

**MEDIA CHINESE INTERNATIONAL LIMITED**  
**(Incorporated in Bermuda with limited liability) (Company No. 995098-A)**  
**Interim financial report for the first quarter ended 30 June 2008**

**Unaudited Condensed Consolidated Income Statement**  
**For the first quarter ended 30 June 2008**

	Individual quarter ended		Individual quarter ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	US\$'000	US\$'000	RM'000	RM'000
			(note)	(note)
Turnover	109,483	83,245	357,517	271,836
Cost of goods sold	(69,937)	(55,738)	(228,379)	(182,012)
Gross profit	39,546	27,507	129,138	89,824
Other income	1,716	1,133	5,603	3,700
Other gains, net	460	332	1,502	1,084
Selling and distribution expenses	(16,017)	(11,716)	(52,304)	(38,259)
Administrative expenses	(10,593)	(6,966)	(34,591)	(22,747)
Other operating expenses	(1,524)	(1,192)	(4,977)	(3,892)
Operating profit	13,588	9,098	44,371	29,710
Finance costs	(445)	(247)	(1,453)	(807)
Profit before income tax	13,143	8,851	42,918	28,903
Income tax expense	(4,034)	(2,622)	(13,173)	(8,562)
Profit for the quarter	9,109	6,229	29,745	20,341
<b>Attributable to:</b>				
Equity holders of the Company	8,821	3,464	28,805	11,312
Minority interests	288	2,765	940	9,029
	9,109	6,229	29,745	20,341
<b>Earnings per share attributable to the equity holders of the Company</b>				
Basic (US cents/sen)	0.52	0.38	1.70	1.24
Diluted (US cents/sen)	0.52	0.38	1.70	1.24
<b>Dividends</b>	-	-	-	-

*Note:* The presentation currency of this unaudited interim financial report is United States dollars ("US\$"). Supplementary information in Ringgit Malaysia ("RM") for the period ended 30 June 2008 with comparatives are shown for reference only and have been made at the same exchange rate of US\$1 to RM3.2655 ruling at 30 June 2008. 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.

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**Unaudited Condensed Consolidated Income Statement**  
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<b>Dividends</b>	-	-	-	-

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**(Incorporated in Bermuda with limited liability) (Company No. 995098-A)**  
**Interim financial report for the first quarter ended 30 June 2008**

