536	3,095,372	930,232	1,004,842
91 to 120 days past due not impaired	3,478,894	2,049,592	1,710,814	1,315,083
More than 120 days past due not impaired	19,148,004	18,241,702	6,862,124	5,407,378
	42,170,693	40,667,542	14,567,121	13,023,739
Impaired	24,800,792	20,645,748	4,601,349	1,671,289
	82,973,984	80,012,963	25,636,619	23,180,482

The Group and the Company have trade receivables amounting to RM42,170,693 (2014: RM40,667,542) and RM14,567,121 (2014: RM13,023,739) respectively 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

18. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

Receivables that are neither past due nor impaired

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

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

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		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables - nominal value	24,800,792	20,645,748	4,601,349	1,671,289
Less: Allowance for impairment	(24,800,792)	(20,645,748)	(4,601,349)	(1,671,289)
Nominal value	-	-	-	-

Movement in allowance accounts:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	20,645,748	18,020,833	1,671,289	1,172,713
Charge for the year	5,284,882	9,185,464	2,955,124	808,177
Reversal of impairment loss	(1,038,033)	(893,840)	(25,064)	(164,737)
Disposal of a subsidiary	-	(862,170)	-	-
Written off	(91,805)	(4,804,539)	-	(144,864)
At 31 December	24,800,792	20,645,748	4,601,349	1,671,289

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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

18. TRADE AND OTHER RECEIVABLES (CONTD.)

(b) Amounts due from related parties

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand. Part of related parties receivables are to be settled in cash after offsetting arrangements.

Amounts due from associates are unsecured, non-interest bearing and are repayable upon demand.

Loans to subsidiaries and associate are unsecured, bears interest at 5% (2014: 5%) per annum, and have average maturity of 5 years (2014: 5 years).

(c) Other receivables

Other receivables that are impaired

At the reporting date, the Group and the Company have provided allowance of RM32,545,255 (2014: RM30,459,525) and RM52,295,737 (2014: RM49,417,430) respectively for impairment of the amount due from other debtors, associates and subsidiaries. These relate to companies that have been suffering financial losses or have defaulted on their payments.

The movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January 2015	30,459,525	5,745,019	55,807,457	31,218,105
Charge for the year	2,220,227	24,652,509	4,961,684	25,140,777
Reversal of impairment loss	(45,368)	-	(517,313)	(551,425)
Written off	(89,129)	61,997	(85,705)	-
At 31 December 2015	32,545,255	30,459,525	60,166,123	55,807,457

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

19. LONG-TERM RECEIVABLES

	Group	
	2015 RM	2014 RM
Advances to employees		
Minimum receivables:		
Within and up to one year	1,268,823	611,804
After one and up to two years	814,120	1,465,406
After two and up to five years	1,059,868	1,059,152
	3,142,811	3,136,362
Less: Future finance income	(424,079)	(434,404)
Present value of assets	2,718,732	2,701,958
Present value of assets:		
Within and up to one year	1,064,405	543,140
After one and up to two years	695,557	1,216,832
After two and up to five years	958,770	941,986
	2,718,732	2,701,958
Analysed as:		
Receivables within twelve months (Note 18)	1,064,405	543,140
Receivables after twelve months (Note 18)	1,654,327	2,158,818
Total	2,718,732	2,701,958

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% (2014: 6%) per annum and are recovered through salary deductions.

20. INVENTORIES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cost				
Raw materials	4,265,126	11,285,096	4,265,126	11,285,097
Spare parts and consumables	5,757,585	5,401,266	5,757,585	5,401,265
Work-in-progress	151,646	138,160	-	-
Finished goods	6,148,996	8,844,467	-	-
Less: Impairment for obsolete stock	(1,265,954)	(3,533,102)	(4,479)	-
	15,057,399	22,135,887	10,018,232	16,686,362

During the year, the amount of inventories recognised as an expense in the cost of sales of the Group and the Company was RM65,626,923 (2014: RM77,914,142) and RM63,051,470 (2014: RM75,550,430) respectively.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

21. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash on hand and at banks	24,171,061	57,871,876	5,977,543	36,197,230
Deposits with:				
- Licensed banks	1,774,770	1,570,460	-	-
- Licensed financial institutions	1,454,250	4,805,990	-	-
- Money market institutions	211,024	204,575	-	-
Cash and bank balances	27,611,105	64,452,901	5,977,543	36,197,230
Less: Pledged deposits	(1,526,177)	(1,502,106)	-	-
Cash and cash equivalents	26,084,928	62,950,795	5,977,543	36,197,230

Included in the deposits of the Group is an amount of RM1,526,177 (2014: RM1,502,106) which has been pledged to banks for facilities granted as referred to in Note 24.

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Licensed banks	3.3	3.1	-	-
Licensed financial institutions	3.6	3.8	-	-
Money market institutions	3.1	2.8	-	-

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

	Group		Company	
	2015 Days	2014 Days	2015 Days	2014 Days
Licensed banks	222	219	-	-
Licensed financial institutions	11	265	-	-
Money market institutions	1	1	-	-

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

22. RETIREMENT BENEFIT ASSETS

The Company operates a funded, defined Retirement Benefit Scheme ("the Scheme") for its eligible 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 60.

The amounts recognised in the statement of financial position are determined as follows:

Group and Company

	2015 RM	2014 RM
Present value of funded defined benefit obligations	8,890,075	8,696,667
Fair value of plan assets	(7,281,311)	(6,756,567)
Net liability arising from defined benefit obligations	1,608,764	1,940,100
Less: Advance contributions paid	(5,359,214)	(5,297,913)
Net retirement benefit assets	(3,750,450)	(3,357,813)

	Note	Present value of defined benefit obligations RM	Fair value of plan assets RM	Total RM
At 1 January 2015		8,696,667	(6,756,567)	1,940,100
Interest expense/(income)	5	452,193	(360,535)	91,658
		9,148,860	(7,117,102)	2,031,758
Remeasurements: Experience losses/(gains)		92,918	(164,209)	(71,291)
Settlement payments		(351,703)	-	(351,703)
At 31 December 2015		8,890,075	(7,281,311)	1,608,764
Less: Advance contributions paid		(5,359,214)	-	(5,359,214)
Net retirement benefit assets		3,530,861	(7,281,311)	(3,750,450)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

22. RETIREMENT BENEFIT ASSETS (CONTD.)

	Note	Present value of defined benefit obligations RM	Fair value of plan assets RM	Total RM
At 1 January 2014		13,743,525	(6,880,145)	6,863,380
Past service cost	5	(2,340,930)	-	(2,340,930)
Interest expense/(income)	5	702,828	(361,208)	341,620
		12,105,423	(7,241,353)	4,864,070
Remeasurements: Experience (gains)/losses		(2,696,064)	484,786	(2,211,278)
Settlement payments		(712,692)	-	(712,692)
At 31 December 2014		8,696,667	(6,756,567)	1,940,100
Less: Advance contributions paid		(5,297,913)	-	(5,297,913)
Net retirement benefit assets		3,398,754	(6,756,567)	(3,357,813)

The actual return on the plan assets of the Group and of the Company was a surplus of RM516,716 (2014: RM123,578).

Principal actuarial assumptions used:

	2015 %	2014 %
Discount rate	5.25	5.25
Expected rate of salary increases	n.a	n.a

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 actuaries.

