MEDIA CHINESE INTERNATIONAL LIMITED

世界華文媒體有限公司

(Incorporated in Bermuda with limited liability)
(Malaysia Company No. 995098-A)
(Hong Kong Stock Code: 685)
(Malaysia Stock Code: 5090)

ANNOUNCEMENT

FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2018

Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Media Chinese International Limited (the "Company"), a public company listed on the main market of Bursa Securities, announced the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the quarter ended 30 June 2018 to Bursa Securities on 28 August 2018.

This announcement is also made pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HK Listing Rules") and the Inside Information Provisions (as defined under the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

28 August 2018

As at the date of this announcement, the Board comprises Ms TIONG Choon, Mr TIONG Kiew Chiong and Mr LEONG Chew Meng, being executive directors; Dato' Sri Dr TIONG Ik King and Tan Sri Datuk Sir TIONG Hiew King, being non-executive directors; and Mr YU Hon To, David, Datuk CHONG Kee Yuon and Mr KHOO Kar Khoon, being independent non-executive directors.

MEDIA CHINESE INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability) (Malaysia Company No. 995098-A)
Financial report for the first quarter ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Three months ended 30 June		(Unaudited) Three months ended 30 June	
	2018	2017	**2018**	2017
	US$'000	US$'000	**RM'000** *(Note)*	RM'000 *(Note)*
Turnover	**82,032**	73,768	**331,204**	297,838
Cost of goods sold	**(56,323)**	(49,680)	**(227,404)**	(200,583)
Gross profit	**25,709**	24,088	**103,800**	97,255
Other income	**2,008**	1,854	**8,107**	7,486
Other (losses)/gains, net	**(91)**	40	**(367)**	161
Selling and distribution expenses	**(13,167)**	(12,625)	**(53,162)**	(50,973)
Administrative expenses	**(7,649)**	(7,658)	**(30,883)**	(30,919)
Other operating expenses	**(1,173)**	(1,221)	**(4,736)**	(4,930)
Operating profit	**5,637**	4,478	**22,759**	18,080
Finance costs	**(749)**	(639)	**(3,024)**	(2,580)
Share of post-tax results of joint ventures and associates	**-**	47	**-**	190
Profit before income tax	**4,888**	3,886	**19,735**	15,690
Income tax expense	**(2,030)**	(1,806)	**(8,196)**	(7,292)
Profit for the quarter	**2,858**	2,080	**11,539**	8,398
Profit/(loss) attributable to:				
Owners of the Company	**3,042**	2,348	**12,282**	9,480
Non-controlling interests	**(184)**	(268)	**(743)**	(1,082)
	2,858	2,080	**11,539**	8,398
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	**0.18**	0.14	**0.73**	0.57
Diluted (US cents/sen) #	**0.18**	0.14	**0.73**	0.57

\# *Refer to B11 for calculations of basic and diluted earnings per share*

Note: The presentation currency of this unaudited financial information is United States Dollar ("US$"). Supplementary information in Malaysian Ringgit ("RM") for the quarter ended 30 June 2018 with comparatives is shown for reference only and has been made at the same exchange rate of US$1 to RM4.0375 ruling at 30 June 2018. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Three months ended 30 June		(Unaudited) Three months ended 30 June	
	2018	2017	**2018**	2017
	US$'000	US$'000	**RM'000**	RM'000
			(Note)	*(Note)*
Profit for the quarter	**2,858**	2,080	**11,539**	8,398
Other comprehensive (loss)/income				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	**(6,955)**	4,580	**(28,081)**	18,492
Item that will not be reclassified subsequently to profit or loss:				
Changes in the fair value of equity investments at fair value through other comprehensive income	**(3,741)**	-	**(15,104)**	-
Other comprehensive (loss)/ income for the quarter, net of tax	**(10,696)**	4,580	**(43,185)**	18,492
Total comprehensive (loss)/income for the quarter	**(7,838)**	6,660	**(31,646)**	26,890
Total comprehensive (loss)/ income for the quarter attributable to:				
Owners of the Company	**(6,618)**	6,924	**(26,720)**	27,956
Non-controlling interests	**(1,220)**	(264)	**(4,926)**	(1,066)
	(7,838)	6,660	**(31,646)**	26,890