**Unaudited Condensed Consolidated Balance Sheet**  
**As at 30 June 2008**

	As at 30 June 2008 US\$'000	As at 31 March 2008 US\$'000	As at 30 June 2008 RM'000 <i>(note)</i>	As at 31 March 2008 RM'000 <i>(note)</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	109,353	112,603	357,092	367,705
Investment properties	6,887	7,056	22,490	23,041
Leasehold land and land use rights	23,751	24,262	77,559	79,228
Intangible assets	21,945	22,022	71,661	71,913
Goodwill	62,134	62,450	202,899	203,930
Financial assets at fair value through profit or loss	1,123	1,128	3,667	3,683
Defined benefit plan assets	595	579	1,943	1,891
Deferred income tax assets	3,281	3,630	10,714	11,854
	<u>229,069</u>	<u>233,730</u>	<u>748,025</u>	<u>763,245</u>
<b>Current assets</b>				
Inventories	43,129	50,531	140,838	165,009
Available-for-sale financial assets	641	644	2,093	2,103
Financial assets at fair value through profit or loss	276	276	901	901
Trade and other receivables	75,749	76,896	247,358	251,104
Income tax recoverable	2,598	2,760	8,484	9,013
Cash and cash equivalents	98,208	76,559	320,698	250,003
	<u>220,601</u>	<u>207,666</u>	<u>720,372</u>	<u>678,133</u>
<b>Current liabilities</b>				
Trade and other payables	68,240	58,982	222,838	192,606
Income tax liabilities	5,166	4,067	16,870	13,281
Dividend payable	15,513	-	50,658	-
Short-term bank loans	19,067	24,414	62,263	79,724
Bank overdrafts, secured	3,196	2,962	10,437	9,672
Current portion of long-term liabilities	6,079	6,460	19,851	21,095
	<u>117,261</u>	<u>96,885</u>	<u>382,917</u>	<u>316,378</u>
<b>Net current assets</b>	<u>103,340</u>	<u>110,781</u>	<u>337,455</u>	<u>361,755</u>
<b>Total assets less current liabilities</b>	<u>332,409</u>	<u>344,511</u>	<u>1,085,480</u>	<u>1,125,000</u>
<b>EQUITY</b>				
Share capital	21,684	5,167	70,809	16,873
Share premium	280,341	12,809	915,454	41,828
Other reserves	(92,499)	196,554	(302,055)	641,847
Retained earnings				
- Proposed dividend	-	15,610	-	50,974
- Others	100,036	91,136	326,668	297,605
	<u>309,562</u>	<u>321,276</u>	<u>1,010,876</u>	<u>1,049,127</u>
<b>Minority interests</b>	<u>8,288</u>	<u>7,952</u>	<u>27,064</u>	<u>25,967</u>
<b>Total equity</b>	<u>317,850</u>	<u>329,228</u>	<u>1,037,940</u>	<u>1,075,094</u>
<b>Non-current liabilities</b>				
Long-term liabilities	5,300	6,453	17,307	21,072
Deferred income tax liabilities	9,259	8,830	30,233	28,834
	<u>332,409</u>	<u>344,511</u>	<u>1,085,480</u>	<u>1,125,000</u>
Net assets per share attributable to ordinary equity holders of the Company (US cents/sen)	<u>18.86</u>	<u>19.52</u>	<u>61.60</u>	<u>63.74</u>

*Note:* The presentation currency of this unaudited interim financial report is US\$. Supplementary information in RM for the period ended 30 June 2008 with comparatives are shown for reference only and have been made at the same exchange rate of US\$1 to RM3.2655 ruling at 30 June 2008. 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.

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**Interim financial report for the first quarter ended 30 June 2008**

**Unaudited Consolidated Statement of Recognised Income and Expense**  
**For the period ended 30 June 2008**

	Cumulative quarter ended		Cumulative quarter ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	US\$'000	US\$'000	RM'000	RM'000
			(note)	(note)
Currency translation differences	(4,641)	(168)	(15,155)	(549)
Net income recognised directly in equity	(4,641)	(168)	(15,155)	(549)
Profit for the period	9,109	6,229	29,745	20,341
Total recognised income for the period	<u>4,468</u>	<u>6,061</u>	<u>14,590</u>	<u>19,792</u>
<b>Attributable to :</b>				
Equity holders of the Company	4,144	3,300	13,532	10,776
Minority interests	324	2,761	1,058	9,016
	<u>4,468</u>	<u>6,061</u>	<u>14,590</u>	<u>19,792</u>

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**MEDIA CHINESE INTERNATIONAL LIMITED**  
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**Interim financial report for the first quarter ended 30 June 2008**