The significant actuarial assumption for determination of the defined benefit obligations is the discount rate. The sensitivity analysis below has been determined based on the changes to individual assumptions, with all other assumptions held constant.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

22. RETIREMENT BENEFIT ASSETS (CONTD.)

A 1% change in discount rate will decrease/(increase) the defined benefit obligations by the following amounts:

	Group and Company	
	2015	2014
	RM	RM
- Increase by 1%	(598,922)	(632,229)
- Decrease by 1%	626,547	701,280

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

23. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

On 15 January 2016, Utusan Land Sdn Bhd ('U-Land'), a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with a third party for the proposed disposal of 2 parcels of industrial land, both located in Mukim Serendah, Daerah Ulu Selangor, Selangor with a carrying amount of RM3,604,740 for a total consideration of RM7,526,000. The agreement is expected to be completed in April 2016.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

24. LOANS AND BORROWINGS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Secured:				
Islamic Term Loan	-	2,000,000	-	2,000,000
Bai Bithaman Ajil MBB	6,265,829	7,000,000	6,265,829	7,000,000
Commodity Murabahah Term Financing (CMTF MBB 1)	1,763,100	1,763,100	1,763,100	1,763,100
Commodity Murabahah Term Financing (CMTF MBB 2)	4,400,000	4,400,000	4,400,000	4,400,000
Bai Bithaman Ajil Affin	5,750,000	3,500,000	5,750,000	3,500,000
Term Loan Facilities ("TL 1 & TL 2")	1,208,000	1,208,000	-	-
Istisna' Term Financing ("TF-i 1 to TF-i 8")	385,404	-	-	-
Revolving credits	1,000,000	-	1,000,000	-
Obligation under hire purchase and leasing payables (Note 28(b))	20,106	737,604	119,095	798,865
	20,792,439	20,608,704	19,298,024	19,461,965
Unsecured:				
Bankers acceptance	14,145,746	30,337,502	13,057,746	29,153,502
Revolving credits	8,600,000	76,400,000	7,000,000	75,000,000
	22,745,746	106,737,502	20,057,746	104,153,502
Total (current)	43,538,185	127,346,206	39,355,770	123,615,467
Non-current				
Secured:				
Bai Bithaman Ajil MBB	-	6,265,829	-	6,265,829
Commodity Murabahah Term Financing (CMTF MBB 1)	4,135,170	5,898,270	4,135,170	5,898,270
Commodity Murabahah Term Financing (CMTF MBB 2)	18,109,392	22,509,392	18,109,392	22,509,392
Bai Bithaman Ajil Affin	48,653,095	54,403,095	48,653,095	54,403,095
Term Loan Facilities ("TL 1 & TL 2")	10,302,934	1,357,602	-	-
Istisna' Term Financing ("TF-i 1 to TF-i 8")	172,516	-	-	-
Revolving credits	28,000,000	-	28,000,000	-
Obligation under hire purchase and leasing payables (Note 28 (b))	2,583	22,825	102,640	135,953
	109,375,690	90,457,013	99,000,297	89,212,539

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

24. LOANS AND BORROWINGS (CONTD.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current (contd.)				
Unsecured:				
Revolving credits	36,000,000	-	36,000,000	-
Total (non-current)	145,375,690	90,457,013	135,000,297	89,212,539
Total loans and borrowings				
Bankers acceptance	14,145,746	30,337,502	13,057,746	29,153,502
Revolving credits	73,600,000	76,400,000	72,000,000	75,000,000
Islamic Term Loan (a)	-	2,000,000	-	2,000,000
Bai Bithaman Ajil MBB (b)	6,265,829	13,265,829	6,265,829	13,265,829
Commodity Murabahah Term Financing (CMTF MBB 1) (c)	5,898,270	7,661,370	5,898,270	7,661,370
Commodity Murabahah Term Financing (CMTF MBB 2) (d)	22,509,392	26,909,392	22,509,392	26,909,392
Bai Bithaman Ajil Affin (e)	54,403,095	57,903,095	54,403,095	57,903,095
Term Loan Facilities ("TL 1 & TL 2") (f)	11,510,934	2,565,602	-	-
Istisna' Term Financing ("TF-i 1 to TF-i 8") (g)	557,920	-	-	-
Obligation under hire purchase and leasing payables (Note 28 (b))	22,689	760,429	221,735	934,818
	188,913,875	217,803,219	174,356,067	212,828,006

The remaining maturities of the loans and borrowings, excluding obligation under hire purchase and leasing payables, as at 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Within and up to one year	43,518,079	126,608,602	39,236,675	122,816,602
After one and up to two years	24,543,616	19,386,929	23,163,100	18,178,929
After two and up to five years	74,196,070	48,484,772	70,572,070	48,335,170
More than five years	46,633,421	22,562,487	41,162,487	22,562,487
	188,891,186	217,042,790	174,134,332	211,893,188

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

24. LOANS AND BORROWINGS (CONTD.)

(a) Islamic Term Loan

The Company 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:

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 a monthly basis until full settlement whilst principal repayment on an annual basis as prescribed in repayment schedule.

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

This loan has been fully settled and the account was closed on 4 September 2015.

(b) Bai Bithaman Ajil ("BBA") MBB

The Company entered into an arrangement on 18 September 2006 to finance an additional printing machine, mailroom system and renovation of building at Kompleks Sri Utusan, Bangi under BBA Term Financing amounting up 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 Company only made a drawdown of RM37,265,854, with a similar maturity date.

Details of BBA Term Financing are as follows:

Amount:	RM37,265,854
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 a monthly basis until full settlement whilst principal repayment on an annual basis as prescribed in repayment 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 2015

24. LOANS AND BORROWINGS (CONTD.)

(c) Commodity Murabahah Term Financing (CMTF MBB 1)

The Company 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 and electrical, and utilities work costs for both the Company's printing plants in Tebrau, Johor and Gong Badak, Terengganu under Commodity Murabahah Term Financing amounting up to RM17,631,000.

The Company has made a drawdown of RM13,391,445, with a maturity date of 9 May 2019.

Details of Commodity Murabahah Term Financing are as follows:

Amount:	RM13,391,445
Tenure:	8 years
Profit rate:	Cost of Fund + 1.25% per annum
Start date:	9 August 2012
Maturity date:	9 May 2019

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

The securities of the above facility are as follows:

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 the Company's existing and future assets at Tebrau and Gong Badak plants.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

24. LOANS AND BORROWINGS (CONTD.)

(d) Commodity Murabahah Term Financing (CMTF MBB 2)

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

The Company has made a drawdown of RM40,109,392, with a maturity date of 13 January 2021.

Details of Commodity Murabahah Term Financing are as follows:

Amount:	RM40,109,392
Tenure:	10 years
Profit rate:	Cost of Fund + 1.25% per annum
Start date:	13 October 2012
Maturity date:	13 January 2021

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

The securities of the above facility are as follows:

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 the Company existing and future assets at Seberang Jaya plant.

(e) Bai Bithaman Ajil ("BBA") Affin

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

The Company only made a drawdown of RM59,653,095, with a maturity date of 01 April 2021.

