

# 世界華文

媒體

MEDIA CHINESE

## Interim Report 2010/11

Media Chinese International Limited  
世界華文媒體有限公司

**明報**  
MING PAO DAILY NEWS

**星洲日報**  
SIN CHEW DAILY

**南洋商報**  
NANYANG SIANG PAU

**中國報**  
CHINA PRESS

**光明日報**  
Guang Ming Daily

	<i>Page</i>
<b>CORPORATE INFORMATION</b>	<b>2</b>
<b>CONDENSED CONSOLIDATED INCOME STATEMENT</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>5</b>
<b>CONDENSED CONSOLIDATED BALANCE SHEET</b>	<b>6</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>7</b>
<b>CONDENSED CONSOLIDATED CASH FLOW STATEMENT</b>	<b>8</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION</b>	<b>9</b>
<b>MANAGEMENT DISCUSSION AND ANALYSIS</b>	<b>27</b>
<b>OTHER INFORMATION</b>	<b>31</b>
<b>ADDITIONAL INFORMATION</b>	<b>40</b>

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Tan Sri Datuk Sir TIONG Hiew King  
(Group Executive Chairman)  
Mr TIONG Kiu King  
Dato' Sri Dr TIONG Ik King  
Mr TIONG Kiew Chiong  
(Group Chief Executive Officer)  
Ms SIEW Nyoke Chow  
Ms SIM Sai Hoon

### NON-EXECUTIVE DIRECTOR

Mr LEONG Chew Meng

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr David YU Hon To  
Tan Sri Dato' LAU Yin Pin  
Temenggong Datuk Kenneth Kanyan  
ANAK TEMENGGONG KOH

### GROUP EXECUTIVE COMMITTEE

Dato' LIEW Chen Chuan (Chairman)  
Mr TIONG Kiew Chiong  
Ms SIEW Nyoke Chow  
Ms SIM Sai Hoon  
Mr ONG See Boon

### AUDIT COMMITTEE

Mr David YU Hon To (Chairman)  
Tan Sri Dato' LAU Yin Pin  
Temenggong Datuk Kenneth Kanyan  
ANAK TEMENGGONG KOH  
Mr LEONG Chew Meng

### REMUNERATION COMMITTEE

Tan Sri Dato' LAU Yin Pin (Chairman)  
Mr David YU Hon To  
Temenggong Datuk Kenneth Kanyan  
ANAK TEMENGGONG KOH  
Mr TIONG Kiew Chiong  
Ms SIM Sai Hoon

### NOMINATION COMMITTEE

Temenggong Datuk Kenneth Kanyan  
ANAK TEMENGGONG KOH (Chairman)  
Mr David YU Hon To  
Tan Sri Dato' LAU Yin Pin  
Mr LEONG Chew Meng

### COMPANY SECRETARY

Ms LAW Yuk Kuen

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
RHB Bank Berhad  
HSBC Bank Malaysia Berhad  
OCBC Bank (Malaysia) Berhad

### AUDITOR

PricewaterhouseCoopers

### STOCK CODE

The Stock Exchange of Hong Kong Limited	685
Bursa Malaysia Securities Berhad	5090

### WEBSITE

<http://www.mediachinesegroup.com>

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### **MALAYSIA HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

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### **REGISTERED OFFICE IN BERMUDA**

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22 Victoria Street  
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### **REGISTERED OFFICE IN MALAYSIA**

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Fax: (603) 7841 8199

### **PRINCIPAL REGISTRAR AND TRANSFER OFFICE**

Butterfield Fulcrum Group (Bermuda) Limited  
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11 Bermudiana Road  
Pembroke HM08  
Bermuda  
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Fax: (852) 2530 5152

### **HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE**

Tricor Tengis Limited  
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28 Queen's Road East  
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### **MALAYSIA BRANCH REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
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Malaysia  
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## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2010

The directors of Media Chinese International Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the "Group") and the Group's interest in an associate for the six months ended 30 September 2010, together with comparative figures for the corresponding period in 2009.

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2010</b>	<b>2009</b>
	<i>Note</i>	<b>US\$'000</b>	<b>US\$'000</b>
Turnover	5	<b>221,587</b>	181,696
Cost of goods sold	6	<b>(135,994)</b>	(117,350)
<b>Gross profit</b>		<b>85,593</b>	64,346
Other income	7	<b>3,536</b>	2,274
Other gains, net	8	<b>1,057</b>	1,187
Selling and distribution expenses	6	<b>(30,237)</b>	(26,817)
Administrative expenses	6	<b>(18,359)</b>	(16,985)
Other operating expenses	6	<b>(3,180)</b>	(2,850)
<b>Operating profit</b>		<b>38,410</b>	21,155
Finance costs	9	<b>(432)</b>	(376)
Share of loss of an associate		<b>(170)</b>	–
<b>Profit before income tax</b>		<b>37,808</b>	20,779
Income tax expense	10	<b>(10,223)</b>	(6,353)
<b>Profit for the period</b>		<b>27,585</b>	14,426
<b>Attributable to:</b>			
Equity holders of the Company		<b>27,328</b>	14,652
Non-controlling interests		<b>257</b>	(226)
		<b>27,585</b>	14,426
<b>Earnings per share attributable to the equity holders of the Company</b>			
Basic (US cents)	11	<b>1.62</b>	0.87
Diluted (US cents)	11	<b>1.62</b>	0.87

The notes on pages 9 to 26 form an integral part of this condensed consolidated interim financial information.

<b>Dividends</b>	12	<b>13,471</b>	7,578
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# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Profit for the period</b>	<b>27,585</b>	14,426
<b>Other comprehensive income</b>		
Currency translation differences	<b>16,610</b>	12,832
Revaluation gain recognised upon transfer from property held for own use to investment properties	<u>—</u>	<u>409</u>
<b>Other comprehensive income for the period, net of tax</b>	<u><b>16,610</b></u>	<u>13,241</u>
<b>Total comprehensive income for the period</b>	<u><b>44,195</b></u>	<u>27,667</u>
<b>Attributable to:</b>		
Equity holders of the Company	<b>43,912</b>	27,860
Non-controlling interests	<u><b>283</b></u>	<u>(193)</u>
	<u><b>44,195</b></u>	<u>27,667</u>

The notes on pages 9 to 26 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2010

		(Unaudited) 30 September 2010 US\$'000	(Audited and restated) 31 March 2010 US\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	154,857	139,962
Investment properties		9,127	8,686
Leasehold land and land use rights		2,115	2,144
Intangible assets		81,687	77,466
Deferred income tax assets		1,448	1,831
Defined benefit plan assets		278	258
Interest in an associate		2,571	2,739
Investment in convertible notes – debt portion	14	525	511
		<b>252,608</b>	<b>233,597</b>
<b>Current assets</b>			
Inventories		83,925	76,079
Available-for-sale financial assets		645	644
Financial assets at fair value through profit or loss	14	238	226
Trade and other receivables	15	69,825	67,608
Income tax recoverable		981	1,418
Cash and cash equivalents		87,027	77,635
		<b>242,641</b>	<b>223,610</b>
<b>Current liabilities</b>			
Trade and other payables	16	69,526	57,415
Income tax liabilities		8,052	4,240
Short-term bank loans	17	23,919	30,618
Bank overdrafts, secured		–	198
Current portion of long-term liabilities	18	701	1,230
		<b>102,198</b>	<b>93,701</b>
<b>Net current assets</b>		<b>140,443</b>	<b>129,909</b>
<b>Total assets less current liabilities</b>		<b>393,051</b>	<b>363,506</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	19	21,672	21,672
Share premium	19	280,160	280,160
Other reserves		(75,021)	(92,337)
Retained earnings		146,159	131,814
		<b>372,970</b>	<b>341,309</b>
<b>Non-controlling interests</b>		<b>4,708</b>	<b>8,263</b>
<b>Total equity</b>		<b>377,678</b>	<b>349,572</b>
<b>Non-current liabilities</b>			
Other long-term liabilities	18	1,470	1,560
Deferred income tax liabilities		13,903	12,374
		<b>15,373</b>	<b>13,934</b>
		<b>393,051</b>	<b>363,506</b>