**Unaudited Condensed Consolidated Cash Flow Statement**  
**For the period ended 30 June 2008**

	Cumulative quarter ended		Cumulative quarter ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	US\$'000	US\$'000	RM'000	RM'000
			<i>(note)</i>	<i>(note)</i>
<b>Cash flows from operating activities</b>				
Cash generated from operations	33,710	10,923	110,080	35,669
Interest on bank loans and overdrafts	(404)	(219)	(1,319)	(715)
Interest element of finance lease payments	(41)	(28)	(134)	(92)
Profits tax paid	(1,921)	(528)	(6,273)	(1,724)
<b>Net cash generated from operating activities</b>	<b>31,344</b>	<b>10,148</b>	<b>102,354</b>	<b>33,138</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,075)	(747)	(3,510)	(2,439)
Purchase of intangible assets	(40)	-	(131)	-
Purchase of financial assets at fair value through profit or loss	-	(502)	-	(1,639)
Proceeds from disposals of property, plant and equipment	141	33	460	107
Interest received	463	572	1,512	1,867
Dividends received	8	6	26	20
<b>Net cash used in investing activities</b>	<b>(503)</b>	<b>(638)</b>	<b>(1,643)</b>	<b>(2,084)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of share options	16	6	52	20
Repurchase of ordinary shares	(378)	-	(1,234)	-
Repayment of bank loans	(1,504)	(993)	(4,911)	(3,243)
Repayment of short-term bank loans	(4,851)	(9,206)	(15,841)	(30,062)
Capital element of finance lease payments	(169)	(109)	(552)	(356)
<b>Net cash used in financing activities</b>	<b>(6,886)</b>	<b>(10,302)</b>	<b>(22,486)</b>	<b>(33,641)</b>
Net increase/(decrease) in cash and cash equivalents, and bank overdrafts	23,955	(792)	78,225	(2,587)
Cash and cash equivalents, and bank overdrafts as at 1 April	73,597	64,924	240,331	212,009
Exchange adjustments on cash and cash equivalents, and bank overdrafts	(2,540)	(196)	(8,295)	(639)
<b>Cash and cash equivalents, and bank overdrafts as at 30 June</b>	<b>95,012</b>	<b>63,936</b>	<b>310,261</b>	<b>208,783</b>

*Note:* The presentation currency of this unaudited interim financial report is US\$. Supplementary information in RM for the period ended 30 June 2008 with comparatives are shown for reference only and have been made at the same exchange rate of US\$1 to RM3.2655 ruling at 30 June 2008. 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 unaudited interim financial report**

**A1. Basis of accounting and changes in accounting policies**

**a) Basis of accounting**

This interim financial report of Media Chinese International Limited (the "Company") for the first quarter ended 30 June 2008 is unaudited and has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", paragraph 9(1) of Chapter 13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

This interim financial report should be read in conjunction with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008 and the accompanying explanatory notes attached to this interim financial report.

**b) Accounting policies**

The preparation of interim financial report in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The accounting policies adopted are consistent with those used in the annual financial statements for the year ended 31 March 2008 with the addition of the following new standards, amendments to existing standards and interpretations to existing standards which are relevant to the Group's operations and are mandatory for the financial year ending 31 March 2009:

**IFRIC-Int 12, Services Concession Arrangements** – IFRIC-Int 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and hence this interpretation will have no impact on the Group.

**IFRIC-Int 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction** – IFRIC-Int 14 was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The Group expects that this interpretation will have no impact on the financial position or performance of the Group.

There are also a number of new standards, amendments to standards and interpretations to existing standards issued that are not yet effective for the financial year ending 31 March 2009. The Group has carried out a preliminary assessment of these standards, amendments and interpretations and considered that IAS 1 (Revised) and IAS 23 (Revised) may not have any significant impact on the Group's results of operations and financial position but a detailed assessment is still being carried on. The Group is also in the process of assessing the impact of IFRS 8 and IFRIC-Int 13.

**A. Notes to the unaudited interim financial report (Continued)**

**A1. Basis of accounting and changes in accounting policies (Continued)**

**c) Basis of consolidation**

Both the Company and Sin Chew Media Corporation Berhad ("Sin Chew") have been under the common control of the same controlling party before and after the merger, details of which were disclosed in the Company's announcement dated 1 April 2008. As such, the Group has applied the principles of merger accounting to account for the business combination with Sin Chew and its subsidiaries (the "Sin Chew Group") as if the combination had occurred from the date when the Company and Sin Chew first came under the common control of the controlling party.

As the Company and Nanyang Press Holdings Berhad ("Nanyang") were not under common control, the Group has applied the purchase method to account for the acquisition of equity interest in Nanyang as a wholly-owned subsidiary pursuant to the merger on the effective completion date, i.e. 31 March 2008.