Details of BBA Term Financing are as follows:

Amount:	RM59,653,095
Tenure:	10 years, inclusive of 2 years grace period after first drawdown
Profit rate:	Cost of Fund + 0.75% per annum
Start date:	1 July 2014
Maturity date:	1 April 2021

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

24. LOANS AND BORROWINGS (CONTD.)

(e) Bai Bithaman Ajil ("BBA") Affin (contd.)

The BBA Term Financing profit payments shall be made on a monthly basis until full settlement whilst principal repayment on a quarterly basis as prescribed in repayment 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: PT667 Section 92 at Jalan Chan Sow Lin, Kuala Lumpur (formerly known as Lots 234, 236, 238, 240, 433 & 545, Section 92, Town and District of Kuala Lumpur); and
- (ii) Specific debenture over the above-stated parcel of land and building erected thereon at Jalan Chan Sow Lin, Kuala Lumpur.

(f) Term Loan Facilities ('TL 1 & TL 2')

The Group through its subsidiary Juasa Holdings Sdn Bhd ("Juasa") entered into an arrangement on 26 April 2013 to part-finance the purchase of 2 units of freehold intermediate 4-storey shop office known as Parcel No. 2 & 3, Kencana Square, Glenmarie Shah Alam for an aggregate amount up to RM13.3 million. The first drawdown was made on 23 April 2014.

The Group has made a drawdown of RM2,565,602 as at reporting date as the shop offices are still under construction.

Details of Term Loan Facilities are as follows:

Amount:	RM2,565,602
Tenure:	15 years, inclusive of 4 years grace period after first drawdown
Profit rate:	Base Lending Rate - 1.25% per annum
Start date:	To commence upon full disbursement or forty-eight (48) months from the date of Sale & Purchase Agreements.

The Term Loan Facilities profit and principal payments shall be made on a quarterly basis until full settlement as prescribed in repayment schedule.

The securities of the above facilities are as follows:

- (i) 1st party 1st legal charge over the above 4-storey shop offices. Pending issuance of individual title, loan agreement cum assignment over the same unit;
- (ii) Debenture for RM13.3 million over present and future assets of the Juasa;
- (iii) Fresh assignment of rental proceeds over financed property within one (1) year after completion of property; and
- (iv) Fixed charge over Designated Accounts.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

24. LOANS AND BORROWINGS (CONTD.)

(g) Istisna' Term Financing ("TF-i 1 to TF-i 8")

The Group, through its subsidiary, Utusan Land Sdn Bhd entered into an arrangement on 21 May 2014 to part-finance the purchase of 1 unit of freehold intermediate 8-storey retail offices known as Parcel Unit C-07, Project Aeropod Phase 2a, located at Kota Kinabalu, Sabah for an aggregate amount up to RM6.2 million. The first drawdown was made on 1 July 2015.

The Group only made a drawdown of RM557,920 at reporting date as the retail offices are still under construction.

Details of Term Loan Facilities are as follows:

Amount:	RM557,920
Tenure:	18 years, inclusive of 3 years grace period after first drawdown
Profit rate:	Base Financing Rate - 1.00% per annum
Start date:	To commence upon full disbursement or 36 months from the date of initial drawdown whichever is earlier

The Istisna' Term Financing profit and principal repayments shall be made on a monthly basis until full settlement as prescribed in repayment schedule.

The securities of the above facilities are as follows:

- (i) 1st party 1st legal charge over the above stated 8-storey retail offices. Pending issuance of individual title, loan agreement cum assignment over the same unit;
- (ii) Pledged deposit totaling RM153,252;
- (iii) A charge and assignment over Escrow Account to capture the rental proceeds;
- (iv) Corporate Guarantee for RM15,653,599 by Utusan Melayu (Malaysia) Berhad.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

24. LOANS AND BORROWINGS (CONTD.)

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Bankers acceptance	3.9	3.8	3.8	3.9
Revolving credits	5.7	5.2	5.7	4.9
Islamic Term Loan	-	7.0	-	7.0
Bai Bithaman Ajil MBB	4.7	4.7	4.7	4.7
CMTF MBB 1	5.0	4.8	5.0	4.8
CMTF MBB 2	5.0	4.8	5.0	4.8
Bai Bithaman Ajil Affin	4.2	4.0	4.2	4.0
Term Loan Facilities ("TL 1 & TL 2")	5.6	5.6	-	-
Istisna' Term Financing ("TF-i 1 to TF-i 8")	5.6	-	-	-

The remaining loans and borrowings are secured by the following:

- negative pledges 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Trade payables (a)				
- Third parties	10,948,794	10,971,771	2,795,139	3,066,504
- Associate	-	728,705	-	-
	10,948,794	11,700,476	2,795,139	3,066,504
Other payables				
Accrued operating expenses	27,880,330	25,583,956	20,858,455	16,195,976
Provisions (d)	5,144,908	3,723,617	3,699,333	2,306,583
Other payables (b)	24,400,907	19,974,484	18,530,483	15,559,124
Deposits	9,953,503	8,337,089	8,979,732	5,872,024
Due to related parties (c):				
- Associates	329,922	827,543	-	530,573
- Subsidiaries	-	-	23,638,628	28,169,138
- Related entity	-	20,000,000	-	20,000,000
	67,709,570	78,446,689	75,706,631	88,633,418
Total current	78,658,364	90,147,165	78,501,770	91,699,922
Non-current				
Due to related parties (c)	28,000,000	-	28,000,000	-
Total trade and other payables	106,658,364	90,147,165	106,501,770	91,699,922
Add: Loans and borrowings (Note 24)	188,913,875	217,803,219	174,356,067	212,828,006
Less: Provisions	(5,144,908)	(3,723,617)	(3,699,333)	(2,306,583)
Total financial liabilities carried at amortised cost	290,427,331	304,226,767	277,158,504	302,221,345

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2014: 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 (2014: average term of six months).

(c) Amounts due to related parties

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

25. TRADE AND OTHER PAYABLES (CONTD.)

(d) Provisions

Provision for litigation

The provision for litigation relates to legal claims against the Company from third parties. The Company has made provision based on the solicitor's estimate of the settlement consideration and probable outcome assessed on a case-by-case basis.

Provision for returns

The provision for returns is an estimated amount based on historical and trend of individual product for newspaper and magazine.

Movement of provision for litigation and returns during the year is as follows:

	Provision for litigation RM	Provision for returns RM	Total RM
Group			
At 1 January 2015	1,070,000	2,653,617	3,723,617
Additional provision (Note 8)	1,930,000	3,220,596	5,150,596
Utilisation of provision	(340,000)	(3,389,305)	(3,729,305)
At 31 December 2015	2,660,000	2,484,908	5,144,908
At 1 January 2014	-	2,150,140	2,150,140
Additional provision (Note 8)	1,070,000	2,653,617	3,723,617
Utilisation of provision	-	(2,150,140)	(2,150,140)
At 31 December 2014	1,070,000	2,653,617	3,723,617
Company			
At 1 January 2015	1,070,000	1,236,583	2,306,583
Additional provision (Note 8)	1,930,000	1,775,021	3,705,021
Utilisation of provision	(340,000)	(1,972,271)	(2,312,271)
At 31 December 2015	2,660,000	1,039,333	3,699,333
At 1 January 2014	-	1,236,583	1,236,583
Additional provision (Note 8)	1,070,000	1,236,583	2,306,583
Utilisation of provision	-	(1,236,583)	(1,236,583)
At 31 December 2014	1,070,000	1,236,583	2,306,583

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

26. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015 RM	2014 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.