Note: The presentation currency of this unaudited financial information is US$. Supplementary information in RM for the quarter ended 30 June 2018 with comparatives is shown for reference only and has been made at the same exchange rate of US$1 to RM4.0375 ruling at 30 June 2018. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30 June 2018 US$'000	(Audited) As at 31 March 2018 US$'000	**(Unaudited) As at 30 June 2018 RM'000 *(Note)***	(Unaudited) As at 31 March 2018 RM'000 *(Note)*
ASSETS				
Non-current assets				
Property, plant and equipment	**89,189**	94,253	**360,101**	380,547
Investment properties	**15,883**	16,437	**64,128**	66,364
Intangible assets	**25,479**	26,863	**102,871**	108,459
Deferred income tax assets	**240**	243	**969**	981
Investments accounted for using the equity method	**142**	143	**573**	577
Financial assets at fair value through other comprehensive income	**5,239**	-	**21,152**	-
Other non-current financial assets	**124**	129	**501**	521
Available-for-sale financial assets	**-**	8,979	**-**	36,253
	136,296	147,047	**550,295**	593,702
Current assets				
Inventories	**14,119**	17,648	**57,005**	71,254
Financial assets at fair value through profit or loss	**458**	361	**1,849**	1,457
Available-for-sale financial assets	**-**	96	**-**	388
Trade and other receivables	**43,731**	44,820	**176,564**	180,961
Income tax recoverable	**866**	1,550	**3,497**	6,258
Short-term bank deposits	**17,424**	18,312	**70,349**	73,935
Cash and cash equivalents	**111,521**	101,923	**450,266**	411,514
	188,119	184,710	**759,530**	745,767
Current liabilities				
Trade and other payables	**35,899**	51,753	**144,942**	208,953
Contract liabilities	**21,751**	-	**87,820**	-
Dividend payable	**3,037**	-	**12,262**	-
Income tax liabilities	**827**	773	**3,339**	3,121
Bank and other borrowings	**63,242**	68,447	**255,339**	276,355
Current portion of other non-current liabilities	**75**	78	**303**	315
	124,831	121,051	**504,005**	488,744
Net current assets	**63,288**	63,659	**255,525**	257,023
Total assets less current liabilities	**199,584**	210,706	**805,820**	850,725

Note: The presentation currency of this unaudited financial information is US$. Supplementary information in RM as at 30 June 2018 with comparatives is shown for reference only and has been made at the same exchange rate of US$1 to RM4.0375 ruling at 30 June 2018. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	(Unaudited) As at 30 June 2018 US$'000	(Audited) As at 31 March 2018 US$'000	**(Unaudited) As at 30 June 2018 RM'000 *(Note)***	(Unaudited) As at 31 March 2018 RM'000 *(Note)*
EQUITY				
Equity attributable to owners of the Company				
Share capital	**21,715**	21,715	**87,674**	87,674
Share premium	**54,664**	54,664	**220,706**	220,706
Other reserves	**(110,040)**	(100,380)	**(444,286)**	(405,284)
Retained earnings	**221,681**	221,670	**895,037**	894,993
	188,020	197,669	**759,131**	798,089
Non-controlling interests	**2,879**	4,099	**11,624**	16,550
Total equity	**190,899**	201,768	**770,755**	814,639
Non-current liabilities				
Deferred income tax liabilities	**7,126**	7,405	**28,771**	29,897
Other non-current liabilities	**1,559**	1,533	**6,294**	6,189
	8,685	8,938	**35,065**	36,086
	199,584	210,706	**805,820**	850,725
Net assets per share attributable to owners of the Company (US cents / sen)	**11.14**	11.72	**44.98**	47.32

Note: The presentation currency of this unaudited financial information is US$. Supplementary information in RM as at 30 June 2018 with comparatives is shown for reference only and has been made at the same exchange rate of US$1 to RM4.0375 ruling at 30 June 2018. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)						
	Attributable to owners of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 April 2017	21,715	54,664	(126,266)	243,581	193,694	3,621	197,315
Profit/(loss) for the period	-	-	-	2,348	2,348	(268)	2,080
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	4,576	-	4,576	4	4,580
Other comprehensive income, net of tax	-	-	4,576	-	4,576	4	4,580
Total comprehensive income/(loss) for the period ended 30 June 2017	-	-	4,576	2,348	6,924	(264)	6,660
Total transactions with owners, recognised directly in equity							
2016/2017 second interim dividend	-	-	-	(6,074)	(6,074)	-	(6,074)
Transaction with non-controlling interests	-	-	-	159	159	(429)	(270)
	-	-	-	(5,915)	(5,915)	(429)	(6,344)
At 30 June 2017	21,715	54,664	(121,690)	240,014	194,703	2,928	197,631
At 1 April 2018, as previously reported	21,715	54,664	(100,380)	221,670	197,669	4,099	201,768
Effects of adoption of IFRS 9 (note A2(i)(c))	-	-	-	6	6	-	6
At 1 April 2018, as restated	21,715	54,664	(100,380)	221,676	197,675	4,099	201,774
Profit/(loss) for the period	-	-	-	3,042	3,042	(184)	2,858
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(6,929)	-	(6,929)	(26)	(6,955)
Item that will not be reclassified subsequently to profit or loss:							
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	(2,731)	-	(2,731)	(1,010)	(3,741)
Other comprehensive loss, net of tax	-	-	(9,660)	-	(9,660)	(1,036)	(10,696)
Total comprehensive (loss)/income for the period ended 30 June 2018	-	-	(9,660)	3,042	(6,618)	(1,220)	(7,838)
Total transactions with owners, recognised directly in equity							
2017/2018 second interim dividend	-	-	-	(3,037)	(3,037)	-	(3,037)
	-	-	-	(3,037)	(3,037)	-	(3,037)
At 30 June 2018	21,715	54,664	(110,040)	221,681	188,020	2,879	190,899