Accordingly, the Group's unaudited consolidated income statement for the current quarter ended 30 June 2008 included the results of both Sin Chew and Nanyang whereas for the comparative quarter ended 30 June 2007, only Sin Chew's results were included.

**d) 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. However, each entity can present its financial statements in any currency, which may be the same or different from the entity's functional currency. For the entity of which functional currency is not the presentation currency, i.e. US\$, it has translated its results and financial position into US\$. Assets and liabilities for the balance sheet have been translated at the closing rate at the balance sheet date, i.e. 30 June 2008, and income and expenses for the income statement have been translated at exchange rates at the dates of the transactions. All resulting exchange differences have been recognised as exchange adjustments in the exchange fluctuation reserve.

**e) Convenience translation**

In addition to presenting the interim financial report in US\$, supplementary information in RM for the period ended 30 June 2008 with comparatives are shown for reference only and have been made at the same exchange rate of US\$1 to RM3.2655 ruling at 30 June 2008. 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.

**A2. Audit report of the Company's preceding annual financial statements**

The Company's audited financial statements for the year ended 31 March 2008 were not subject to any audit qualification.

**A3. 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 expenditure and the travel business.

**A4. Unusual items**

There were no unusual items during the quarter affecting assets, liabilities, equity, net income or cash flows.

**A5. 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 current quarter under review.

**MEDIA CHINESE INTERNATIONAL LIMITED**  
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**Interim financial report for the first quarter ended 30 June 2008**

**A. Notes to the unaudited interim financial report (Continued)**

**A6. Changes in debt and equity securities**

- a) During the three months period ended 30 June 2008, the Company repurchased a total of 1,430,000 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\$	Equivalents in US\$
		Highest HK\$	Lowest HK\$		
April 2008	600,000	2.20	1.85	1,285,000	164,908
May 2008	50,000	2.00	2.00	100,000	12,821
June 2008	780,000	2.05	1.99	1,565,830	200,565
	<u>1,430,000</u>			<u>2,950,830</u>	<u>378,294</u>

All the repurchased shares were cancelled during the period under review. 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.

- b) Pursuant to a share option scheme approved at the Special General Meeting of the Company held on 21 August 2001 (the "Share Option Scheme") and for the primary purpose of providing incentive to full time employees, the directors of the Company may at their discretion invite full time employees including executive directors of the Company and its subsidiaries to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. Movements of share options during the quarter ended 30 June 2008 were as follows:

Date granted	Exercise price		Number of shares involved in share options				
			As at 1 April 2008	Options granted	Options lapsed	Options exercised	As at 30 June 2008
	HK\$	Equivalents in US\$					
31 August 2001	1.592	0.205	2,551,000	-	-	(30,000)	2,521,000
29 August 2003	1.320	0.170	839,000	-	-	(60,000)	779,000
15 September 2003	1.800	0.232	1,200,000	-	-	-	1,200,000
			<u>4,590,000</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>4,500,000</u>

- c) Details of the movements in the Company's shares during the period ended 30 June 2008 were as follows:

	Number of shares
As at 1 April 2008	401,475,000
Shares issued as consideration for the exchange of all the ordinary shares of Sin Chew and Nanyang ( <i>Note</i> )	1,284,815,241
Repurchase of ordinary shares	(1,430,000)
Exercise of share options	90,000
As at 30 June 2008	<u>1,684,950,241</u>



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**Interim financial report for the first quarter ended 30 June 2008**

**A. Notes to the unaudited interim financial report (Continued)**

**A6. Changes in debt and equity securities (Continued)**

*Note:*

On 23 April 2008, 1,015,976,055 new ordinary shares of the Company of HK\$0.1 each were allotted to the shareholders of Sin Chew as consideration for the exchange of all the ordinary shares of RM0.5 each in the issued share capital of Sin Chew; and 268,839,186 new ordinary shares of the Company of HK\$0.1 each were allotted to the shareholders of Nanyang as consideration for the exchange of all the ordinary shares of RM1 each in the issued share capital of Nanyang.