27. OTHER RESERVES

	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Capital reserve RM	Total RM
Group				
At 1 January 2015	(13,142)	308,199	5,080,000	5,375,057
Net loss on available-for-sale financial assets				
- Loss on fair value changes	(113,208)	-	-	(113,208)
- Transfer to profit or loss upon disposal	(218,086)	-	-	(218,086)
Effect of disposal of an associate recognised directly in equity (Note 15)	-	-	(5,080,000)	(5,080,000)
Foreign currency translation	-	(13,110)	-	(13,110)
At 31 December 2015	(344,436)	295,089	-	(49,347)
At 1 January 2014	5,603,692	309,162	5,080,000	10,992,854
Net loss on available-for-sale financial assets				
- Loss on fair value changes	(965,224)	-	-	(965,224)
- Transfer to profit or loss upon disposal	(4,651,610)	-	-	(4,651,610)
Foreign currency translation	-	(963)	-	(963)
At 31 December 2014	(13,142)	308,199	5,080,000	5,375,057

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

27. OTHER RESERVES (CONTD.)

	Fair value adjustment reserve RM	Total RM
Company		
At 1 January 2015	13,288	13,288
Net gain on available-for-sale financial assets		
- Gain on fair value changes	27,571	27,571
At 31 December 2015	40,859	40,859
At 1 January 2014	1,767,573	1,767,573
Net loss on available-for-sale financial assets		
- Loss on fair value changes	(313,632)	(313,632)
- Transfer to profit or loss upon disposal	(1,440,653)	(1,440,653)
At 31 December 2014	13,288	13,288

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 off or impaired.

(b) 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.

(c) 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. The share options have been fully forfeited in prior year.

(d) Capital reserve

The capital reserve 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 reserve utilised is reflected at the Group level by a transfer from distributable consolidated retained earnings to the non-distributable consolidated capital reserve because it is a capital transaction.

During the year, the Group has disposed off its entire 40% equity interest in an associate as disclosed in Note 15. Accordingly the capital reserve was transferred and recognised directly in distributable equity.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

28. COMMITMENTS

(a) Capital commitments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Approved and contracted for:				
Property, plant and equipment	22,487,250	37,070,946	603,667	1,439,290

(b) Obligation under hire purchase and leasing payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Future minimum hire purchase and leasing payables:				
Within and up to one year	20,660	789,299	131,051	861,610
After one and up to two years	2,599	20,660	58,664	107,519
After two and up to five years	-	2,599	52,925	35,132
	23,259	812,558	242,640	1,004,261
Less: Future finance charges	(570)	(52,129)	(20,905)	(69,443)
Present value of finance liabilities	22,689	760,429	221,735	934,818
Present value of hire purchase and leasing payables:				
Within and up to one year	20,106	737,604	119,095	798,865
After one and up to two years	2,583	20,242	53,766	101,412
After two and up to five years	-	2,583	48,874	34,541
	22,689	760,429	221,735	934,818
Analysed as:				
Due within twelve months (Note 24)	20,106	737,604	119,095	798,865
Due after twelve months (Note 24)	2,583	22,825	102,640	135,953
Total	22,689	760,429	221,735	934,818

The hire purchase and leasing payables bear interests at the reporting date at rates of between 2.6% to 4.0% (2014: 1.5% to 4.0%) per annum.

Included in the hire purchase payables of the Company is an amount due to a subsidiary of RM221,735 (2014: RM230,329).

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

29. CONTINGENT LIABILITIES

Material litigation

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statement. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence and non-occurrence of one or more uncertain future events beyond the control of the Group and Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be measured reliably.

The Group and the Company have several material pending legal suits whereby the Group and the Company are defendants in 22 ongoing alleged defamation legal suits amounting approximately RM 5 million.

Several suits for defamation were brought by various politicians against the Company for newspaper reports published in the Company's newspapers. Directors have been advised and are of the considered view that the Company has 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 are 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 to RM300,000. 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.

The Group has in place insurance coverage against damages for defamation legal suits, if any, awarded against it.

Based on the above and after taking appropriate legal advice, the Directors are of the considered view 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 2015

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:

	2015 RM	2014 RM
Group		
Services rendered by associates	5,849,660	7,785,004
Advances received from related entity	8,000,000	20,000,000
Company		
Services rendered by subsidiaries	9,410,683	10,683,038
Rental income from subsidiaries	573,300	573,300
Interest income from subsidiaries	77,393	92,211
Commission income from subsidiaries	814,550	2,326,420
Purchase of property, plant and equipment	-	100,000
Transfer of property, plant and equipment from subsidiaries	-	15,358
Advances received from related entity	8,000,000	20,000,000

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

(b) Compensation of key management personnel

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short-term employee benefits	3,405,014	3,636,374	1,888,821	2,188,663
Post-employment benefits:				
- Defined contribution plan	511,198	531,372	264,856	294,219
	3,916,212	4,167,746	2,153,677	2,482,882

Included in the total key management personnel remuneration are:

	Group and Company	
	2015 RM	2014 RM
Directors' remuneration (Note 6)	1,298,011	2,063,599

(c) Government-related entities

The Group is a government-related entity by virtue of the Company's major shareholder, United Malays National Organisation ("UMNO"), which is holding 49.77% of the Company's equity. UMNO is one of the member parties under Barisan Nasional, Malaysia's federal ruling political force.

The Group has transactions with government-related entities including, but not limited to, printing and publishing of newspapers and books as well as advertising. The transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not government-related.

(i) Individually significant transactions because of size of transactions

The Company, through Utusan Airtime Sdn Bhd, a subsidiary of the Group, was granted a contract from the Ministry of Information to service as a marketing agent for Radio Televisyen Malaysia's ("RTM") television and radio air time. On 8 February 2014, the Company has secured an extension of the contract for another 2 years. The aggregate revenue recognised in the form of commission received for the year ended 31 December 2015 amounted to RM13.7 million (2014: RM16.7 million).

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

(c) Government-related entities (contd.)

(ii) Collective, but not individually significant transactions

For the financial year ended 31 December 2015, the Group estimates that the total amount of significant transactions with other government-related entities are at least 16% (2014: 15%) of total revenue out of which 94% (2014: 91%) are generated by the Publishing, Distribution and Advertisement segment.