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						
	Attributable to owners of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	(Note)	*(Note)*	*(Note)*	*(Note)*	*(Note)*	*(Note)*	*(Note)*
At 1 April 2017	87,674	220,706	(509,799)	983,458	782,039	14,620	796,659
Profit/(loss) for the period	-	-	-	9,480	9,480	(1,082)	8,398
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	18,476	-	18,476	16	18,492
Other comprehensive income, net of tax	-	-	18,476	-	18,476	16	18,492
Total comprehensive income/(loss) for the period ended 30 June 2017	-	-	18,476	9,480	27,956	(1,066)	26,890
Total transactions with owners, recognised directly in equity							
2016/2017 second interim dividend	-	-	-	(24,524)	(24,524)	-	(24,524)
Transaction with non-controlling interests	-	-	-	642	642	(1,732)	(1,090)
	-	-	-	(23,882)	(23,882)	(1,732)	(25,614)
At 30 June 2017	87,674	220,706	(491,323)	969,056	786,113	11,822	797,935
At 1 April 2018, as previously reported	87,674	220,706	(405,284)	894,993	798,089	16,550	814,639
Effects of adoption of IFRS 9	-	-	-	24	24	-	24
At 1 April 2018, as restated	87,674	220,706	(405,284)	895,017	798,113	16,550	814,663
Profit/(loss) for the period	-	-	-	12,282	12,282	(743)	11,539
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(27,976)	-	(27,976)	(105)	(28,081)
Item that will not be reclassified subsequently to profit or loss:							
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	(11,026)	-	(11,026)	(4,078)	(15,104)
Other comprehensive loss, net of tax	-	-	(39,002)	-	(39,002)	(4,183)	(43,185)
Total comprehensive (loss)/income for the period ended 30 June 2018	-	-	(39,002)	12,282	(26,720)	(4,926)	(31,646)
Total transactions with owners, recognised directly in equity							
2017/2018 second interim dividend	-	-	-	(12,262)	(12,262)	-	(12,262)
	-	-	-	(12,262)	(12,262)	-	(12,262)
At 30 June 2018	87,674	220,706	(444,286)	895,037	759,131	11,624	770,755

Note: The presentation currency of this unaudited financial information is US$. Supplementary information in RM for the quarter ended 30 June 2018 with comparatives is shown for reference only and has been made at the same exchange rate of US$1 to RM4.0375 ruling at 30 June 2018. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Three months ended 30 June		(Unaudited) Three months ended 30 June	
	2018	**2017**	**2018**	**2017**
	US$'000	**US$'000**	**RM'000** *(Note)*	**RM'000** *(Note)*
Cash flows from operating activities				
Cash generated from operations	**16,186**	13,437	**65,351**	54,252
Interest paid	**(68)**	(17)	**(275)**	(69)
Income tax paid	**(1,372)**	(1,211)	**(5,539)**	(4,889)
Net cash generated from operating activities	**14,746**	12,209	**59,537**	49,294
Cash flows from investing activities				
Dividends received	**12**	11	**48**	44
Decrease/(increase) in short-term bank deposits with original maturity over three months	**888**	(2,365)	**3,585**	(9,549)
Interest received	**812**	527	**3,279**	2,128
Proceeds from disposal of property, plant and equipment	**15**	7	**61**	28
Purchases of intangible assets	**(35)**	(69)	**(141)**	(278)
Purchases of other non-current financial assets	**-**	(115)	**-**	(464)
Purchases of property, plant and equipment	**(179)**	(109)	**(723)**	(440)
Net cash generated from/(used in) investing activities	**1,513**	(2,113)	**6,109**	(8,531)
Cash flows from financing activities				
Proceeds from bank and other borrowings	**3,244**	964	**13,097**	3,892
Repayments of bank and other borrowings	**(5,764)**	(394)	**(23,272)**	(1,591)
Transaction with non-controlling interests	**-**	(270)	**-**	(1,090)
Net cash (used in)/generated from financing activities	**(2,520)**	300	**(10,175)**	1,211
Net increase in cash and cash equivalents	**13,739**	10,396	**55,471**	41,974
Cash and cash equivalents at beginning of period	**101,923**	79,946	**411,514**	322,782
Exchange adjustments on cash and cash equivalents	**(4,141)**	1,870	**(16,719)**	7,550
Cash and cash equivalents at end of period	**111,521**	92,212	**450,266**	372,306

Note: The presentation currency of this unaudited financial information is US$. Supplementary information in RM for the quarter ended 30 June 2018 with comparatives is shown for reference only and has been made at the same exchange rate of US$1 to RM4.0375 ruling at 30 June 2018. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

A. NOTES TO THE FINANCIAL INFORMATION

A1. Basis of preparation

This condensed consolidated financial information of the Company and its subsidiaries (collectively the "Group") for the quarter ended 30 June 2018 ("this financial information") has been prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board, Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HK Listing Rules") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Listing Requirements").

This financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2018 which were prepared in accordance with International Financial Reporting Standards ("IFRSs").

This financial information has not been audited.

A2. Accounting policies

(i) **New and amended standards and interpretations to existing standards adopted by the Group**

The following amendments to standards, which became effective for the first time for the financial year beginning on or after 1 April 2018, have been adopted by the Group:

- Amendments to IAS 28, "Investment in associates and joint ventures";
- Amendments to IAS 40, "Transfers of investment property";
- Amendments to IFRS 2, "Classification and measurement of share-based payment transactions";
- Amendments to IFRS 4, "Apply IFRS 9 financial instruments with IFRS 4 Insurance contracts";
- Amendments to IFRS 15, "Clarifications to IFRS 15";
- IFRS 9, "Financial instruments";
- IFRS 15, "Revenue from contracts with customers";
- IFRIC 22, "Foreign currency transactions and advance consideration" ; and
- Annual improvement, "Annual improvements to IFRSs 2014–2016 cycle".

*(a) **IFRS 9 Financial Instruments***

IFRS 9 replaces IAS 39 and amends the requirements in three areas:

- Classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets, mainly by the introduction of an expected credit loss ("ECL") impairment model; and
- Hedge accounting including removing some of the restrictions on applying hedge accounting in IAS 39

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A2. Accounting policies (Continued)

(i) **New and amended standards and interpretations to existing standards adopted by the Group (Continued)**

(a) IFRS 9 Financial Instruments **(Continued)**

Principal effects resulting from the application of IFRS 9 on the Group's assets and liabilities are summarised below:

(1) Classification and measurement of financial assets and financial liabilities

Under IFRS 9, there are 3 principal classification categories for financial assets: measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Prior to 1 April 2018, the Group's investments in listed equity securities and unlisted club debentures were classified as either "available-for-sale financial assets" or "financial assets at fair value through profit or loss". From 1 April 2018 onwards, the listed equity securities which the Group intends to hold for the long term for strategic purposes are classified as FVOCI. Unlike IAS 39, the accumulated fair value changes on equity instruments at FVOCI will not be subsequently transferred to profit or loss. Other listed equity securities and the unlisted club debentures are classified as FVTPL.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified as at amortised cost.

There is no impact on the Group for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have such liabilities.

(2) Impairment of financial assets

IFRS 9 replaces the "incurred loss" impairment model in IAS 39 with a forward-looking ECL model. It applies to financial assets classified at amortised cost for the Group.

- **Trade and other receivables which are financial assets**

  The Group applies the simplified approach described by IFRS 9 which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience. The adoption of the ECL requirements of IFRS 9 resulted in a decrease in the impairment allowance of the Group's trade and other receivables impacting retained earnings by about US$6,000 as of 1 April 2018.

- **Cash and cash equivalents**

  While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A2. Accounting policies (Continued)

(i) **New and amended standards and interpretations to existing standards adopted by the Group (Continued)**

(b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations.

(1) **Timing of revenue recognition**
Under IFRS 15, revenue is recognised when customer obtains control of the promised goods or services in the contract. IFRS 15 identifies 3 situations in which control of the promised goods or services is regarded as being transferred over time: (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs; (ii) When the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good and service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

(2) **Presentation of contract asset and contract liability**
A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group's contract liabilities represented payments received by the Group in advance for subscription of its publications and customer deposits received by its tour operations, which the Group will recognise as revenue when the publications are delivered and the travel services are provided to the customers. These were previously recorded as receipts in advance and were classified under "trade and other payables".

The adoption of IFRS 15 does not have a significant impact on how the Group recognises revenue and there is no impact of transition to IFRS 15 on the Group's retained earnings at 1 April 2018.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying the standard recognised at the date of initial application. The adoption of this IFRS 15 results in changes in accounting policies for revenue recognition and has no material impact other than the disclosures in the Group's financial statements.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A2. Accounting policies (Continued)

(i) **New and amended standards and interpretations to existing standards adopted by the Group (Continued)**

(c) Impact arising from the adoption of IFRS 9 and IFRS 15

The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 9 and IFRS 15:

		31 March 2018 As previously reported US$'000	Effects of adopting IFRS 9 US$'000	Effects of adopting IFRS 15 US$'000	1 April 2018 After adjustments US$'000
Non-current assets					
Financial assets at fair value through other comprehensive income		-	8,979	-	8,979
Available-for-sale financial assets		8,979	(8,979)	-	-
		8,979	-	-	8,979
Current assets					
Trade and other receivables		44,820	6	-	44,826
Financial assets at fair value through profit or loss		361	96	-	457
Available-for-sale financial assets		96	(96)	-	-
		45,277	6	-	45,283
Current liabilities					
Trade and other payables		51,753	-	(18,443)	33,310
Contract liabilities		-	-	18,443	18,443
		51,753	-	-	51,753
Equity					
Retained earnings	(i)	221,670	6	-	221,676
Available-for-sale financial assets reserve	(ii)	4,295	(4,295)	-	-
Financial assets at fair value through other comprehensive income reserve	(ii)	-	4,295	-	4,295
		225,965	6	-	225,971

Notes:
(i) The impact of recognition of ECL.
(ii) The effects are in relation to the changes in classification and measurement of listed equity securities.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A2. Accounting policies (Continued)

(ii) New accounting standards and amendments to standards that are not yet effective and have not been early adopted by the Group

The following new and amendments to standards and interpretations have been issued but not yet effective and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Annual improvement	Annual improvements to IFRS standards 2015-2017 cycle	1 January 2019
Amendments to IAS 19	Plan amendments, curtailment or settlement	1 January 2019
Amendments to IAS 28	Long-term interests in associates and joint ventures	1 January 2019
Amendments to IFRS 9	Prepayment features with negative compensation	1 January 2019
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective Date to be determined
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	1 January 2021
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

(a) ***IFRS 16 Leases***

IFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for in the lessee's statement of financial position. The standard replaces IAS 17 "Leases" and related interpretations.

The Group is a lessee of offices, residential premises and coaches which are currently classified as operating leases. The Group's current accounting policy is to account for such operating lease payments in the consolidated statement of profit or loss when incurred and the Group's future operating lease commitments are not reflected in the consolidated statement of financial position.

However, the Group has not yet assessed what other adjustments, if any, are necessary, for example, because of the change in the definition of the lease term and the different treatment of variable lease payment and of extension and termination options. It is therefore not yet possible to estimate the amount of an asset (for the right to use) and a financial liability (for the payment obligation) that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

The adoption of this standard is mandatory for annual periods beginning on or after 1 January 2019. The Group has decided not to adopt the IFRS 16 until it becomes effective for the Group's financial year beginning 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other new, amended or revised standards and interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A3. Functional currency and translation to presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The functional currency of the Company is RM. However, each entity within the Group can present its financial statements in any currency, which can be the same or different from the entity's functional currency. As the Group operates internationally, management considers that it is more appropriate to use US$, a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not US$, its results and financial position have been translated into US$.

A4. Auditor's report on preceding annual financial statements

The auditor's report of the Group's annual financial statements for the year ended 31 March 2018 was not subject to any qualification.

A5. Seasonal or cyclical factors

The business operations of the Group may be affected by major festive seasons or major events that may increase or decrease the advertising revenue and the travel business revenue.

A6. Unusual items

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the quarter under review.

A7. Changes in estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the results of the quarter under review.

A8. Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A9. Dividends paid

There was no dividend paid during the current quarter.

A10. Turnover and segment information

The Group Executive Committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the reports that are reviewed and used by the Group Executive Committee for strategic decisions making.

The Group is organised operationally on a worldwide basis in four major operating segments:

Publishing and printing: Malaysia and other Southeast Asian countries
Publishing and printing: Hong Kong, Taiwan and Mainland China
Publishing and printing: North America
Travel and travel related services

Publishing and printing segments are engaged in the publication, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language. The segments derive revenue mainly from the provision of advertising services and sales of newspapers and magazines. Travel and travel related services segment derives revenue from the sales of travel packages and provision of tour services.

The Group Executive Committee assesses the performance of the operating segments based on a measure of segment profit before income tax as presented in the internal financial report. Other information provided is measured in a manner consistent with that in the internal financial report.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information (Continued)

The Group's turnover and results for the quarter ended 30 June 2018, analysed by operating segment, are as follows:

	(Unaudited) Three months ended 30 June 2018					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US$'000	Hong Kong, Taiwan and Mainland China US$'000	North America US$'000	Sub-total US$'000	Travel and travel related services US$'000	Total US$'000
Turnover	34,985	12,655	3,619	51,259	30,773	82,032
Segment profit / (loss) before income tax	5,226	(979)	(858)	3,389	2,435	5,824
Unallocated finance costs						(681)
Other net unallocated expenses						(255)
Profit before income tax						4,888
Income tax expense						(2,030)
Profit for the quarter						2,858
Other segmental information:						
Interest income	796	4	1	801	11	812
Finance costs	(40)	(28)	-	(68)	-	(68)
Depreciation of property, plant and equipment	(1,510)	(306)	(69)	(1,885)	(9)	(1,894)
Amortisation of intangible assets	(182)	(47)	(2)	(231)	(8)	(239)