Also on 23 April 2008, the approval granted by the HK Stock Exchange for the listing of and permission to deal in up to a total of 1,294,408,797 new shares (assuming full exercise of the outstanding options issued under Nanyang's employee share option scheme before completion of the merger of the Company, Sin Chew and Nanyang) issued to the shareholders of Sin Chew and Nanyang in exchange for Sin Chew shares and Nanyang shares, respectively, has become unconditional.

The Company's admission to the Official List of Bursa Securities and the listing of and quotation for the new shares on the Main Board of Bursa Securities took effect from 9:00 a.m. on 30 April 2008.

As such, from 30 April 2008, shareholders are entitled to trade the shares of the Company on both the HK Stock Exchange and Bursa Securities subject to the procedures as set out in the Company's circular dated 9 January 2008.

**A7. Dividends paid**

The second interim dividend of US0.926 cents per ordinary share amounting to US\$15,610,000 for the financial year ended 31 March 2008, which was declared on 29 May 2008, was paid on 15 August 2008.

**A8. Sale of unquoted investments or properties**

There were no sales of unquoted investments or properties during the quarter ended 30 June 2008.

**A9. Subsequent material events**

Save as disclosed in note B9, there are no other material events as at the date of this announcement that will affect the financial results of the financial period under review.

**A10. Financial instruments with off-balance sheet risks**

There are no financial instruments with off-balance sheet risks at the date of this report.

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**Interim financial report for the first quarter ended 30 June 2008**

**A. Notes to the unaudited interim financial report (Continued)**

**A11. Segment information**

**Business segments**

	Quarter ended 30 June 2008		
	Publishing and printing US\$'000	Travel US\$'000	Total US\$'000
Turnover	93,108	16,375	109,483
Segment results	13,378	(47)	13,331
Interest income			463
Net unallocated expenses			(206)
Operating profit			13,588
Finance costs			(445)
Profit before income tax			13,143
Income tax expense			(4,034)
Profit for the quarter			9,109

	Quarter ended 30 June 2007		
	Publishing and printing US\$'000	Travel US\$'000	Total US\$'000
Turnover	63,411	19,834	83,245
Segment results	8,315	276	8,591
Interest income			572
Net unallocated expenses			(65)
Operating profit			9,098
Finance costs			(247)
Profit before income tax			8,851
Income tax expense			(2,622)
Profit for the quarter			6,229

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**A. Notes to the unaudited interim financial report (Continued)**

**A11. Segment information (Continued)**

**Geographical segments**

	Quarter ended 30 June 2008				
	Malaysia & Southeast Asia US\$'000	Hong Kong US\$'000	North America US\$'000	Mainland China US\$'000	Total US\$'000
Turnover	64,135	26,642	18,001	705	109,483
Segment results	11,872	2,986	(743)	(435)	13,680
Interest income					463
Net unallocated expenses					(555)
Operating profit					13,588
Finance costs					(445)
Profit before income tax					13,143
Income tax expense					(4,034)
Profit for the quarter					9,109

	Quarter ended 30 June 2007				
	Malaysia & Southeast Asia US\$'000	Hong Kong US\$'000	North America US\$'000	Mainland China US\$'000	Total US\$'000
Turnover	34,747	27,915	18,882	1,701	83,245
Segment results	7,291	2,146	(4)	(434)	8,999
Interest income					572
Net unallocated expenses					(473)
Operating profit					9,098
Finance costs					(247)
Profit before income tax					8,851
Income tax expense					(2,622)
Profit for the quarter					6,229

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**A. Notes to the unaudited interim financial report (Continued)**

**A12. Property, plant and equipment**

The valuations of property, plant and equipment of the Company have been brought forward without amendment from the financial statements for the year ended 31 March 2008.