The notes on pages 9 to 26 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	(Unaudited)						
	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>At 1 April 2009</b>	21,672	280,160	(122,666)	100,652	279,818	8,189	288,007
Profit/(loss) for the period	–	–	–	14,652	14,652	(226)	14,426
Other comprehensive income:							
Currency translation differences	–	–	12,799	–	12,799	33	12,832
Revaluation gain recognised upon transfer from property held for own use to investment properties	–	–	409	–	409	–	409
Other comprehensive income for the period, net of tax	–	–	13,208	–	13,208	33	13,241
Total comprehensive income/(loss) for the period	–	–	13,208	14,652	27,860	(193)	27,667
Transactions with owners:							
Share compensation costs on share options granted by a listed subsidiary	–	–	17	–	17	12	29
2008/2009 final dividend paid by a listed subsidiary	–	–	–	–	–	(221)	(221)
2008/2009 second interim dividend paid	–	–	–	(2,396)	(2,396)	–	(2,396)
Total transactions with owners	–	–	17	(2,396)	(2,379)	(209)	(2,588)
<b>At 30 September 2009</b>	<u>21,672</u>	<u>280,160</u>	<u>(109,441)</u>	<u>112,908</u>	<u>305,299</u>	<u>7,787</u>	<u>313,086</u>
<b>At 1 April 2010</b>	<b>21,672</b>	<b>280,160</b>	<b>(92,337)</b>	<b>131,814</b>	<b>341,309</b>	<b>8,263</b>	<b>349,572</b>
Profit for the period	–	–	–	27,328	27,328	257	27,585
Other comprehensive income:							
Currency translation differences	–	–	16,584	–	16,584	26	16,610
Other comprehensive income for the period, net of tax	–	–	16,584	–	16,584	26	16,610
Total comprehensive income for the period	–	–	16,584	27,328	43,912	283	44,195
Transactions with owners:							
Acquisition of additional interest in a listed subsidiary (note 21)	–	–	722	–	722	(2,429)	(1,707)
Share compensation costs on share options granted by a listed subsidiary	–	–	10	–	10	4	14
2009/2010 final dividend paid by a listed subsidiary	–	–	–	–	–	(1,413)	(1,413)
2009/2010 second interim dividend paid	–	–	–	(12,983)	(12,983)	–	(12,983)
Total transactions with owners	–	–	732	(12,983)	(12,251)	(3,838)	(16,089)
<b>At 30 September 2010</b>	<u><b>21,672</b></u>	<u><b>280,160</b></u>	<u><b>(75,021)</b></u>	<u><b>146,159</b></u>	<u><b>372,970</b></u>	<u><b>4,708</b></u>	<u><b>377,678</b></u>

The notes on pages 9 to 26 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2010

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2010</b>	<b>2009</b>
	<i>Note</i>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations		<b>49,330</b>	6,669
Interest on bank loans and overdrafts		<b>(420)</b>	(367)
Interest element of finance lease payments		<b>(12)</b>	(9)
Profits tax paid		<b>(4,711)</b>	(3,110)
Long service payments made		<b>(39)</b>	(48)
Net cash generated from operating activities		<b>44,148</b>	3,135
<b>Cash flows from investing activities</b>			
Acquisition of additional interest in a listed subsidiary	21	<b>(1,707)</b>	–
Purchase of property, plant and equipment		<b>(12,903)</b>	(3,683)
Purchase of intangible assets		<b>(254)</b>	(212)
Investment in convertible notes		<b>–</b>	(290)
Proceeds from disposal of property, plant and equipment		<b>28</b>	375
Proceeds from disposal of investment properties		<b>47</b>	–
Proceeds from disposal of intangible assets		<b>–</b>	63
Proceeds from disposal of non-current assets held for sale		<b>–</b>	77
Interest received		<b>569</b>	326
Dividends received		<b>9</b>	43
Net cash used in investing activities		<b>(14,211)</b>	(3,301)
<b>Cash flows from financing activities</b>			
Dividends paid		<b>(12,983)</b>	(2,396)
Dividends paid by a listed subsidiary to non-controlling interests		<b>(1,413)</b>	(221)
Repayment of bank loans		<b>(527)</b>	(1,033)
Proceeds from drawdown of short-term bank loans		<b>19,817</b>	17,899
Repayment of short-term bank loans		<b>(27,870)</b>	(14,724)
Capital element of finance lease payments		<b>(172)</b>	(265)
Net cash used in financing activities		<b>(23,148)</b>	(740)
<b>Net increase/(decrease) in cash and cash equivalents, and bank overdrafts</b>			
		<b>6,789</b>	(906)
Cash and cash equivalents, and bank overdrafts as at 1 April		<b>77,437</b>	67,777
Exchange adjustments on cash and cash equivalents, and bank overdrafts		<b>2,801</b>	2,108
<b>Cash and cash equivalents, and bank overdrafts as at 30 September</b>		<b>87,027</b>	68,979

The notes on pages 9 to 26 form an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Media Chinese International Limited (the “Company”) is a limited liability company incorporated in Bermuda. The Company is an investment holding company. The principal activities of its subsidiaries are the publishing, printing and distribution of Chinese language newspapers, magazines and books, and the provision of travel and travel related services in Hong Kong, Mainland China, North America, Malaysia and other Southeast Asian countries. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”) since 22 March 1991.

On 30 April 2008, the Company’s admission to the Official List of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the listing of and quotation for the Company’s shares on Bursa Securities took effect. As such, from 30 April 2008, shareholders of the Company are entitled to trade the shares on both the HK Stock Exchange and Bursa Securities.

This condensed consolidated interim financial information is presented in thousands of United States dollars (“US\$’000”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors on 25 November 2010.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2010 has been reviewed by PricewaterhouseCoopers, the auditors of the Company in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board, and by the audit committee of the Company (the “Audit Committee”).

This condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the HK Stock Exchange.

This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2010, which were prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This condensed consolidated interim financial information has not been audited.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2010.

Taxes on income in the interim periods are accrued using tax rates that would be applicable to expected total annual earnings.

The Group has adopted the following new or revised standards and amendments to standard, which are mandatory for the financial year beginning 1 April 2010 and are relevant to its operations:

- IAS 17 (amendment), "Leases". The amendment deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of IAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

IAS 17 (amendment) has been applied retrospectively in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 April 2010 on the basis of information existing at the inception of those leases, and recognised all leasehold land, except for those in Mainland China, as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The effect of the adoption of this amendment is as follows:

	<b>As at 30 September 2010 US\$'000</b>	<b>As at 31 March 2010 US\$'000</b>
Increase/(decrease) in:		
Property, plant and equipment	<b>28,290</b>	28,339
Leasehold land and land use rights	<b>(28,290)</b>	(28,339)

- IAS 27 (revised), "Consolidated and Separate Financial Statements". The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains or losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group has applied IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 April 2010.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1 April 2010. The Group is in the process of making an assessment of the impact of these new or revised standards and amendments to standards on the Group's results and financial position in the period of initial application.

### 4 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 Ringgit Malaysia ("RM"). However, each entity 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 dollar ("US\$"), a globally recognised currency, as the presentation currency for the Group's consolidated financial statements. For the entity whose functional currency is not the presentation currency, i.e. US\$, its results and financial position have been translated into US\$.

The assets and liabilities of each entity within the Group are mostly denominated in its own functional currency and do not have material impact on profit or loss for the period.

During the six months ended 30 September 2010, the Group is particularly exposed to movements in the US\$ to RM exchange rate as the majority of the Group's operations are located in Malaysia, and an increase in the exchange fluctuation reserve of US\$16,610,000 was recognised largely due to the changes in the exchange rate of US\$ to RM.

### 5 TURNOVER AND SEGMENT INFORMATION

The Group has determined the operating segments based on the reports that are reviewed and used by the Group Executive Committee for making strategic decisions.

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 and Mainland China

Publishing and printing: North America

Travel and travel related services

Publishing and printing segment is engaged in the production of various newspapers and magazines in the Chinese language, and other related printed and digital publications. It derives its revenue mainly from advertising and sales of newspapers and magazines. Travel and travel related services segment derives revenue from the sale 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 per the internal financial report. Other information provided is measured in a manner consistent with that in the internal financial report.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 TURNOVER AND SEGMENT INFORMATION (Continued)

The Group's turnover and results for the six months ended 30 September 2010, analysed by operating segment, were as follows:

	(Unaudited)					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
<b>Turnover</b>	<b>131,887</b>	<b>35,549</b>	<b>14,540</b>	<b>181,976</b>	<b>39,611</b>	<b>221,587</b>
<b>Segment profit before income tax</b>	<b>32,479</b>	<b>1,898</b>	<b>1,726</b>	<b>36,103</b>	<b>1,920</b>	<b>38,023</b>
Net unallocated expenses						(45)
Share of loss of an associate						(170)
Profit before income tax						37,808
Income tax expense						(10,223)
<b>Profit for the period</b>						<b>27,585</b>
<b>Other information:</b>						
Interest income	527	55	–	582	1	583
Interest expense	(401)	(19)	(12)	(432)	–	(432)
Depreciation	(3,576)	(854)	(275)	(4,705)	(46)	(4,751)
Amortisation of leasehold land and land use rights	–	(30)	–	(30)	–	(30)
Amortisation of intangible assets	(378)	(19)	(21)	(418)	(2)	(420)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 TURNOVER AND SEGMENT INFORMATION (Continued)

The Group's turnover and results for the six months ended 30 September 2009, analysed by operating segment, were as follows:

	(Unaudited and restated)					
	Publishing and printing					
	Malaysia and other Southeast Asian countries <i>US\$'000</i>	Hong Kong and Mainland China <i>US\$'000</i>	North America <i>US\$'000</i>	Sub-total <i>US\$'000</i>	Travel and travel related services <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Turnover</b>	<u>111,124</u>	<u>33,007</u>	<u>11,615</u>	<u>155,746</u>	<u>25,950</u>	<u>181,696</u>
<b>Segment profit/(loss) before income tax</b>	<u>21,043</u>	<u>449</u>	<u>(682)</u>	<u>20,810</u>	<u>277</u>	<u>21,087</u>
Net unallocated expenses						<u>(308)</u>
Profit before income tax						20,779
Income tax expense						<u>(6,353)</u>
<b>Profit for the period</b>						<u>14,426</u>
<b>Other information:</b>						
Interest income	285	42	–	327	2	329
Interest expense	(328)	(22)	(26)	(376)	–	(376)
Depreciation	(2,856)	(1,014)	(355)	(4,225)	(50)	(4,275)
Amortisation of leasehold land and land use rights	–	(29)	–	(29)	–	(29)
Amortisation of intangible assets	(335)	(15)	(4)	(354)	–	(354)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 TURNOVER AND SEGMENT INFORMATION (Continued)

The segment assets as at 30 September 2010 were as follows:

	(Unaudited)						
	Publishing and printing				Travel and travel related services		Total
	Malaysia and other Southeast Asian countries	Hong Kong and Mainland China	North America	Sub-total	Elimination		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Segment assets</b>	<b>394,173</b>	<b>75,673</b>	<b>12,920</b>	<b>482,766</b>	<b>13,070</b>	<b>(4,035)</b>	<b>491,801</b>
Unallocated assets							<b>3,448</b>
<b>Total assets</b>							<b>495,249</b>
<b>Total assets include:</b>							
Interest in an associate	-	2,571	-	2,571	-	-	2,571
Additions to non-current assets (other than interest in an associate, financial assets, defined benefit plan assets and deferred income tax assets)	12,825	231	55	13,111	46	-	13,157

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 TURNOVER AND SEGMENT INFORMATION (Continued)

The segment assets as at 31 March 2010 were as follows:

	(Audited)						
	Publishing and printing				Travel and		
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	travel related services US\$'000	Elimination US\$'000	Total US\$'000
<b>Segment assets</b>	<u>360,702</u>	<u>75,603</u>	<u>12,786</u>	<u>449,091</u>	<u>7,881</u>	<u>(4,019)</u>	452,953
Unallocated assets							<u>4,254</u>
<b>Total assets</b>							<u>457,207</u>
<b>Total assets include:</b>							
Interest in an associate	–	2,739	–	2,739	–	–	2,739
Additions to non-current assets (other than interest in an associate, financial assets, defined benefit plan assets and deferred income tax assets)	17,866	391	352	18,609	21	–	18,630

The Company is domiciled in Bermuda while the Group operates its publishing and printing businesses mainly in Malaysia, other Southeast Asian countries, Hong Kong and Mainland China ("main operating countries"). Revenue from external customers of the Group's publishing and printing businesses in the main operating countries for the six months ended 30 September 2010 amounted to US\$167,436,000 (2009: US\$144,131,000), and revenue from external customers in other countries amounted to US\$14,540,000 (2009: US\$11,615,000).

As at 30 September 2010, total non-current assets, other than financial assets, defined benefit plan assets and deferred tax assets, located in the main operating countries were US\$244,221,000 (31 March 2010: US\$224,807,000), and total non-current assets located in other countries were US\$6,136,000 (31 March 2010: US\$6,190,000).

The elimination between segments is intercompany receivables and payables between the segments.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 TURNOVER AND SEGMENT INFORMATION (Continued)

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, interest in an associate, investment in convertible notes, inventories, trade and other receivables, and cash and cash equivalents. They exclude defined benefit plan assets, deferred income tax assets, available-for-sale financial assets, financial assets at fair value through profit or loss – listed equity securities, and income tax recoverable.

Turnover is derived from publishing, printing and distribution of Chinese language newspapers, magazines and books, and provision of travel and travel related services. Turnover recognised during the period was as follows:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Advertising income, net of trade discounts	<b>124,153</b>	102,003
Sales of newspapers, magazines and books, net of trade discounts and returns	<b>57,823</b>	53,743
Travel and travel related services income	<b>39,398</b>	25,780
Travel agency commission income	<b>213</b>	170
	<b>221,587</b>	181,696

### 6 EXPENSES BY NATURE

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
		(Restated)
Amortisation of leasehold land and land use rights	<b>30</b>	29
Amortisation of intangible assets	<b>420</b>	354
Depreciation	<b>4,751</b>	4,275
Employee benefit expenses (including directors' emoluments)	<b>50,589</b>	45,487
Loss/(gain) on disposal of property, plant and equipment – net	<b>6</b>	(22)
Raw materials and consumables used	<b>54,816</b>	52,501

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 OTHER INCOME

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Scrap sales of old newspapers and magazines	<b>2,337</b>	1,466
Interest income	<b>583</b>	329
Rental and management fee income	<b>495</b>	249
License fee and royalty income	<b>112</b>	187
Dividend income	<b>9</b>	43
	<b>3,536</b>	2,274

### 8 OTHER GAINS, NET

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Net exchange gain	<b>250</b>	559
Fair value gains/(losses) on financial assets at fair value through profit or loss	<b>13</b>	(75)
Others	<b>794</b>	703
	<b>1,057</b>	1,187

### 9 FINANCE COSTS

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest on bank loans and overdrafts	<b>420</b>	367
Interest element of finance lease payments	<b>12</b>	9
	<b>432</b>	376

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 10 INCOME TAX EXPENSE

Income tax for the Group's Hong Kong operations has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit derived from Hong Kong for the period. Income tax for the Group's Malaysian operations is calculated at the statutory tax rate of 25% (2009: 25%) on the estimated assessable profit derived from Malaysia for the period. Taxation on other countries' profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of income tax expense charged to the condensed consolidated income statement represents:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Hong Kong profits tax		
– Current period	<b>693</b>	367
Malaysian taxation		
– Current period	<b>7,313</b>	4,639
– Under/(over) provision in prior years	<b>1</b>	(184)
Other countries' taxation		
– Current period	<b>785</b>	132
– Over provision in prior years	<b>–</b>	(40)
Deferred income tax expense	<b>1,431</b>	1,439
	<b>10,223</b>	6,353

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

### 11 EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the period of US\$27,328,000 (2009: US\$14,652,000) by the weighted average number of 1,683,897,044 (2009: 1,683,898,088) ordinary shares in issue during the period.

#### (b) Diluted

Diluted earnings per share is calculated based on the weighted average number of ordinary shares in issue during the period as used in the basic earnings per share calculation, plus the number of 462,586 (2009: Nil) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all potentially dilutive ordinary shares under the Company's share option scheme.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 12 DIVIDENDS

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
First interim dividend in respect of 2010/2011, proposed, US0.800 cents (2009/2010: US0.450 cents) per ordinary share	<b>13,471</b>	7,578
Second interim dividend in respect of 2009/2010, paid, US0.771 cents (2008/2009: US0.143 cents) per ordinary share	<b>12,983</b>	2,396
	<b>26,454</b>	9,974

The directors have declared a first interim dividend of US0.800 cents (2009: US0.450 cents) per ordinary share in respect of the year ending 31 March 2011 payable on 30 December 2010 to shareholders whose names appear on the register of members of the Company at the close of the business on 16 December 2010 in cash in RM or in Hong Kong dollars ("HK\$") at exchange rates determined on 25 November 2010 by reference to the middle exchange rates at 12:00 noon applicable to US\$ as quoted by Bank Negara Malaysia.

The middle exchange rates at 12:00 noon on 25 November 2010 as quoted by Bank Negara Malaysia of US\$ to RM and US\$ to HK\$, and the amount of first interim dividend payable are as follows:

	<b>Exchange rates</b>	<b>Dividend per ordinary share</b>
US\$ to RM	3.1315	2.505 sens
US\$ to HK\$	7.7592	HK6.207 cents

## 13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2010, the Group acquired property, plant and equipment at a total cost of US\$12,903,000 (six months ended 30 September 2009: US\$3,683,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 14 INVESTMENT IN CONVERTIBLE NOTES/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The convertible notes ("CN") are held by MediaNet Investment Limited ("MIL"), a wholly owned subsidiary of the Group.