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information (Continued)

The Group's turnover and results for the quarter ended 30 June 2017, analysed by operating segment, are as follows:

	(Unaudited) Three months ended 30 June 2017					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US$'000	Hong Kong, Taiwan and Mainland China US$'000	North America US$'000	Sub-total US$'000	Travel and travel related services US$'000	Total US$'000
Turnover	33,847	12,798	3,930	50,575	23,193	73,768
Segment profit /(loss) before income tax	4,523	(921)	(491)	3,111	1,567	4,678
Unallocated finance costs						(622)
Other net unallocated expenses						(170)
Profit before income tax						3,886
Income tax expense						(1,806)
Profit for the quarter						2,080
Other segmental information:						
Interest income	511	8	1	520	7	527
Finance costs	(9)	(8)	-	(17)	-	(17)
Depreciation of property, plant and equipment	(1,588)	(329)	(77)	(1,994)	(27)	(2,021)
Amortisation of intangible assets	(180)	(50)	(4)	(234)	(9)	(243)
Share of post-tax results of joint ventures and associates	-	47	-	47	-	47

Disaggregation of revenue

Turnover is derived from publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language, and provision of travel and travel related services.

Turnover recognised during the quarter are disaggregated as follows:

	(Unaudited) Three months ended 30 June	
By major products or service lines	**2018 US$'000**	2017 US$'000
Advertising income, net of trade discounts	**33,680**	34,852
Sales of newspapers, magazines, books and digital contents, net of trade discounts and returns	**17,579**	15,723
Travel and travel related services income	**30,773**	23,193
	82,032	73,768

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information (Continued)

The segment assets and liabilities as at 30 June 2018 are as follows:

	(Unaudited)						
	Publishing and printing						
	Malaysia and other Southeast Asian countries US$'000	**Hong Kong, Taiwan and Mainland China US$'000**	**North America US$'000**	**Sub-total US$'000**	**Travel and travel related services US$'000**	**Elimination US$'000**	**Total US$'000**
Segment assets	**233,594**	**46,174**	**10,537**	**290,305**	**32,595**	**(151)**	**322,749**
Unallocated assets							**1,666**
Total assets							**324,415**
Total assets include:							
Investments accounted for using the equity method	**-**	**142**	**-**	**142**	**-**	**-**	**142**
Additions to non-current assets (other than deferred income tax assets)	**140**	**68**	**5**	**213**	**1**	**-**	**214**
Segment liabilities	**(18,106)**	**(18,202)**	**(6,520)**	**(42,828)**	**(21,730)**	**151**	**(64,407)**
Unallocated liabilities							**(69,109)**
Total liabilities							**(133,516)**

The segment assets and liabilities as at 31 March 2018 are as follows:

	(Audited)						
	Publishing and printing						
	Malaysia and other Southeast Asian countries US$'000	Hong Kong, Taiwan and Mainland China US$'000	North America US$'000	Sub-total US$'000	Travel and travel related services US$'000	Elimination US$'000	Total US$'000
Segment assets	244,775	49,690	11,705	306,170	23,321	(96)	329,395
Unallocated assets							2,362
Total assets							331,757
Total assets include:							
Investments accounted for using the equity method	-	143	-	143	-	-	143
Additions to non-current assets (other than deferred income tax assets)	678	9,240	41	9,959	28	-	9,987
Segment liabilities	(23,626)	(16,536)	(7,100)	(47,262)	(14,711)	96	(61,877)
Unallocated liabilities							(68,112)
Total liabilities							(129,989)

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A10. Turnover and segment information (Continued)

The elimination between segments represents intercompany receivables and payables between segments.

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, financial assets at FVOCI, investments accounted for using the equity method, other non-current financial assets, inventories, trade and other receivables, short-term bank deposits, and cash and cash equivalents. They mainly exclude deferred income tax assets, financial assets at FVTPL and income tax recoverable of the Group.

Segment liabilities consist primarily of trade and other payables, contract liabilities, retirement benefit obligations, defined benefit plan liabilities, bank and other borrowings and other non-current liabilities. They mainly exclude deferred income tax liabilities and income tax liabilities of the Group.

A11. Valuation of property, plant and equipment

There was no revaluation of the Group's property, plant and equipment during the quarter ended 30 June 2018.

A12. Subsequent material events

There were no subsequent material events of the Group.

A13. Changes in the composition of the Group

There were no material changes in the composition of the Group during the quarter under review, except for the following:

Reference is made to the announcement of the Company dated 9 July 2018, Capital Foremost Sdn Bhd, a dormant and indirect wholly-owned subsidiary of the Company, had been struck-off and dissolved on 25 April 2018 pursuant to Section 551(3) of the Malaysian Companies Act 2016.