**A13. Contingent liabilities**

As at 30 June 2008, the Company issued financial guarantees in favour of certain of its subsidiaries totaling US\$23,368,000 in connection with general banking facilities granted to those subsidiaries. As at 30 June 2008, total facilities utilised amounted to US\$6,818,000.

**A14. Capital commitments**

Authorised capital expenditure not provided for in the interim financial report were as follows:	US\$'000
- contracted	1,634
- not contracted	15,551
	<u>17,185</u>

**A15. Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter ended 30 June 2008.

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**A. Notes to the unaudited interim financial report (Continued)**

**A16. Reserves**

	Attributable to equity holders of the Company					Minority interests US\$'000	Total US\$'000
	Share premium	Merger reserve	Other reserves	Retained earnings	Sub-total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
<b>At 1 April 2008</b>	12,809	(92,647)	289,201	106,746	316,109	7,952	324,061
Exchange adjustments	1	-	(4,678)	-	(4,677)	36	(4,641)
Net income recognised directly in equity	1	-	(4,678)	-	(4,677)	36	(4,641)
Profit for the period	-	-	-	8,821	8,821	288	9,109
Total recognised income for the period	1	-	(4,678)	8,821	4,144	324	4,468
Repurchase of ordinary shares	(360)	-	18	(18)	(360)	-	(360)
Shares issued as consideration for the exchange of all the ordinary shares of Sin Chew and Nanyang	267,876	-	(284,411)	-	(16,535)	-	(16,535)
Exercise of share options	15	-	-	-	15	-	15
Share compensation costs on share options granted by a listed subsidiary	-	-	18	-	18	12	30
2008 second interim dividend proposed	-	-	-	(15,513)	(15,513)	-	(15,513)
<b>At 30 June 2008</b>	<b>280,341</b>	<b>(92,647)</b>	<b>148</b>	<b>100,036</b>	<b>287,878</b>	<b>8,288</b>	<b>296,166</b>

	Attributable to equity holders of the Company					Minority interests US\$'000	Total US\$'000
	Share premium	Merger reserve	Other reserves	Retained earnings	Sub-total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
<b>At 1 April 2007</b>	13,480	(92,647)	115,125	92,536	128,494	59,367	187,861
Exchange adjustments	-	-	(164)	-	(164)	(4)	(168)
Net income recognised directly in equity	-	-	(164)	-	(164)	(4)	(168)
Profit for the period	-	-	-	3,464	3,464	2,765	6,229
Total recognised income for the period	-	-	(164)	3,464	3,300	2,761	6,061
Exercise of share options	6	-	-	-	6	-	6
Share compensation costs on share options granted by a listed subsidiary	-	-	77	-	77	45	122
<b>At 30 June 2007</b>	<b>13,486</b>	<b>(92,647)</b>	<b>115,038</b>	<b>96,000</b>	<b>131,877</b>	<b>62,173</b>	<b>194,050</b>

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**B. Additional information required by Bursa Malaysia Securities Berhad's Listing Requirements**

**B1. Review of performance**

	Current quarter 30 June 2008 US\$'000	Preceding year quarter 30 June 2007 US\$'000
Turnover	109,483	83,245
Profit before income tax	13,143	8,851

As explained in note A1, the Group's results for the current quarter included those of Sin Chew and Nanyang, whereas for the corresponding period last year, only Sin Chew's results have been included.

For the quarter under review, the Group recorded a consolidated turnover of US\$109,483,000 and a consolidated profit before income tax of US\$13,143,000, which represented increases of 31.5% and 48.5% respectively when compared to those in the corresponding period in 2007. Excluding the results of Nanyang, the Group's turnover and profit before income tax would have been US\$86,219,000 and US\$10,876,000 respectively, which represented year-on-year improvement of US\$2,974,000 and US\$2,025,000 or 3.6% and 22.9% respectively.