(iii) Government-related financial institution

For the financial year ended 31 December 2015, the Group estimates that the total amount of transactions with government-related financial institutions are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest income	192,180	243,726	-	-
Interest expenses	9,522,731	8,182,294	9,258,129	8,022,928
Balance as at 31 December:				
Cash and bank balances	27,611,105	64,452,901	5,977,543	36,197,230
Loans and borrowings	188,913,875	217,803,219	174,134,332	211,893,188

31. SIGNIFICANT EVENTS

- On 14 January 2015 the Board of Directors of the Company had announced to Bursa that the Company had signed a Memorandum of Understanding with Renet Asia Sdn Bhd ("Renet") for the sole purpose of outlining the intent and interest of both Renet and the Company to collaborate in the marketing, licensing and distribution of Renet's interactive Learning Products.
- On 16 February 2015 the Board of Directors of the Company had announced to Bursa that the Company had entered into a facility agreement ("the Facility Agreement") with Affin Islamic Bank Berhad for the granting of Tawarruq Revolving Credit-i facility of up to RM30,000,000 only, upon such terms and subject to the conditions contained in the Facility Agreement.
- On 23 April 2015 the Board of Directors of the Company had announced to Bursa that the Company had entered into a Share Sale Agreement with Schwan-STABILO Schwanh u ser Finanzholding GMBH ("Schwan"), the existing shareholder of Swan Malaysia Sdn Bhd ("Swan") to dispose its entire 40% equity interest amounting to 6,000,000 ordinary shares of RM1.00 each in Swan to Schwan for a cash consideration of RM31,800,000. The disposal was completed on 24 July 2015.
- On 25 August 2015 the Board of Directors of the Company had announced to Bursa that the Company had signed a Memorandum of Understanding with Vamed Healthcare Services Sdn Bhd for the purpose of conducting a feasibility study of applying VAMED solutions and expertise in order to improve the delivery of healthcare services within the public and private healthcare sectors of Malaysia.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

31. SIGNIFICANT EVENTS (CONTD.)

- (e) On 17 December 2015 the Board of Directors of the Company had announced to Bursa that Utusan Land Sdn Bhd ("ULand"), a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with MHA59 Sdn Bhd for the disposal of 100,000 ordinary shares of RM1.00 each which represents 20% of the total issued and paid-up capital in Maqamad Sdn Bhd for a cash consideration of RM48 million. The agreement was completed on the same day.

32. 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/profit 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/profit rate risk

Interest/profit rate risk 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 and the Company's exposure to interest/profit rate arises primarily from their loans and borrowings and loans at floating rates given to related parties.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. The Group finances its operations through operating cash flows and borrowings. The Group's policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

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

(a) Interest/profit rate risk (contd.)

The following tables set out the carrying amounts, the weighted average effective interest/profit rates ("WAEIR") and the remaining maturities of the Group's financial asset/(liabilities) as at reporting date:

	Note	WAEIR	Within1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
Group							
At 31 December 2015							
Fixed rate							
Islamic Term Loan	24	-	-	-	-	-	-
Hire purchase and finance lease payables	28	2.6%	(20)	(3)	-	-	(23)
Deposits with:							
- Licensed banks	21	3.3%	1,775	-	-	-	1,775
- Licensed financial institutions	21	3.6%	1,454	-	-	-	1,454
- Money market institutions	21	3.1%	211	-	-	-	211
Floating rate							
Bai Bithaman Ajil MBB	24	4.7%	(6,266)	-	-	-	(6,266)
Commodity Murabahah Floating rate Term Financing (CMTF MBB 1)	24	5.0%	(1,763)	(1,763)	(2,372)	-	(5,898)
Commodity Murabahah Term Financing (CMTF MBB 2)	24	5.0%	(4,400)	(4,400)	(13,200)	(509)	(22,509)
Bai Bithaman Ajil Affin	24	4.2%	(5,750)	(9,000)	(36,000)	(3,653)	(54,403)
Term Loan Facilities (TL 1 & TL 2')	24	5.6%	(1,208)	(1,208)	(3,624)	(5,471)	(11,511)
Istisna' Term Financing (“TF-i 1 to TF-i 8”)		5.6%	(385)	(173)	-	-	(558)
Bankers acceptance	24	3.9%	(14,146)	-	-	-	(14,146)
Revolving credits	24	5.7%	(9,600)	(8,000)	(19,000)	(37,000)	(73,600)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

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

(a) Interest/profit rate risk (contd.)

The following tables set out the carrying amounts, the weighted average effective interest/profit rates ("WAEIR") and the remaining maturities of the Group's financial asset/(liabilities) as at reporting date (contd.):

	Note	WAEIR	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
Group (contd.)							
At 31 December 2014							
Fixed rate							
Islamic Term Loan	24	7.0%	(2,000)	-	-	-	(2,000)
Hire purchase and finance lease payables	28	2.4%	(738)	(20)	(3)	-	(761)
Deposits with:							
- Licensed banks	21	3.1%	1,570	-	-	-	1,570
- Licensed financial institutions	21	3.8%	4,800	-	-	-	4,800
- Money market institutions	21	2.8%	205	-	-	-	205
Floating rate							
Bai Bithaman Ajil MBB	24	4.7%	(7,000)	(6,266)	-	-	(13,266)
Commodity Murabahah Term Financing (CMTF MBB 1)	24	4.8%	(1,763)	(1,763)	(4,135)	-	(7,661)
Commodity Murabahah Term Financing (CMTF MBB 2)	24	4.8%	(4,400)	(4,400)	(13,200)	(4,909)	(26,909)
Bai Bithaman Ajil Affin	24	4.2%	(3,500)	(5,750)	(31,000)	(17,653)	(57,903)
Term Loan Facilities (TL 1 & TL 2)	24	5.6%	(1,208)	(1,208)	(150)	-	(2,566)
Bankers acceptance	24	3.8%	(30,338)	-	-	-	(30,338)
Revolving credits	24	5.2%	(76,400)	-	-	-	(76,400)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

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

(a) Interest/profit rate risk (contd.)

The following tables set out the carrying amounts, the weighted average effective interest/profit rates ("WAEIR") and the remaining maturities of the Group's financial asset/(liabilities) as at reporting date (contd.):

	Note	WAEIR	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
Company							
At 31 December 2015							
Fixed rate							
Islamic Term Loan	24	-	-	-	-	-	-
Hire purchase and finance lease payables	28	3.9%	(119)	(54)	(49)	-	(222)
Floating rate							
Bai Bithaman Ajil MBB	24	4.7%	(6,266)	-	-	-	(6,266)
Commodity Murabahah Term Financing (CMTF MBB 1)	24	5.0%	(1,763)	(1,763)	(2,372)	-	(5,898)
Commodity Murabahah Term Financing (CMTF MBB 2)	24	5.0%	(4,400)	(4,400)	(13,200)	(509)	(22,509)
Bai Bithaman Ajil Affin	24	4.2%	(5,750)	(9,000)	(36,000)	(3,653)	(54,403)
Bankers acceptance	24	3.8%	(13,058)	-	-	-	(13,058)
Revolving credits	24	5.7%	(8,000)	(8,000)	(19,000)	(37,000)	(72,000)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

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

(a) Interest/profit rate risk (contd.)

The following tables set out the carrying amounts, the weighted average effective interest/profit rates ("WAEIR") and the remaining maturities of the Group's financial asset/(liabilities) as at reporting date (contd.):

	Note	WAEIR	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000	Total RM'000
Company (contd.)							
At 31 December 2014							
Fixed rate							
Islamic Term Loan	24	7.0%	(2,000)	-	-	-	(2,000)
Hire purchase and finance lease payables	28	2.7%	(799)	(101)	(35)	-	(935)
Floating rate							
Bai Bithaman Ajil MBB	24	4.7%	(7,000)	(6,266)	-	-	(13,266)
Commodity Murabahah Term Financing (CMTF MBB 1)	24	4.8%	(1,763)	(1,763)	(4,135)	-	(7,661)
Commodity Murabahah Term Financing (CMTF MBB 2)	24	4.8%	(4,400)	(4,400)	(13,200)	(4,909)	(26,909)
Bai Bithaman Ajil Affin	24	4.2%	(3,500)	(5,750)	(31,000)	(17,653)	(57,903)
Bankers acceptance	24	3.7%	(29,154)	-	-	-	(29,154)
Revolving credits	24	5.2%	(75,000)	-	-	-	(75,000)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

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

(a) Interest/profit rate risk (contd.)