On 17 August 2009, MIL entered into an agreement to subscribe for CN of an aggregate principal amount of approximately US\$580,000 (equivalent to HK\$4,500,000) issued by Iatopia.com Limited ("IATOPIA") in three stages which will allow MIL to convert the principal amount of the CN into, in aggregate, no more than 21.7% of the issued ordinary shares of IATOPIA over a three-year period. On 17 August 2009, the first tranche CN were issued by IATOPIA and MIL paid the subscription price of approximately US\$290,000 (equivalent to HK\$2,250,000). On 22 October 2009, the second tranche CN was issued by IATOPIA and MIL paid the subscription price of approximately US\$145,000 (equivalent to HK\$1,125,000). On 22 February 2010, the third tranche CN was issued by IATOPIA and MIL paid the subscription price of approximately US\$145,000 (equivalent to HK\$1,125,000). The CN are non-interest bearing and will mature on 16 August 2012 ("maturity date").

Each CN will, at any time and from time to time, on or prior to the maturity date, be convertible, at the option of the holder into ordinary shares of IATOPIA, at a pre-determined conversion price subject to a potential 'reset' with reference to the amount of profit of IATOPIA for the preceding financial year. On maturity date, IATOPIA will repay the unconverted portion of the principal amount of the CN to MIL in cash.

The debt portion of the CN is classified as loans and receivables and stated at amortised cost. The conversion portion of the CN is classified as financial assets at fair value through profit or loss and stated at fair value with any changes in fair value recognised in the condensed consolidated income statement.

### 15 TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 September 2010 US\$'000	(Audited) 31 March 2010 US\$'000
Trade receivables	63,723	61,539
Less: provision for impairment of trade receivables	(3,188)	(3,871)
Trade receivables – net ( <i>note</i> )	60,535	57,668
Deposits and prepayments	6,197	7,423
Other receivables	3,093	2,517
	<b>69,825</b>	<b>67,608</b>

At 30 September 2010, the carrying amounts of trade and other receivables approximated their fair values.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15 TRADE AND OTHER RECEIVABLES (Continued)

*Note:* The Group allows in general a credit period ranging from 7 days to 120 days to its customers.

At 30 September 2010, the ageing analysis of net trade receivables was as follows:

	(Unaudited) 30 September 2010 US\$'000	(Audited) 31 March 2010 US\$'000
0 to 60 days	43,997	42,097
61 to 120 days	13,217	12,400
121 to 180 days	2,099	2,023
Over 180 days	1,222	1,148
	<b>60,535</b>	<b>57,668</b>

## 16 TRADE AND OTHER PAYABLES

	(Unaudited) 30 September 2010 US\$'000	(Audited) 31 March 2010 US\$'000
Trade payables ( <i>note</i> )	21,938	17,763
Accrued charges and other payables	32,917	26,938
Subscriptions received in advance	14,671	12,714
	<b>69,526</b>	<b>57,415</b>

As at 30 September 2010, the carrying amounts of trade and other payables approximated their fair values.

*Note:* At 30 September 2010, the ageing analysis of trade payables was as follows:

	(Unaudited) 30 September 2010 US\$'000	(Audited) 31 March 2010 US\$'000
0 to 60 days	18,695	15,074
61 to 120 days	2,017	1,604
121 to 180 days	443	313
Over 180 days	783	772
	<b>21,938</b>	<b>17,763</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 SHORT-TERM BANK LOANS

	(Unaudited) 30 September 2010 US\$'000	(Audited) 31 March 2010 US\$'000
Trust receipt loans, secured	2,291	2,805
Bankers' acceptances, unsecured	10,197	20,374
Revolving credits, unsecured	11,431	7,439
	<u>23,919</u>	<u>30,618</u>

Movements in short-term bank loans are analysed as follows:

	(Unaudited) Six months ended 30 September 2010 US\$'000	2009 US\$'000
At beginning of the period	30,618	14,579
New bank loans raised	19,817	17,899
Repayment of bank loans	(27,870)	(14,724)
Exchange adjustments	1,354	791
At end of period	<u>23,919</u>	<u>18,545</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 18 OTHER LONG-TERM LIABILITIES

	(Unaudited) 30 September 2010 US\$'000	(Audited) 31 March 2010 US\$'000
Bank loans, secured ( <i>note</i> )	274	776
Obligations under finance leases	851	1,028
Retirement benefits obligations	1,046	986
	<u>2,171</u>	<u>2,790</u>
Current portion of long-term liabilities	(701)	(1,230)
	<u>1,470</u>	<u>1,560</u>

*Note:* Movements in secured bank loans are analysed as follows:

	(Unaudited) Six months ended 30 September 2010 US\$'000	2009 US\$'000
At beginning of the period	776	2,296
Repayment of bank loans	(527)	(1,033)
Exchange adjustments	25	100
At end of period	<u>274</u>	<u>1,363</u>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19 SHARE CAPITAL AND PREMIUM

	Authorised share capital Ordinary shares of HK\$0.10 each	
	Number of shares	US\$'000
At 1 April 2010	2,500,000,000	32,175
<b>At 30 September 2010</b>	<b>2,500,000,000</b>	<b>32,175</b>

	Number of ordinary shares	(Unaudited)		
		Issued share capital US\$'000	Share premium US\$'000	Total US\$'000
At 1 April 2010	1,683,897,241	21,672	280,160	301,832
Repurchase of ordinary shares	(1,000)	—	—	—
<b>At 30 September 2010</b>	<b>1,683,896,241</b>	<b>21,672</b>	<b>280,160</b>	<b>301,832</b>

All the shares repurchased during the period were cancelled. Accordingly, the issued share capital of the Company was reduced by the par value of the repurchased shares and the premiums paid on these shares were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

## 20 CAPITAL COMMITMENTS

	(Unaudited) 30 September 2010 US\$'000	(Audited) 31 March 2010 US\$'000
Property, plant and equipment		
Authorised and contracted for	2,876	3,422
Authorised but not contracted for	4,306	6,002
	<b>7,182</b>	<b>9,424</b>
Authorised capital injection for a subsidiary contracted but not provided for	438	439

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 21 TRANSACTION WITH NON-CONTROLLING INTERESTS

On 11 June 2010, the Group acquired an additional 11.07% of the issued and paid-up share capital in One Media Group Limited for a purchase consideration of US\$1,707,000.

Carrying amount of the non-controlling interests acquired and the excess over the consideration paid recognised within equity as a result of the transaction with non-controlling interests were as follows:

	<b>(Unaudited)</b> <b>US\$'000</b>
Carrying amount of non-controlling interests acquired	<b>2,429</b>
Consideration paid to non-controlling interests	<b>(1,707)</b>
Excess over consideration paid recognised within equity	<b>722</b>

The effect of transaction with non-controlling interests on the Company's equity holders for the six months ended 30 September 2010 was summarised as follows:

	<b>(Unaudited)</b> <b>Six months</b> <b>ended</b> <b>30 September</b> <b>2010</b> <b>US\$'000</b>
Total comprehensive income for the period attributable to the equity holders of the Company	<b>43,912</b>
Changes in equity attributable to equity holders of the Company	<b>722</b>
	<b>44,634</b>

### 22 CONTINGENT LIABILITIES

As at 30 September 2010, the Company issued financial guarantees in favour of certain of its subsidiaries totalling US\$22,119,000 (31 March 2010: US\$15,969,000) in connection with general banking facilities granted to those subsidiaries. As at 30 September 2010, total facilities utilised amounted to US\$4,650,000 (31 March 2010: US\$5,488,000). The directors of the Company do not consider that it is probable that a claim will be made against the Company under the financial guarantees. The maximum liability of the Company as at 30 September 2010 under the financial guarantees was the facility drawn down by its subsidiaries. No provision was therefore made in this respect as at 30 September 2010.

At 30 September 2010, there were several libel suits which involved claims against some companies within the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings was still uncertain as of the date of this condensed consolidated interim financial information, 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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 23 RELATED PARTY TRANSACTIONS

#### (a) Transactions with related parties

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Newsprint purchases from a related company of certain directors	<b>27,600</b>	20,732
Rental expenses paid to related companies of certain directors	<b>37</b>	520
Consultancy fee to a non-executive director	<b>47</b>	9
Purchases of air tickets from a related company of certain directors	<b>10</b>	5
Scrap sales of old newspapers and magazines to a related company of certain directors	<b>(663)</b>	(693)
Rental income received from a director's related company	<b>–</b>	(1)
	<b>27,031</b>	20,572

Certain directors of the Group are shareholders and/or directors of these related companies.

All transactions above have been entered into in the normal course of business and have been charged at pre-determined rates mutually agreed by parties involved.