The growth in turnover was mainly driven by the satisfactory business performance from the Group's publishing business in Malaysia, which recorded an increase in revenue of 17.7% or US\$6,124,000 when compared to the preceding year. The increase was partly offset by a decrease in revenues from the Group's tour business. The decrease in tour revenue was mainly due to weak consumer spending resulting from the rising fuel price and devaluation of US\$.

The improvement in profit before income tax was in part due to the improvement in the Group's turnover, especially the increase in advertising income which has a relatively higher gross profit margin compared to the Group's other sources of revenues, as well as the operational synergies resulting from the merger.

**B2. Variation of results against immediate preceding quarter**

	Current quarter 30 June 2008 US\$'000	Immediate preceding quarter 31 March 2008 US\$'000
Turnover	109,483	74,734
Profit before income tax	13,143	13,136

For the quarter under review, the Group recorded a turnover of US\$109,483,000, representing an increase of US\$34,749,000 or 46.5% as compared with the turnover of US\$74,734,000 in the immediate preceding quarter. Excluding the results of Nanyang, turnover for the current quarter would have been US\$86,219,000 which represented an increase of US\$11,485,000 or 15.4% as compared to the immediate preceding quarter. The increase was mainly due to the strong performance from the Group's operations in Malaysia.

The consolidated profit before income tax of the immediate preceding quarter included a negative goodwill of US\$13,094,000 which was recognised upon the acquisition of Nanyang and a provision for impairment of goodwill and intangible assets of US\$5,393,000. Excluding these items, the Group's profit before income tax for the immediate preceding quarter would have been US\$5,435,000. Whereas for the current quarter, if the results of Nanyang were excluded, the Group's profit before income tax would have been US\$10,876,000, which represented an increase of US\$5,441,000 or 100.1% as compared to that of the immediate preceding quarter. The improvement was mainly due to the growth in revenue, which was partly offset by the increase in operating costs, especially labour costs.

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**B. Additional information required by Bursa Malaysia Securities Berhad's Listing Requirements (Continued)**

**B3. Current year's prospects**

The Group anticipates the operating environment for the remaining quarters will remain challenging due to the global economic uncertainty and rising direct cost resulting from the sharp increase in newsprint price.

Nevertheless, the Board is cautiously confident that barring any unforeseen circumstances, the Group would be able to achieve a satisfactory performance for the financial year.

**B4. Profit forecast and profit guarantee**

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

**B5. Taxation**

Taxation comprises the following:

	Current quarter 30 June 2008 US\$'000	Preceding year quarter 30 June 2007 US\$'000
Current period tax expense	3,190	1,879
Deferred tax expense	844	743
	4,034	2,622

The effective tax rate of the Group for the current quarter was higher than the applicable Malaysian statutory tax rate mainly due to the higher tax rates applicable to certain subsidiaries operating in foreign jurisdictions.

**B6. Quoted investments**

- a) There were no purchases or disposals of quoted investments during the quarter under review.
- b) Details of investments in quoted and marketable securities held by the Group were as follows:

Quoted investments as at 30 June 2008	US\$'000
Total investment at cost	602
Total investment at carrying value (after provision for diminution in value)	276
Total investment at market value	<u>276</u>

**B7. Dividend**

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

**B8. Material litigation**

There are several libel suits which involve claims against some companies in the Group. As the outcome and compensation of these suits, if any, are currently indeterminable, no provision has been recorded in the Group's unaudited condensed consolidated income statement.

**B. Additional information required by Bursa Malaysia Securities Berhad's Listing Requirements (Continued)**

**B9. Status of corporate proposals**

On 14 July 2008, Sin Chew entered into the Land Acquisition Agreement with Rimbunan Hijau Estate Sdn Bhd (the "Vendor") to acquire a piece of land known as PN 3694, Lot No. 50 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling State of Selangor Darul Ehsan, Malaysia (the "Land") measuring approximately 16,271.52 square metres together with (i) a single storey factory with an annexed double storey office building, a six storey office building with three basement levels and (ii) a single storey factory with an annexed double storey office building, a single storey office and ancillary building for cash consideration of RM46,000,000 (equivalent to US\$14,086,664).