Interests/profit rate on borrowings that are subject to floating rate are contractually repriced within a year. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Sensitivity analysis for interest/profit rate risk

At the reporting date, if interest/profit rates had been 10 basis points lower/higher, with all other variables held constant, the Group and the Company's profit net of tax would have been RM141,250 (2014: RM161,282) and RM130,601 (2014: RM157,420) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on a 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 exposure 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 actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises funding from 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 2015

32. 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.

	←----- 2015 -----→		
	On demand or within one year RM	More than one year RM	Total RM
Group			
Trade and other payables (Note 25)	73,513,456	28,000,000	101,513,456
Loans and borrowings	49,431,293	154,217,513	203,648,806
Total undiscounted financial liabilities	122,944,749	182,217,513	305,162,262
Company			
Trade and other payables (Note 25)	74,802,437	28,000,000	102,802,437
Loans and borrowings	44,982,614	141,635,032	186,617,646
Total undiscounted financial liabilities	119,785,051	169,635,032	289,420,083
	←----- 2014 -----→		
	On demand or within one year RM	More than one year RM	Total RM
Group			
Trade and other payables (Note 25)	86,423,548	-	86,423,548
Loans and borrowings	133,976,842	99,562,686	233,539,529
Total undiscounted financial liabilities	220,400,390	99,562,686	319,963,077
Company			
Trade and other payables (Note 25)	89,393,339	-	89,393,339
Loans and borrowings	130,104,284	98,290,031	228,394,314
Total undiscounted financial liabilities	219,497,623	98,290,031	317,787,653

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

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

(d) Credit risk

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

The credit risk of the Group's other financial assets, which comprise cash and bank balances, 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 18. 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 16 and Note 18.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

33. FAIR VALUES OF FINANCIAL INSTRUMENT

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

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 2015					
Financial assets					
Non-current					
<i>Available-for-sale financial assets</i>					
Equity instruments, unquoted in Malaysia, at cost	16	10,000	*	10,000	*
<i>Other investments</i>					
Preference shares, unquoted in Malaysia	16	-	*	-	*
Club membership, unquoted at cost	16	96,000	*	-	*
Financial liabilities					
Non-current					
<i>Fixed rate loans and borrowings</i>					
Hire purchase and finance lease payables	28	2,583	2,533	102,640	99,527

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

33. FAIR VALUES OF FINANCIAL INSTRUMENT (CONTD.)

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (contd.)

	Note	Group		Company	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
At 31 December 2014					
Financial assets					
Non-current					
<i>Available-for-sale financial assets</i>					
Equity instruments, unquoted in Malaysia, at cost	16	1,282,502	*	-	-
<i>Other investments</i>					
Preference shares, unquoted in Malaysia	16	-	*	-	*
Club membership, unquoted at cost	16	96,000	*	-	*
Financial liabilities					
Non-current					
<i>Fixed rate loans and borrowings</i>					
Hire purchase and finance lease payables	28	22,825	22,669	153,953	134,942

* 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

33. FAIR VALUES OF FINANCIAL INSTRUMENT (CONTD.)

- (a) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (contd.)**

Determination of fair value of fixed rate loans and 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.

- (b) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of their fair value:

	Note
Trade and other receivables (current and non-current)	18
Floating rate loan and borrowings (current and non-current)	24
Trade and other payables (current)	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

- (c) **Fair value of financial instruments that are carried at fair value**

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Note	Quoted prices in active markets for identical instruments (Level 1)	
		2015 RM	2014 RM
Group			
<i>Available-for-sale financial assets</i>			
Equity instruments, quoted in Malaysia	16	1,210,536	2,391,828
<i>Held-for-trading</i>			
Investment securities, quoted in Malaysia	16	1,780,546	2,585,650

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

33. FAIR VALUES OF FINANCIAL INSTRUMENT (CONTD.)

(c) Fair value of financial instruments that are carried at fair value (contd.)

	Note	Quoted prices in active markets for identical instruments (Level 1)	
		2015 RM	2014 RM
Company			
<i>Available-for-sale financial assets</i>			
Equity instruments, quoted in Malaysia	16	89,829	62,258

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 prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the financial years ended 31 December 2015 and 2014.

Determination of fair value of quoted equity instrument

Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

34. CAPITAL MANAGEMENT

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

The Group manages its capital structure and may issue new shares to maintain desired capital ratios. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio which is based on loans and borrowings. In maintaining the policy to keep the gearing ratio within certain percentages, the Group is exploring fund raising proposals to address the capital requirements.

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans and borrowings	24	188,914	217,803	174,356	212,828
Equity attributable to the owners of the parent		172,655	193,921	102,474	97,969
Gearing ratio		109%	112%	170%	217%

35. 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 2015

35. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements RM	Printing and multimedia RM	Information technology and others RM	Investment holding, management services and others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
At 31 December 2015							
Revenue							
External customers	242,548,467	-	-	6,318,112	-		248,866,579
Inter-segment	9,221,183	-	-	408,711	(9,629,894)	A	-
Total revenue	251,769,650	-	-	6,726,823	(9,629,894)		248,866,579
Results							
Interest income	664,595	-	306	563,504	(606,026)		622,379
Dividend income	53,000,000	-	-	104,442	(53,000,000)		104,442
Depreciation and amortisation	20,390,032	146,996	3,208	376,265	(20,000)		20,896,501
Share of results of associates	-	-	-	-	1,272,152		1,272,152
Other non-cash expenses	12,920,839	-	(60,000)	1,642,090	(4,171,680)	B	10,331,249
Segment profit/(loss)	8,252,763	(78,017)	(655,048)	48,016,601	(72,887,554)	C	(17,351,255)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

35. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements RM	Printing and multimedia RM	Information technology RM	Investment holding, management services and others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
At 31 December 2015 (contd.)							
Assets							
Investment in associates	69,000	-	-	-	1,008,214		1,077,214
Segment assets	478,006,017	1,149,618	485,112	109,772,256	(120,103,642)	D	469,309,361
Liabilities							
Segment liabilities	358,401,379	96,214	10,286,914	69,702,198	(141,832,573)	E	296,654,132

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

35. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements RM	Printing and multimedia RM	Information technology RM	Investment holding, management services and others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
At 31 December 2014							
Revenue							
External customers	281,330,362	-	297,150	9,567,709	-		291,195,221
Inter-segment	10,284,871	-	156,650	531,235	(10,972,756)	A	-
Total revenue	291,615,233	-	453,800	10,098,944	(10,972,756)		291,195,221
Results							
Interest income	1,142,420	-	-	492,090	(722,941)		911,569
Dividend income	13,297,792	-	-	437,805	(13,200,000)		535,597
Depreciation and amortisation	20,339,941	146,996	29,080	362,823	(8,333)		20,870,507
Share of results of associates	-	-	-	-	2,647,887		2,647,887
Other non-cash expenses	43,273,007	-	2,650	4,033,702	(1,177,304)	B	46,132,055
Segment loss	(72,206,992)	(73,290)	(176,404)	(1,725,721)	(9,467,508)	C	(83,649,915)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