#### (b) Key management compensation

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Basic salaries, discretionary bonuses, other allowances and benefits in kind	<b>1,074</b>	941
Contributions to pension scheme	<b>87</b>	75
Share compensation costs on share options granted by a listed subsidiary	<b>5</b>	6
	<b>1,166</b>	1,022

## FINANCIAL HIGHLIGHTS

(in US\$'000)	(Unaudited)		
	For the six months ended 30 September		
	2010	2009	Change
Turnover	<b>221,587</b>	181,696	+22%
Profit before income tax	<b>37,808</b>	20,779	+82%
Basic earnings per share (US cents)	<b>1.62</b>	0.87	+86%

## OVERALL REVIEW OF OPERATIONS

The Group continued to benefit from the improving economies and achieved a record profit before income tax of US\$37,808,000 for the first six months of 2010/2011, an increase of US\$17,029,000 or 82% as compared with US\$20,779,000 in the corresponding period last year. Much of this was attributable to the growth in advertising revenue and tour revenue. The Group ended the first half year with a growth of 22% or US\$39,891,000 in total revenue over the same period last year. Besides the steady growth in the economies, the strengthening of RM against the US dollar resulted in currency translation gains of about US\$12,500,000 and US\$3,100,000 on the Group's turnover and profit before tax for the period respectively.

Profitability improved significantly in the travel segment which saw its revenue go up 53% to US\$39,611,000 from US\$25,950,000 in the last corresponding period, driven by the improving global economies as well as the depreciation of the Euro currency which stimulated a growth in travel to Europe.

Basic earnings per share for the first six months were US1.62 cents, up by US0.75 cents or 86% from US0.87 cents in the corresponding period last year. As at 30 September 2010, the Group had US\$87,027,000 of cash and cash equivalents and the net assets per share stood at US22.15 cents.

## DIVIDENDS

The board of directors has declared payment of a first interim dividend of US0.800 cents per ordinary share payable on 30 December 2010, up US0.350 cents or 78% from the same period in the previous financial year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SEGMENTAL REVIEW

#### *Publishing and printing*

##### Malaysia and other Southeast Asian countries

During the period under review, the profit before income tax of the Malaysian operations continued to expand strongly by 54% or US\$11,436,000 to reach US\$32,479,000 as compared with US\$21,043,000 achieved in previous year's corresponding period. These strong results continued to build on the momentum of the past few quarters as the revenue of the Malaysian operations showed significant improvement.

Total revenue at US\$131,887,000, was 19% higher compared to the same period last year.

The Malaysian operations were experiencing significantly better revenue trends across all titles as the economy improved leading to an increase in consumer confidence which helped boost the growth in advertising spending. The increase in advertising revenue was noted in most of the product categories.

The increase in the advertising revenue of the Malaysian operations was in line with the advertising expenditure growth of Peninsular Malaysia for the period from April to September 2010. The advertising expenditure for the Chinese newspaper industry in Peninsular Malaysia grew 19.2% compared with the same period last year.

*Sin Chew Daily*, the flagship paper of the Malaysian operations, enhanced its position as the market leader with its continuing growth in circulation and readership in the first six months of the year. It remains the clear No.1 quality Chinese newspaper in Malaysia with an average daily readership of 1,179,000.

*China Press* kept on with its strong momentum during the period and delivered strong growth in its advertising revenue. It continued to show the strength of its brand in the challenging evening newspaper market and had an average daily readership of 902,000, thus maintaining its leading position in the evening newspaper market as well as the second most popular Chinese newspaper in Malaysia.

*Guang Ming Daily* continued to be the leading Chinese newspaper in the northern region of Peninsular Malaysia reaching out to an average 299,000 readers daily.

*Nanyang Siang Pau* will be repositioned into a paper with a strong focus on business and economic news with effect from November this year in order to strengthen its market position in the Chinese business community.

The Group will transfer all its magazine businesses in the Malaysian operations to Nanyang Press Holdings Berhad by the end of this year. The move is to streamline its magazine operations and increase efficiencies.

On the digital media front, the Group owns Malaysia's most popular Chinese online newspaper portal, *Sinchew-i.com*, attracting an average of 1.8 million monthly users over the first half of 2010/2011. *Sinchew-i.com* continued to innovate with a number of first to market initiatives including the first Chinese newspaper iPhone application in Malaysia.

### SEGMENTAL REVIEW (Continued)

#### *Publishing and printing (Continued)*

##### Hong Kong and Mainland China

During the first half of the financial year 2010/2011, the operations in Hong Kong and Mainland China have regained momentum with revenue growth of 8% from US\$33,007,000 in the last corresponding period to US\$35,549,000. The segment also reported a remarkable improvement in its pre-tax profit of 323% from US\$449,000 in the same period last year to US\$1,898,000.

*Ming Pao Daily News* continues to adhere to its mission and long standing editorial direction in providing comprehensive and accurate coverage of social, political and economic issues in Hong Kong and Mainland China.

Mingpao.com continues to provide users around the world with a large and comprehensive source of Chinese online content, covering a wide spectrum of subjects including news, current affairs, finance, health, education, technology, travel, entertainment and lifestyle.

The Group's lifestyle magazine publication unit in the Greater China region, One Media Group ("OMG"), saw its revenue increase by 15% over the same period last year and returned to profitability. This was attributable to the ongoing economic recovery momentum, persistent prudence on cost control and gradual maturity of products launched in the recent two years. OMG's operations in Mainland China continued to see improvements with healthy growth in revenue. OMG's magazine titles published in Mainland China received solid recognitions and endorsements from readers, advertisers and industry critics.

##### North America

The Group's newspaper operations in North America also benefited from the improving economies and the steady growth in the housing and retail markets in Canada during the period. The operations in the USA continued to show improvement in results with the increasing popularity of the free daily and the new Sunday magazine that was launched in April 2010.

#### *Travel and travel related services*

The Group's travel business, via Charming Holidays and Delta Group, performed remarkably well during the six months under review with turnover surged 53% or US\$13,661,000 year-on-year to US\$39,611,000. Segment profit jumped 593% or US\$1,643,000 to US\$1,920,000 from US\$277,000 in last year's corresponding period.

This remarkable performance was fuelled by continuing consumption growth as the economy recovered strongly, prompting a rebound in consumer confidence. The depreciation of the Euro currency also encouraged outbound travel to European destinations. In addition, the operations' aggressive promotions and introduction of new tour destinations were all well-received by customers and resulted in strong revenue growth for the tour operations during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DIGITAL MEDIA

The Group persisted in its effort to enhance the online versions of its print publications and digitalise its rich Chinese archive contents during the period under review. Agreements were reached with major news portals and social networking websites to distribute the Group's text, pictures and video contents in the capacity as a content provider.

The increasing popularity of electronic reading devices also encouraged users to pay for their access to the Group's contents, a breakthrough from the previous free-of-charge-for-everything online content provision environment. The Group's paid subscriber base for electronic pages and website content access is on the rise.

The mobile e-book reading platform provider, ByRead Inc., which the Group has invested in since last year, performed well with strong growth in registered users. Currently it has over 29 million registered users. The partnership with the content management system provider, Iatopia.com Limited, also progressed its task of digitalising the Group's archived contents as scheduled.

### OUTLOOK

There is evidence of improved trading conditions in most of the markets in which the Group operates, however, we remain cautious regarding the pace and sustainability of the economic recovery.

While we will remain diligent in managing our operating expenses, we expect costs to be a challenge in the remaining of this financial year due to the rising newsprint prices, renegotiations of some collective agreements in the Group and increase in promotional spending for the Group's titles.

Nevertheless, we expect continued improvement in revenue in the second half year, albeit at a slower rate and barring any unforeseen circumstances, we expect the Group to deliver satisfactory results for this financial year.

### PLEDGE OF ASSETS

As at 30 September 2010, land and buildings and assets of certain subsidiaries with an aggregate value of US\$16,704,000 (31 March 2010: US\$19,951,000) were pledged to banks to secure general banking facilities.

### LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 September 2010, the Group's net current assets amounted to US\$140,443,000 (31 March 2010: US\$129,909,000) and the shareholders' funds were US\$372,970,000 (31 March 2010: US\$341,309,000). Total bank borrowings and finance lease obligations were US\$25,044,000 (31 March 2010: US\$32,620,000) and the gearing ratio, which is defined as the ratio of total borrowings to shareholders' funds, was 0.067 (31 March 2010: 0.096).

As at 30 September 2010, total cash and cash equivalents was US\$87,027,000 (31 March 2010: US\$77,635,000) and net cash position was US\$61,983,000 (31 March 2010: US\$45,015,000) after deducting the total bank borrowings.

## SHARE OPTION SCHEMES

Details of share options granted to certain directors and full time employees of the Group under the share option scheme of the Company (the “MCI Scheme”) and the share option schemes of its subsidiary, One Media Group Limited (“OMG”), are as follows:

### (a) Share option scheme of the Company

Pursuant to the MCI Scheme approved at a special general meeting of the Company held on 21 August 2001, the directors of the Company may at their discretion invite full time employees including executive directors of the Group to take up options to subscribe for shares of the Company subject to the terms and conditions stipulated therein.