Pursuant to Paragraph 10.08 of the Listing Requirements of Bursa Securities and in view of the interest of certain Directors and major shareholders of the Company, the Land Acquisition constitutes a related party transaction under the Listing Requirements of Bursa Securities.

The completion of Land Acquisition Agreement is conditional upon:

- the approval of the Malaysia Foreign Investment Committee to be obtained by Sin Chew for the acquisition of the Land;
- the approval of the independent shareholders at a general meeting in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the HK Stock Exchange.

The Land Acquisition is expected to complete by the first quarter of 2009.

The Board believes that by combining the Land proposed to be acquired under the Land Acquisition Agreement with the land currently owned by Sin Chew, the value of both may be enhanced and the said land will be unlocked for re-development purposes in the future. Further, the Land is easily accessible and is centrally located in the prime area of Petaling Jaya in the state of Selangor, Malaysia, and as such functions as an effective distribution centre for the publications of Sin Chew.

Adding to this, Sin Chew has a tenancy agreement with the Vendor with a monthly rental of RM300,000 (equivalent to US\$93,368). After completion of the Land Acquisition, the Board believes that Sin Chew will have a saving in rental expenses of RM3,600,000 (equivalent to US\$1,120,413) per year.

On 4 August 2008, the Company announced that the parties to the Land Acquisition Agreement have mutually agreed to re-negotiate the terms of the Land Acquisition Agreement due to a change in commercial circumstances. The Company will make a further announcement regarding the change in the terms of the Land Acquisition Agreement in due course.

Save as aforesaid, there are no other corporate proposals announced but not completed as at the date of this announcement.



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**B. Additional information required by Bursa Malaysia Securities Berhad's Listing Requirements (Continued)**

**B10. Group borrowings**

The Group's borrowings as at 30 June 2008 were as follows:

	As at 30 June 2008		Total US\$'000
	Secured US\$'000	Unsecured US\$'000	
<b>Loans and financing - non-current</b>			
Bank loans	3,037	-	3,037
Obligations under finance leases	1,338	-	1,338
	<u>4,375</u>	<u>-</u>	<u>4,375</u>
<b>Short-term borrowings - current</b>			
Bank overdrafts	3,196	-	3,196
Short-term bank loans	661	18,406	19,067
Portion of bank loans, due within 1 year	5,433	-	5,433
Portion of obligations under finance leases, due within 1 year	646	-	646
	<u>9,936</u>	<u>18,406</u>	<u>28,342</u>

The Group's borrowings analysed by currencies in which the borrowings are denominated were as follows:

	Long-term loans and financing US\$'000	Short-term borrowings US\$'000
Ringgit Malaysia	3,156	26,272
United States dollar	-	872
Canadian dollar	1,219	1,198
Total borrowings	<u>4,375</u>	<u>28,342</u>

**B11. Earnings per share**

Basic earnings per share is calculated by dividing the Group's unaudited profit attributable to equity holders of the Company for the quarter of US\$8,821,000 (2007: US\$3,464,000) by the weighted average number of 1,685,635,296 (2007: 913,758,302) ordinary shares in issue during the period.

Diluted earnings per share is calculated based on 1,686,762,129 (2007: 914,612,360) ordinary shares which is the weighted average number of ordinary shares in issue during the quarter plus the weighted average number of 1,126,833 (2007: 854,058) ordinary shares deemed to have been issued at no consideration after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme for the first quarter ended 30 June 2008.

By Order of the Board  
Media Chinese International Limited

Law Yuk Kuen  
Secretary

27 August 2008