35. SEGMENT INFORMATION (CONTD.)

	Publishing, distribution and advertisements RM	Printing and multimedia RM	Information technology and multimedia RM	Investment holding, management services and others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
At 31 December 2014 (contd.)							
Assets							
Investment in associates	999,000	-	-	-	25,159,991		26,158,991
Segment assets	506,264,393	1,306,019	451,705	55,518,556	(61,216,604)	D	502,324,069
Liabilities							
Segment liabilities	386,645,020	93,326	9,598,459	14,799,841	(102,733,090)	E	308,403,556

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

35. 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	2015 RM'000	2014 RM'000
Inventories written down/off	8	470	757
Provisions/(reversal)	8	3,439	(1,261)
Impairment of financial assets	8	6,422	46,636
		10,331	46,132

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

	2015 RM'000	2014 RM'000
Share of results of associates	1,272	2,648
Elimination of dividend	(53,000)	(13,200)
Unallocated corporate expenses	124,616	20,020
	72,888	9,468

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

	2015 RM'000	2014 RM'000
Investment in associates	1,272	25,160
Inter-segment assets	(121,376)	(86,377)
	(120,104)	(61,217)

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

	2015 RM'000	2014 RM'000
Loans and borrowings	(222)	(230)
Inter-segment liabilities	(141,611)	(102,503)
	(141,833)	(102,733)

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

35. SEGMENT INFORMATION (CONTD.)

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

	Note	2015 RM'000	2014 RM'000
Property, plant and equipment	11	250,892	285,718
Investment properties	12	45,312	16,894
Intangible assets	13	2,140	2,184
		298,344	304,796

Notes To The Financial Statements

For The Financial Year Ended 31 December 2015

36. SUPPLEMENTARY INFORMATION

Breakdown of retained profits into realised and unrealised

	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	48,403	27,417
- Unrealised loss	(2,763)	(309)
	45,640	27,108
Total share of retained profits from associated companies		
- Realised	1,008	24,915
- Unrealised loss	-	245
	1,008	25,160
	46,648	52,268
Add: Consolidation adjustments	(35,380)	(25,160)
Total Group retained profits as per consolidated financial statements	11,268	27,108

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 2015

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2015
Lot PT 667, Section 92 No. 44, Jalan Utusan Off Jalan Chan Sow Lin Kuala Lumpur (D/P : 05.12.2011)	8 Storey Building	Headquarters of Utusan Melayu (Malaysia) Berhad, Utusan Media Sales Sdn Bhd, Juasa Holdings Sdn Bhd, Utusan Land Sdn Bhd and Karya Outdoor Sdn Bhd	94,874	383,000	Lot 234 & 236 Lot 238 & 240 Lot 433 & 545 Leasehold (06.01.2109)	85,027,635
Lot 285, Section 92 Off Jalan Chan Sow Lin Kuala Lumpur (D/P: 13.01.2011)	3 Storey Building	Rented Out	20,398	11,830	Leasehold (12.01.2071)	1,139,622
Lot 6, Industrial Estate Section 10, Bandar Baru Bangi Selangor (D/P : 20.12.1995)	Factory Building	Utusan's Printing Complex	683,260	273,601	Leasehold (19.08.2098)	64,016,862
Lot 3055 Lorong Jelawat 1 Seberang Jaya Industrial Estate Prai, Penang (D/P: 10.10.1977)	Factory Building	Utusan's Printing Plant	174,240	85,835	Leasehold (12.12.2035)	15,303,432
Lot 184, Jalan Lima Off Jalan Chan Sow Lin Kuala Lumpur (D/P: 29.09.2011)	Building Under Construction	Development For Commercial Purpose	51,972	41,670	Leasehold (14.12.2063)	6,247,098
Lot PTD 53920 Jalan Firma 2/1 Tebrau Industrial Estate Johor Bahru, Johor (D/P : 03.04.1991)	Factory Building	Utusan's Printing Plant	170,311	21,410	Freehold	4,675,377
Lot 15367, Gong Badak Industrial Estate Kuala Terengganu Terengganu (D/P : 28.03.1991)	Factory Building	Utusan's Printing Plant	130,684	22,000	Leasehold (27.03.2051)	3,830,484
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)	5 Storey Shophouse	Utusan Airtime Sdn Bhd's Office/ Rented Out	5,533	24,170	Leasehold (16.12.2086)	2,930,565

(Note: D/P – Date of Purchase)

* Note 23: Non-current asset classified as held for sale

List Of Properties

As at 31 December 2015

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2015
VS25-06 & LV23-01 The Bellezza Permata Hijau, Jalan Arteri Permata Hijau 12210, Jakarta Selatan Jakarta, Indonesia (D/P : 27.06.2007)	Apartments	Office/Residence	-	5,984	Freehold	2,561,148
1 & 3, Jalan 3/91A Taman Shamelin Perkasa, Cheras Kuala Lumpur (D/P : 13.01.1994)	3 ½ Storey Terrace Factory	Utusan Publications & Distributors Sdn Bhd's Office	13,552	12,015	Freehold	2,310,243
No. 17A, B & C Jalan Diplomatik 2/2 Presint 15 Presint Diplomatik 62000 Putrajaya (D/P: 20.10.2010)	4 Storey Shophouse	Utusan's Office	-	5,025	Freehold	1,722,909
46M, Jalan Lima Off Jalan Chan Sow Lin Kuala Lumpur (D/P: 10.12.1959)	Office Building	Utusan's Office (Marketing Branch)	63,855	49,368	Lot 187 Leasehold (02.06.2057) Lot 268 Leasehold (30.01.2062)	1,585,577
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)	1,132,404
No. 34, Pusat Niaga Paya Keladi Kuala Terengganu Terengganu (D/P : 05.05.2008)	2 Storey Shophouse	Utusan's Office	1,431	2,500	Leasehold (10.12.2104)	1,058,417
34, Jalan Argyll Georgetown, Penang (D/P: 01.07.1976)	2 Storey Shophouse	Utusan's Office	1,280	1,995	Leasehold (27.09.2049)	458,231
11A, Jalan 14/22, Petaling Jaya, Selangor (D/P: 23.10.1989)	4 Storey Shophouse	Rented Out	1,539	5,830	Leasehold (16.12.2086)	438,390
32, Jalan Argyll Georgetown, Penang (D/P: 28.08.1969)	2 Storey Shophouse	Rented Out	1,280	1,995	Leasehold (26.09.2049)	418,133
24, Jalan Serampang Taman Pelangi Johor Bahru, Johor (D/P: 27.10.1980)	3 Storey Shophouse	Utusan's Office	1,920	5,358	Freehold	389,332

(Note: D/P – Date of Purchase)