During the period, movements of the share options granted under the MCI Scheme are as follows:

Grantee	Number of shares involved in share options				Balance at 30 September 2010	Percentage of issued ordinary shares at 30 September 2010	Exercise price per share HK\$	Date of grant	Exercisable period
	Balance at 1 April 2010	Granted during the period (note 1)	Exercised during the period (note 1)	Lapsed during the period (note 2)					
Directors:									
Tan Sri Datuk Sir TIONG Hiew King	300,000	–	–	–	300,000	0.018%	1.592	31/08/2001	01/09/2001–20/08/2011
Tan Sri Datuk Sir TIONG Hiew King	300,000	–	–	–	300,000	0.018%	1.800	15/09/2003	16/09/2003–20/08/2011
Mr TIONG Kiu King	300,000	–	–	–	300,000	0.018%	1.592	31/08/2001	01/09/2001–20/08/2011
Mr TIONG Kiu King	300,000	–	–	–	300,000	0.018%	1.800	15/09/2003	16/09/2003–20/08/2011
Dato’ Sri Dr TIONG Ik King	300,000	–	–	–	300,000	0.018%	1.592	31/08/2001	01/09/2001–20/08/2011
Dato’ Sri Dr TIONG Ik King	300,000	–	–	–	300,000	0.018%	1.800	15/09/2003	16/09/2003–20/08/2011
Mr TIONG Kiew Chiong	300,000	–	–	–	300,000	0.018%	1.592	31/08/2001	01/09/2001–20/08/2011
Mr TIONG Kiew Chiong	300,000	–	–	–	300,000	0.018%	1.800	15/09/2003	16/09/2003–20/08/2011
	2,400,000	–	–	–	2,400,000	0.144%			
Full time employees	975,000	–	–	–	975,000	0.058%	1.592	31/08/2001	01/09/2001–20/08/2011
Full time employees	633,000	–	–	(30,000)	603,000	0.036%	1.320	29/08/2003	30/08/2003–20/08/2011
Total	4,008,000	–	–	(30,000)	3,978,000	0.238%			

Notes:

- No share option was granted, exercised or cancelled during the period.
- During the period, 30,000 share options lapsed by reason of a grantee ceased to be a full time employee of the Group.



## OTHER INFORMATION

### SHARE OPTION SCHEMES (Continued)

#### (b) Share option schemes of OMG

OMG is an exempted company incorporated in the Cayman Islands with limited liability on 11 March 2005 whose shares have been listed on the main board of the HK Stock Exchange since 18 October 2005 and is a subsidiary of the Company owned as to 73.9% at the date of this condensed consolidated interim financial information.

The pre-IPO share option scheme ("Pre-IPO Scheme") and the post-IPO share option scheme ("Post-IPO Scheme") (together the "OMG Schemes") were conditionally approved and adopted by ordinary resolutions of the shareholders of OMG and the Company on 26 September 2005. Pursuant to the OMG Schemes, the board of OMG may, at its absolute discretion, grant share options to any full time employees, executive and non-executive directors (including independent non-executive directors) of OMG and its subsidiaries (the "OMG Group") or the Group (for so long as OMG remains a subsidiary of the Company) to subscribe for shares of OMG subject to the terms and conditions stipulated therein.

As at 30 September 2010, no option has been granted or agreed to be granted by OMG under the Post-IPO Scheme. During the period, movements of the share options granted under the Pre-IPO Scheme are as follows:

Grantee	Number of shares involved in share options				Balance at 30 September 2010	Percentage of issued ordinary shares of OMG at 30 September 2010	Exercise price per share HK\$	Date of grant	Exercisable period
	Balance at 1 April 2010	Granted during the period (note 1)	Exercised during the period (note 1)	Lapsed during the period (note 2)					

Directors:

Tan Sri Datuk									
Sir TIONG Hiew King	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005- 25/09/2015
Mr TIONG Kiu King	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005- 25/09/2015
Dato' Sri Dr TIONG Ik King	1,000,000	–	–	–	1,000,000	0.25%	1.200	27/09/2005	18/10/2005- 25/09/2015
Mr TIONG Kiew Chiong	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005- 25/09/2015
Mr David YU Hon To	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005- 25/09/2015
	4,900,000	–	–	–	4,900,000	1.22%			

Full time employees	7,256,000	–	–	(1,908,000)	5,348,000	1.34%	1.200	27/09/2005	18/10/2005 – 25/09/2015
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Total	12,156,000	–	–	(1,908,000)	10,248,000	2.56%			
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Notes:

- 1 No share option was granted, exercised or cancelled during the period.
- 2 During the period, 1,908,000 share options lapsed by reason of the grantees ceased to be full time employees of the OMG Group.

## PARTICULARS OF INTERESTS HELD BY DIRECTORS, CHIEF EXECUTIVES AND THEIR ASSOCIATES

As at 30 September 2010, the interests and short positions of the directors, chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the HK Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Rules Governing the Listing of Securities on the HK Stock Exchange (the "HK Model Code") are as follows:

### (a) *Interests in shares and underlying shares in the Company*

Name of director	Number of shares/underlying shares held					Interests in underlying shares pursuant to share options (note 1)	Aggregate interests	Percentage of issued ordinary shares at 30 September 2010
	Personal interests	Family interests	Corporate interests	Total interests in shares				
Tan Sri Datuk Sir TIONG Hiew King	86,509,058	234,566	796,734,373 (note 2)	883,477,997	600,000	884,077,997	52.50%	
Mr TIONG Kiu King	2,540,559	147,000	–	2,687,559	600,000	3,287,559	0.20%	
Dato' Sri Dr TIONG Ik King	9,406,189	–	252,487,700 (note 3)	261,893,889	600,000	262,493,889	15.59%	
Mr TIONG Kiew Chiong	4,474,583	–	–	4,474,583	600,000	5,074,583	0.30%	
Temenggong Datuk Kenneth Kanyan ANAK TEMENGONG KOH	135,925	–	–	135,925	–	135,925	0.01%	

Notes:

- 1 These represent share options granted by the Company to the relevant directors under the MCI Scheme to subscribe for shares of the Company.
- 2 The corporate interests of Tan Sri Datuk Sir TIONG Hiew King comprise:
  - (i) 252,487,700 shares held by Conch Company Limited ("Conch");
  - (ii) 65,319,186 shares held by Teck Sing Lik Enterprise Sdn Bhd ("TSL");
  - (iii) 1,902,432 shares held by Pertumbuhan Abadi Asia Sdn Bhd ("PAA");
  - (iv) 75,617,495 shares held by Ezywood Options Sdn Bhd ("Ezywood");
  - (v) 15,536,696 shares held by Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS");
  - (vi) 6,532,188 shares held by Rimbunan Hijau Southeast Asia Sdn Bhd ("RHSA");
  - (vii) 52,875,120 shares held by Madigreen Sdn Bhd ("Madigreen");
  - (viii) 326,463,556 shares held by Progresif Growth Sdn Bhd ("Progresif").

Tan Sri Datuk Sir TIONG Hiew King directly holds 84% interest in TSL, 99.99% interest in PAA and 50% interest in Ezywood. In addition, PAA directly holds 47.62% interest in both RHS and RHSA, and 45% interest in Madigreen. Tan Sri Datuk Sir TIONG Hiew King directly and indirectly holds 45% interest in Progresif. The details of shares held by Conch are set out in note 3 below.

## OTHER INFORMATION

### PARTICULARS OF INTERESTS HELD BY DIRECTORS, CHIEF EXECUTIVES AND THEIR ASSOCIATES (Continued)

#### (a) Interests in shares and underlying shares in the Company (Continued)

Notes: (Continued)

- 3 Conch holds 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King. In addition, Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.

#### (b) Interest in shares and underlying shares in OMG

Name of director	Number of shares/underlying shares held					Aggregate interests	Percentage of issued ordinary shares of OMG at 30 September 2010
	Personal interests	Family interests	Corporate interests	Total interests in shares	Interests in underlying shares pursuant to share options (note)		
Tan Sri Datuk Sir TIONG Hiew King	–	–	–	–	1,250,000	1,250,000	0.31%
Mr TIONG Kiu King	–	–	–	–	1,250,000	1,250,000	0.31%
Dato' Sri Dr TIONG Ik King	–	–	–	–	1,000,000	1,000,000	0.25%
Mr TIONG Kiew Chiong	4,000,000	–	–	4,000,000	1,250,000	5,250,000	1.31%
Mr David YU Hon To	–	–	–	–	150,000	150,000	0.04%

Note: These represent share options granted by OMG to the directors of the Company under the Pre-IPO Scheme conditionally approved by the Company and conditionally approved and adopted by OMG on 26 September 2005 to subscribe for shares of OMG.

Save as disclosed above and those disclosed under “Share Option Schemes”, at 30 September 2010, none of the directors, chief executives and their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which are required to be notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the HK Stock Exchange pursuant to the HK Model Code.