A14. Capital commitments

Capital commitments outstanding as at 30 June 2018 are as follows:

	US$'000
Property, plant and equipment :	
Authorised and contracted for	**1,479**
Authorised but not contracted for	**67**
	1,546

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A15. Related party transactions

	(Unaudited) Three months ended 30 June	
	2018	2017
	US$'000	US$'000
Newsprint purchases from a related company *(note 1)*	**725**	4,665
Rental expenses paid to related companies *(note 1)*	**23**	22
Provision of engineering professional services by a related company *(note 1)*	**12**	11
Air tickets purchased from/(returned to) a related company *(note 1)*	**3**	(3)
Commission received from sales of honey from a related company *(note 1)*	**(1)**	(1)
Provision of accounting and administrative services to related companies *(note 1)*	**(4)**	(4)
Scrap sales of old newspapers and magazines to a related company *(note 1)*	**(98)**	(367)
Motor vehicle insurance premiums paid to a related company *(note 1)*	**-**	1
Provision of broadband internet services by a related company *(note 1)*	**-**	1
Purchases of honey from a related company *(note 1)*	**-**	1
Advertising income received from related companies *(note 1)*	**-**	(5)
Provision of accounting service to an associate	**-**	(39)
Provision of air ticketing and accommodation arrangement services to related companies *(note 1)*	**-**	(16)
Rental income received from a related company *(note 1)*	**-**	(2)

Notes:

1) Certain shareholders and directors of the Company are shareholders and/or directors of these related companies.
2) All the transactions above have been entered into in the normal course of business and have been charged at predetermined rates agreed mutually by the parties involved.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' MAIN MARKET LISTING REQUIREMENTS

B1. Analysis of performance

	(Unaudited) Three months ended 30 June		
	2018	2017	
	US$'000	US$'000	% Change
Turnover	**82,032**	73,768	11.2%
Profit before income tax	**4,888**	3,886	25.8%
EBITDA	**6,958**	6,262	11.1%

The Group recorded a turnover of US$82,032,000 for the first quarter of the financial year 2018/2019, reflecting a growth of 11.2% when compared to the corresponding quarter last year. This was mainly contributed by the travel segment which registered an increase of 32.7% in turnover to reach US$30,773,000 from US$23,193,000 in the same quarter last year. The publishing and printing segment recorded a turnover of US$51,259,000, which reflected a marginal increase of 1.4% over the prior year quarter.

The improvement in turnover resulted in the Group's profit before income tax rising by 25.8% to US$4,888,000 from US$3,886,000 in the same quarter previous year. Both the publishing and printing segment and the travel segment reported better results with increases in segment profit before income tax of 8.9% and 55.4% respectively when compared to the previous year.

Both the Malaysian Ringgit ("RM") and the Canadian Dollar ("CAD") strengthened against the US$ during the quarter under review, which resulted in positive currency translation impacts on the Group's result for the quarter.

The Group's EBITDA for the quarter was US$6,958,000, an 11.1% increase when compared with the US$6,262,000 in the corresponding quarter last year.

*(a) **Publishing and printing segment***

Turnover for the Malaysian operation for this quarter grew by 3.4% to US$34,985,000. It would have been a decrease of about 5.8% if currency impact was excluded. Print advertising revenue continued to soften during the current quarter, which was cushioned by the continued growth of the operation's digital business revenue as well as an increase in circulation revenue, the latter being driven by a cover price increase since March 2018. Meanwhile, turnover for the publishing and printing operations in Hong Kong, Taiwan and Mainland China fell marginally by 1.1% to US$12,655,000. The main revenue drivers for the Hong Kong operation were advertising revenue from the property and recruitment sectors as well as revenue from its digital business. The Group's North American operation's performance remained weak with turnover declining by 7.9% year-on-year to US$3,619,000.

The profit before income tax for the Malaysian operation improved by 15.5% from US$4,523,000 a year ago to US$5,226,000 in the current quarter. The increase was attributable to the continued cost saving measures undertaken by the Malaysian operation including stringent controls on the usage of newsprint and consumables, and optimisation of manpower resources. The Hong Kong, Taiwan and Mainland China operations recorded a loss before income tax of US$979,000 for the current quarter, about the same level as in the prior year quarter. With its revenue adversely affected by the rapid migration of advertisers to digital platforms, the Group's North American operation's reported a wider loss before income tax of US$858,000 for the quarter under review compared to last year's US$491,000. The Group has taken steps to reduce costs such as outsourcing the prepress production process including graphic design, artwork, pagination and proofing in order to improve the North American operation's results.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' MAIN MARKET LISTING REQUIREMENTS (Continued)

B1. Analysis of performance (Continued)

(b) Travel and travel related services segment

Turnover for this segment surged 32.7% to US$30,773,000 in the current quarter from US$23,193,000 a year earlier. This improvement in turnover was mainly driven by an increase in demand for the segment's European, China and incentive tours.