List Of Properties

As at 31 December 2015

Location	Description	Existing Use	Land Area (sq. ft)	Built-Up Area (sq. ft)	Tenure	Net Book Value (RM) 31.12.2015
D-05-2, Blok D Plaza Glomac No. 6, Jalan SS7/19 Kelana Jaya Petaling Jaya, Selangor (D/P: 01.05.2011)	2 Storey Shophouse (Commercial Unit)	Rented Out	1,292	1,292	Leasehold (26.03.2109)	357,272
Lot 170, 170-A & Lot 170-B, Kompleks Alor Setar, Jalan Kancut 05100 Alor Setar Kedah (D/P : 12.03.2013)	Office Shop	Utusan's Office	1,013	3,040	Leasehold (26.08.2083)	348,040
Lot 171, 171-A & Lot 171-B, Kompleks Alor Setar, Jalan Kancut 05100 Alor Setar, Kedah (D/P : 12.03.2013)	Office Shop	Utusan's Office	1,013	3,040	Leasehold (26.08.2083)	348,040
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)	205,902
208, Jalan Sultan Iskandar Ipoh, Perak (D/P : 08.09.1990)	2 Storey Shophouse	Utusan's Office	1,740	2,720	Freehold	191,224
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)	166,155
19, Jalan Mengkudu Taman Makmur Batu Pahat, Johor (D/P : 02.10.1984)	2 Storey Shophouse	Utusan's Office	1,680	3,192	Freehold	115,964
358, Taman Melaka Raya, Melaka (D/P : 26.02.1982)	3 Storey Shophouse	Utusan's Office	1,400	4,160	Leasehold (04.10.2082)	108,000
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)	98,800
Jalan Hj Abdul Aziz Kuantan, Pahang (D/P : 15.07.1981)	Vacant Land	Vacant	3,267	-	Leasehold (17.09.2077)	93,400
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)	49,500

(Note: D/P – Date of Purchase)

Analysis Of Shareholdings

As at 31 March 2016

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	- 4,794
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
1 – 99	478	9.97	17,393	0.02
100 – 1,000	2,092	43.64	1,673,489	1.51
1,001 – 10,000	1,800	37.55	6,750,514	6.10
10,001 – 100,000	369	7.70	11,494,222	10.38
100,001 – 5,536,690	53	1.11	19,341,263	17.47
5,536,691 & above	2	0.04	71,456,956	64.53
TOTAL	4,794	100.00	110,733,837	100.00

DIRECT AND INDIRECT INTERESTS OF DIRECTORS

As at 31 March 2016

Names	Direct Shareholdings	Indirect Shareholdings	% of Issued Capital
Dato' Mohamad Fatmi Che Salleh	-	-	-
Datuk Mohd Noordin Abbas	-	-	-
Datuk Abdul Aziz Ishak	-	-	-
Datuk Seri Ismail Yusof	-	-	-
Datuk Seri Tengku Sariffuddin Tengku Ahmad	-	-	-
Dato' Dr. Norraesah Mohamad	-	-	-
Mohd Yusof Abu Othman	-	-	-
Datuk Md Afendi Hamdan	-	-	-

Analysis Of Shareholdings

As at 31 March 2016

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016

Names of Shareholders	Number of Shares Held	% of Issued Capital
RHB Nominees (Tempatan) Sdn Bhd (United Malays National Organisation or UMNO)	55,113,956	49.77
Nilam Setar (M) Sdn Bhd	16,343,000	14.76

List Of Top Thirty Largest Shareholders

As at 31 March 2016

Names of Shareholders	Number of Shares Held	% of Issued Capital
RHB Nominees (Tempatan) Sdn Bhd (United Malays National Organisation or UMNO)	55,113,956	49.77
Nilam Setar (M) Sdn Bhd	16,343,000	14.76
Aspirasi Sigma Sdn Bhd	3,500,000	3.16
Fasa Mahsuri Sdn Bhd	2,000,000	1.81
Tan Jin Tuan	1,044,000	0.94
TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chua Eng Ho Waa @ Chua Eng Wah)	879,900	0.79
Maybank Nominees (Tempatan) Sdn Bhd (Tay Ong Ngo @ Tay Boon Fang)	800,000	0.72
Chin Kian Fong	749,400	0.68
TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Teaw Kee)	419,200	0.38
Hussein Noordin Sdn Bhd	381,000	0.34
Maybank Nominees (Tempatan) Sdn Bhd (Chua Eng Ho Wa'a @ Chua Eng Wah)	378,100	0.34
Lee Kong Hian	374,600	0.34
Lee Yeow Hian	374,000	0.34
Tay Boon Teck	372,200	0.34
Li Liong Bee	361,800	0.33
RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Gaik Suan)	317,600	0.29
Cheah Yee Lin	314,500	0.28
RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Teaw Kee)	312,300	0.28
Rajalingam A/L RVR Singam	312,000	0.28
Chin Sin Lin	302,300	0.27
Senawang Land Sdn Bhd	289,000	0.26
Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Felix Miller)	278,300	0.25
Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tay Boon Seng)	272,000	0.25
Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yayasan Pok Dan Kassim)	261,100	0.24
HLIB Nominees (Tempatan) Sdn Bhd (Hong Leong Bank Bhd for Goh Chai Hong)	252,600	0.23
Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chin Kiam Hsung)	252,300	0.23
TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Kon Yew)	243,800	0.22
Ambank (M) Berhad (Pledged Securities Account for Rajalingam A/L RVR Singam)	235,700	0.21
Tay Ong Ngo @ Tay Boon Fang	202,600	0.18
Maybank Nominees (Tempatan) Sdn Bhd (Koo Tai Ping @ Koh Kian Tee)	201,700	0.18

this page is intentionally left blank

Proxy Form

CDS Account No. of Authorised Nominee (i)

I/We, (full name in block capitals)

NRIC No./Company No.

of

being a member/s 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 on *my/our behalf at the Forty-Eighth Annual General Meeting of the Company to be held at Dewan Besar, Level 1, Bangunan Korporat Utusan Melayu (Malaysia) Berhad, No. 44, Jalan Utusan Off Jalan Chan Sow Lin, 55200 Kuala Lumpur on Wednesday, 25 May 2016 at 11.00 a.m and at any adjournment thereof.

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

RESOLUTIONS		FOR	AGAINST
Resolution 1	AS ORDINARY BUSINESS – ORDINARY RESOLUTIONS Re-election of Datuk Seri Tengku Sariffuddin Tengku Ahmad		
Resolution 2	Re-election of Mohd Yusof Abu Othman		
Resolution 3	Re-election of Dato' Mohamad Fatmi Che Salleh		
Special Resolution 1	Re-appointment of Datuk Seri Ismail Yusof		
Resolution 4	Approval of Directors' Fee		
Resolution 5	Re-appointment of Messrs Ernst & Young as Auditors		
Resolution 6	AS SPECIAL BUSINESS – ORDINARY RESOLUTION Directors Authority Pursuant to Section 132D of the Companies Act, 1965		

Please indicate with a tick (✓) 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

- i) A member of the Company entitled to attend and vote at this meeting may appoint a proxy (or in a case of a corporation to appoint a representative) to attend and vote in his stead. A proxy need not be a member of the Company.
- ii) A member of the Company shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney or, if the appointer is a corporation, either under
- iv)
- v)

the common seal or under the hand of an officer on behalf of the corporation or attorney.

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.

To be valid the proxy form duly completed must be deposited at the Registrar's Office, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.



3. Fold this flap for sealing

2. Then fold here

AFFIX STAMP
RM0.80 HERE

**THE SHARE REGISTRAR
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur**

1. Fold here

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



www.utusangroup.com.my