Apart from the share option schemes, at no time during the period were rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company granted to any directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them, or was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 30 September 2010, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares held	Percentage of issued ordinary shares at 30 September 2010
Progresif Growth Sdn Bhd ( <i>note 1</i> )	326,463,556	19.39%
Conch Company Limited ( <i>note 2</i> )	252,487,700	14.99%
Zaman Pemimpin Sdn Bhd ( <i>note 3</i> )	154,219,783	9.16%

All the interests stated above represent long positions in the shares of the Company.

Notes:

- 1 Tan Sri Datuk Sir TIONG Hiew King directly and indirectly holds 45% interest in Progresif.
- 2 Conch owns 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King. In addition, Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.
- 3 Zaman Pemimpin Sdn Bhd ("Zaman") owns 154,219,783 shares of the Company. 49% of the interest in Zaman is held by Globegate Alliance Sdn Bhd, a company jointly owned by Ms LU Mee Bing and Salmiah Binti SANI.

Save as disclosed above and those disclosed under "Particulars of Interests held by Directors, Chief Executives and Their Associates", the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company at 30 September 2010.

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 September 2010, the Company repurchased a total of 1,000 of its listed shares on the HK Stock Exchange for the purpose of enhancing the net asset value per share of the Company. Details of the repurchases are summarised as follows:

Month/Year	Number of ordinary shares repurchased	Purchase price per share		Aggregate purchase consideration HK\$	Equivalent in US\$
		Highest HK\$	Lowest HK\$		
August 2010	<u>1,000</u>	2.00	2.00	<u>2,000</u>	<u>257</u>

All the shares repurchased during the period were cancelled. Accordingly, the issued share capital of the Company was reduced by the par value of the repurchased shares and the premiums paid on these shares were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

### CLOSURE OF THE REGISTER OF MEMBERS

The register of members in Hong Kong will be closed on Thursday, 16 December 2010 whereby no transfer of shares will be registered on that date. In order to qualify for the first interim dividend of US0.800 cents per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 15 December 2010. In respect of shareholders in Malaysia, a depositor in Malaysia shall qualify for the entitlement to the dividend only in respect of: (i) shares transferred into the Depositor's Securities Account before 4:00 p.m. on Thursday, 16 December 2010 in respect of transfers; and (ii) shares bought on Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities. The first interim dividend will be payable to the shareholders on 30 December 2010.

Shareholders who wish to request for transmission of their shares between the Malaysia Register and Hong Kong Register are advised to take note that request for transmission will be suspended from 10 December 2010 to 16 December 2010, both days inclusive.

## EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2010, the Group had approximately 4,665 employees (31 March 2010: approximately 4,659 employees), the majority of whom were employed in Malaysia and Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors and senior management are reviewed by the Remuneration Committee regularly, having regard to the Group's operating results, individual performance and comparable market statistics. No director or any of his associates and executive is involved in dealing with his own remuneration. The Group has share option schemes as an incentive to directors and eligible employees.

## CORPORATE GOVERNANCE

The board of directors is committed to practising the highest standards of corporate governance and operating within a governance framework that is formulated based on the recommendations of the Malaysian Code on Corporate Governance (the "Malaysian Code") and the Code on Corporate Governance Practices (the "Hong Kong Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the HK Stock Exchange. The Company has adopted the recommendations of the Malaysian Code and all the code provisions in the Hong Kong Code as its own code on corporate governance practices.

During the period under review, the Company has complied with the best practices of the Malaysian Code and met the code provisions as set out in the Hong Kong Code save for the appointment of a senior independent non-executive director and the deviation in the establishment of Remuneration Committee.

The Malaysian Code requires that the board should appoint a remuneration committee, which consists wholly or mainly of non-executive directors and code provision B.1.1 of Hong Kong Code requires that the majority members of the remuneration committee should be independent non-executive directors. On 1 October 2009, Mr Victor YANG resigned as an independent non-executive director, the Chairman of the Nomination Committee, and a member of the Audit Committee and Remuneration Committee of the Company. Following his resignation, the composition of the Remuneration Committee was below the requirements of the Malaysian Code and the code provision B.1.1 of the Hong Kong Code. On 26 June 2010, Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH, an independent non-executive director of the Company, was appointed as a member of the Remuneration Committee, immediately after the appointment, the Company has complied with both the Malaysian Code and the code provision B.1.1 of the Hong Kong Code.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the requirements and code as set out in (i) Chapter 14 (Dealings in Listed Securities) of the Main Market Listing Requirements of Bursa Securities ("Chapter 14 of the Listing Requirements of Bursa Securities") and (ii) the HK Model Code. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standards as set out in (i) Chapter 14 of the Listing Requirements of Bursa Securities and (ii) HK Model Code during the period under review.

## OTHER INFORMATION

### CHANGE TO THE BOARD SUB-COMMITTEE

Below is the change to the board sub-committee since the date of the 2009/10 Annual Report:

Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH was appointed as a member of the Remuneration Committee of the Company with effect from 26 June 2010.

### AUDIT COMMITTEE

The Audit Committee was established on 30 March 1999, it currently has four members, namely Mr David YU Hon To (Chairman), Tan Sri Dato' LAU Yin Pin, Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH and Mr LEONG Chew Meng. Except for Mr LEONG Chew Meng who is a non-executive director, the rest of the members are all independent non-executive directors.

The Audit Committee meets regularly with the management and the external auditors to discuss the audit process and accounting issues, and reviews the effectiveness of internal controls. The written terms of reference which specify the authorities and duties of the Audit Committee are regularly reviewed and updated by the board of directors.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2010.

### REMUNERATION COMMITTEE

The Remuneration Committee was established on 25 May 2005 with specific terms of reference that specify its authorities and duties. The Remuneration Committee currently has five members, namely, Tan Sri Dato' LAU Yin Pin (Chairman), Mr David YU Hon To, Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH, Mr TIONG Kiew Chiong and Ms SIM Sai Hoon. Except for Mr TIONG Kiew Chiong and Ms SIM Sai Hoon who are executive directors, the rest of the members are all independent non-executive directors. The Remuneration Committee is responsible for the review of the Company's policies for the remuneration of its directors and senior management and the making of any recommendations in relation to such policies to the board of directors.

### NOMINATION COMMITTEE

The Nomination Committee was established on 25 May 2005 with specific terms of reference that specify its authorities and duties. The Nomination Committee currently has four members, namely, Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH (Chairman), Mr David YU Hon To, Tan Sri Dato' LAU Yin Pin and Mr LEONG Chew Meng. Except for Mr LEONG Chew Meng who is a non-executive director, the rest of the members are all independent non-executive directors. The Nomination Committee's responsibilities include reviewing the structure, size and composition of the board of directors on a regular basis and making recommendations to the board regarding any proposed changes.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the HK Stock Exchange, set out below are the changes in information of directors since the date of the 2009/10 Annual Report:

### (a) Directors' biographical details

Tan Sri Dato' LAU Yin Pin, an independent non-executive director of the Company, resigned as an independent non-executive director of Tenaga Nasional Berhad (stock code: 5347), a listed company in Malaysia, on 15 September 2010.

### (b) Directors' fees

- (i) The director's fee to Tan Sri Datuk Sir TIONG Hiew King for the financial year ending 31 March 2011 was increased by RM100,000 (equivalent to approximately US\$30,700) from RM1,000,000 to RM1,100,000;
- (ii) The director's fee to each of Mr TIONG Kiu King, Dato' Sri Dr TIONG Ik King and Mr David YU Hon To for the financial year ending 31 March 2011 was increased by HK\$15,000 (equivalent to approximately US\$1,900) from HK\$150,000 to HK\$165,000;
- (iii) The director's fee to each of Mr LEONG Chew Meng, Tan Sri Dato' LAU Yin Pin and Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH for the financial year ending 31 March 2011 was increased by RM6,150 (equivalent to approximately US\$1,900) from RM61,500 to RM67,650.

The aforesaid directors' fees do not include any additional fees to independent non-executive directors serving as chairmen of the Audit Committee, Remuneration Committee and Nomination Committee which shall remain unchanged. The total of the increase in directors' fees for the financial year ending 31 March 2011 will be approximately US\$42,100.