The increase in the travel segment's turnover led to a significant increase in its quarterly profit before income tax, which rose by 55.4% to US$2,435,000 when compared to the previous year.

B2. Variation of results against immediate preceding quarter

	(Unaudited) Three months ended 30 June 2018 US$'000	(Unaudited) Three months ended 31 March 2018 US$'000	% Change
Turnover	**82,032**	63,541	29.1%
Profit/(loss) before income tax	**4,888**	(20,157)	124.2%
EBITDA	**6,958**	(11,662)	159.7%

The Group's turnover increased by 29.1% to US$82,032,000 when comparing the current quarter with the immediate preceding one. The growth was contributed primarily by the travel segment which recorded a quarter-over-quarter turnover increase of 209.0%. Profit before income tax for the quarter under review was US$4,888,000, as opposed to a loss before income tax of US$20,157,000 in the immediate preceding quarter. The previous quarter's result had been impacted by the recognition of impairment losses on goodwill and plant and machinery as well as a gain on disposal of investment which resulted in a net negative impact of US$23,139,000, excluding which, the previous quarter's profit before income tax would have been US$2,982,000, which was US$1,906,000 or 63.9% below that of the current quarter. The improvement in the current quarter's result over the immediate preceding quarter was mainly due to higher profit contribution from the travel segment.

B3. Current year prospects

The operating environment for the Group's core print business is expected to remain challenging in the quarters ahead as advertising expenditure remains slow due to weak consumer spending. This is exacerbated by the rising newsprint price as well as market uncertainties due to looming trade wars and Malaysia's recent change of government.

Nevertheless, the Group will continue its efforts in strengthening its core publishing business; expanding its digital capabilities to drive more revenue; and growing its travel business by rolling out more appealing tour packages, while at the same time accelerating its cost reduction and efficiency enhancement initiatives.

B4. Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' MAIN MARKET LISTING REQUIREMENTS (Continued)

B5. Profit before income tax

Profit before income tax has been arrived at after (charging) /crediting:

	(Unaudited) Three months ended 30 June	
	2018	2017
	US$'000	US$'000
Exchange (losses) /gains, net	**(92)**	42
Provision for impairment and write-off of trade and other receivables	**(65)**	(79)
Provision for impairment and write-off of inventories	**(61)**	(44)

Save as disclosed above and in A10, the other items as required under Part A(16) of Appendix 9B of the Bursa Securities' Listing Requirements are not applicable.

B6. Income tax expense

Income tax expense comprises the following:

	(Unaudited) Three months ended 30 June	
	2018	2017
	US$'000	US$'000
Current period income tax expense	**2,099**	1,812
Deferred income tax credit	**(69)**	(6)
	2,030	1,806

The effective tax rate of the Group for the current quarter was higher than the Malaysian statutory tax rate of 24% mainly due to the non–deductibility of certain expenses for income tax purposes.

B7. Status of corporate proposal

There were no corporate proposals announced but not completed at the latest practicable date, which is not earlier than seven days from the date of issue of this unaudited financial information.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' MAIN MARKET LISTING REQUIREMENTS (Continued)

B8. Group borrowings

The Group's borrowings as at 30 June 2018 are as follows:

	Secured US$'000	Unsecured US$'000	Total US$'000
Current			
Short-term bank borrowings	5,690	1,825	7,515
Medium-term notes	-	55,727	55,727
	5,690	57,552	63,242

The Group's borrowings were denominated in the following currencies:

	US$'000
Malaysian Ringgit	57,552
Hong Kong dollars	5,098
United States dollars	592
	63,242

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 30 June 2018 and 31 March 2018.

B9. Material litigation

As at 30 June 2018, there were several libel suits which involved claims against some companies in the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is still uncertain as of the date this financial information is authorised for issue, the directors of the Company are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact upon the Group's financial position.

B10. Dividend payable

The tax-exempt second interim dividend of US0.18 cents per ordinary share totaling US$3,037,000 in respect of the year ended 31 March 2018 was paid on 13 July 2018.

The Board of Directors does not recommend any distribution of dividend for the quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' MAIN MARKET LISTING REQUIREMENTS (Continued)

B11. Earnings per share attributable to owners of the Company

	(Unaudited) Three months ended 30 June	
	2018	2017
Profit attributable to owners of the Company (US$'000)	**3,042**	2,348
Weighted average number of ordinary shares in issue	**1,687,236,241**	1,687,236,241
Basic earnings per share (US cents)	**0.18**	0.14
Diluted earnings per share (US cents)	**0.18**	0.14

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential shares in issue during the quarter ended 30 June 2018 and 2017.

On behalf of the Board
Media Chinese International Limited

Tin Suk Han
Tong Siew Kheng
Joint Company Secretaries
28 August 2018