By Order of the Board  
**Media Chinese International Limited**  
**TIONG Kiew Chiong**  
*Director*

25 November 2010



## ADDITIONAL INFORMATION

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2010

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Note)</b>	<b>(Note)</b>
Turnover	<b>683,706</b>	560,623
Cost of goods sold	<b>(419,609)</b>	(362,083)
<b>Gross profit</b>	<b>264,097</b>	198,540
Other income	<b>10,910</b>	7,016
Other gains, net	<b>3,261</b>	3,663
Selling and distribution expenses	<b>(93,296)</b>	(82,744)
Administrative expenses	<b>(56,647)</b>	(52,407)
Other operating expenses	<b>(9,811)</b>	(8,794)
<b>Operating profit</b>	<b>118,514</b>	65,274
Finance costs	<b>(1,332)</b>	(1,160)
Share of loss of an associate	<b>(525)</b>	–
<b>Profit before income tax</b>	<b>116,657</b>	64,114
Income tax expense	<b>(31,543)</b>	(19,602)
<b>Profit for the period</b>	<b>85,114</b>	44,512
<b>Attributable to:</b>		
Equity holders of the Company	<b>84,321</b>	45,209
Non-controlling interests	<b>793</b>	(697)
	<b>85,114</b>	44,512
<b>Earnings per share attributable to the equity holders of the Company</b>		
Basic (sens)	<b>5.00</b>	2.68
Diluted (sens)	<b>5.00</b>	2.68
<b>Dividends</b>	<b>41,565</b>	23,382

*Note:* The presentation currency of this condensed consolidated interim financial information is US\$. Additional information in RM for the period ended 30 September 2010 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM3.0855 ruling at 30 September 2010. 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

For the six months ended 30 September 2010

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Note)</b>	<b>(Note)</b>
<b>Profit for the period</b>	<b>85,114</b>	44,512
<b>Other comprehensive income</b>		
Currency translation differences	<b>51,250</b>	39,593
Revaluation gain recognised upon transfer from property held for own use to investment properties	<u>—</u>	<u>1,262</u>
<b>Other comprehensive income for the period, net of tax</b>	<u><b>51,250</b></u>	<u>40,855</u>
<b>Total comprehensive income for the period</b>	<u><b>136,364</b></u>	<u>85,367</u>
<b>Attributable to:</b>		
Equity holders of the Company	<b>135,491</b>	85,962
Non-controlling interests	<u><b>873</b></u>	<u>(595)</u>
	<u><b>136,364</b></u>	<u>85,367</u>

*Note:* The presentation currency of this condensed consolidated interim financial information is US\$. Additional information in RM for the period ended 30 September 2010 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM3.0855 ruling at 30 September 2010. 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.

## ADDITIONAL INFORMATION

### CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2010

	(Unaudited) 30 September 2010 RM'000 (Note)	(Unaudited and restated) 31 March 2010 RM'000 (Note)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	477,811	431,853
Investment properties	28,161	26,801
Leasehold land and land use rights	6,526	6,615
Intangible assets	252,045	239,021
Deferred income tax assets	4,468	5,650
Defined benefit plan assets	858	796
Interest in an associate	7,933	8,451
Investment in convertible notes – debt portion	1,619	1,577
	<b>779,421</b>	<b>720,764</b>
<b>Current assets</b>		
Inventories	258,950	234,742
Available-for-sale financial assets	1,990	1,987
Financial assets at fair value through profit or loss	734	697
Trade and other receivables	215,445	208,604
Income tax recoverable	3,027	4,375
Cash and cash equivalents	268,522	239,543
	<b>748,668</b>	<b>689,948</b>
<b>Current liabilities</b>		
Trade and other payables	214,522	177,154
Income tax liabilities	24,844	13,083
Short-term bank loans	73,802	94,472
Bank overdrafts, secured	–	611
Current portion of long-term liabilities	2,163	3,795
	<b>315,331</b>	<b>289,115</b>
<b>Net current assets</b>	<b>433,337</b>	<b>400,833</b>
<b>Total assets less current liabilities</b>	<b>1,212,758</b>	<b>1,121,597</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	66,869	66,869
Share premium	864,434	864,434
Other reserves	(231,477)	(284,906)
Retained earnings	450,974	406,712
	<b>1,150,800</b>	<b>1,053,109</b>
<b>Non-controlling interests</b>	<b>14,525</b>	<b>25,495</b>
<b>Total equity</b>	<b>1,165,325</b>	<b>1,078,604</b>
<b>Non-current liabilities</b>		
Other long-term liabilities	4,536	4,813
Deferred income tax liabilities	42,897	38,180
	<b>47,433</b>	<b>42,993</b>
	<b>1,212,758</b>	<b>1,121,597</b>

Note: The presentation currency of this condensed consolidated interim financial information is US\$. Additional information in RM for the period ended 30 September 2010 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM3.0855 ruling at 30 September 2010. 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

For the six months ended 30 September 2010

	(Unaudited)						
	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Total RM'000 (Note)	RM'000 (Note)	RM'000 (Note)
<b>At 1 April 2009</b>	66,869	864,434	(378,486)	310,562	863,379	25,267	888,646
Profit/(loss) for the period	-	-	-	45,209	45,209	(697)	44,512
Other comprehensive income:							
Currency translation differences	-	-	39,491	-	39,491	102	39,593
Revaluation gain recognised upon transfer from property held for own use to investment properties	-	-	1,262	-	1,262	-	1,262
Other comprehensive income for the period, net of tax	-	-	40,753	-	40,753	102	40,855
Total comprehensive income/(loss) for the period	-	-	40,753	45,209	85,962	(595)	85,367
Transactions with owners:							
Share compensation costs on share options granted by a listed subsidiary	-	-	52	-	52	37	89
2008/2009 final dividend paid by a listed subsidiary	-	-	-	-	-	(682)	(682)
2008/2009 second interim dividend paid	-	-	-	(7,393)	(7,393)	-	(7,393)
Total transactions with owners	-	-	52	(7,393)	(7,341)	(645)	(7,986)
<b>At 30 September 2009</b>	<u>66,869</u>	<u>864,434</u>	<u>(337,681)</u>	<u>348,378</u>	<u>942,000</u>	<u>24,027</u>	<u>966,027</u>
<b>At 1 April 2010</b>	<b>66,869</b>	<b>864,434</b>	<b>(284,906)</b>	<b>406,712</b>	<b>1,053,109</b>	<b>25,495</b>	<b>1,078,604</b>
Profit for the period	-	-	-	84,321	84,321	793	85,114
Other comprehensive income:							
Currency translation differences	-	-	51,170	-	51,170	80	51,250
Other comprehensive income for the period, net of tax	-	-	51,170	-	51,170	80	51,250
Total comprehensive income for the period	-	-	51,170	84,321	135,491	873	136,364
Transactions with owners:							
Acquisition of additional interest in a listed subsidiary	-	-	2,228	-	2,228	(7,495)	(5,267)
Share compensation costs on share options granted by a listed subsidiary	-	-	31	-	31	12	43
2009/2010 final dividend paid by a listed subsidiary	-	-	-	-	-	(4,360)	(4,360)
2009/2010 second interim dividend paid	-	-	-	(40,059)	(40,059)	-	(40,059)
Total transactions with owners	-	-	2,259	(40,059)	(37,800)	(11,843)	(49,643)
<b>At 30 September 2010</b>	<u>66,869</u>	<u>864,434</u>	<u>(231,477)</u>	<u>450,974</u>	<u>1,150,800</u>	<u>14,525</u>	<u>1,165,325</u>

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## ADDITIONAL INFORMATION

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2010

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Note)</b>	<b>(Note)</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	152,207	20,577
Interest on bank loans and overdrafts	(1,295)	(1,132)
Interest element of finance lease payments	(37)	(28)
Profits tax paid	(14,536)	(9,596)
Long service payments made	(120)	(148)
Net cash generated from operating activities	136,219	9,673
<b>Cash flows from investing activities</b>		
Acquisition of additional interest in a listed subsidiary	(5,267)	–
Purchase of property, plant and equipment	(39,812)	(11,364)
Purchase of intangible assets	(784)	(654)
Investment in convertible notes	–	(895)
Proceeds from disposal of property, plant and equipment	86	1,157
Proceeds from disposal of investment properties	145	–
Proceeds from disposal of intangible assets	–	194
Proceeds from disposal of non-current assets held for sale	–	238
Interest received	1,756	1,006
Dividends received	28	133
Net cash used in investing activities	(43,848)	(10,185)
<b>Cash flows from financing activities</b>		
Dividends paid	(40,059)	(7,393)
Dividends paid by a listed subsidiary to non-controlling interests	(4,360)	(682)
Repayment of bank loans	(1,626)	(3,187)
Proceeds from drawdown of short-term bank loans	61,145	55,227
Repayment of short-term bank loans	(85,992)	(45,430)
Capital element of finance lease payments	(531)	(818)
Net cash used in financing activities	(71,423)	(2,283)
<b>Net increase/(decrease) in cash and cash equivalents, and bank overdrafts</b>	<b>20,948</b>	<b>(2,795)</b>
Cash and cash equivalents, and bank overdrafts as at 1 April	238,932	209,126
Exchange adjustments on cash and cash equivalents, and bank overdrafts	8,642	6,504
<b>Cash and cash equivalents, and bank overdrafts as at 30 September</b>	<b>268,522</b>	<b>212,835</b>

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