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MEDIA CHINESE INTERNATIONAL LIMITED

世界華文媒體有限公司

(Incorporated in Bermuda with limited liability)

(Malaysia Company No. 995098-A)

(Hong Kong Stock Code: 685)

(Malaysia Stock Code: 5090)

ANNOUNCEMENT

FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

Pursuant to Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), Media Chinese International Limited (the “Company”), a public company listed on the main market of Bursa Securities, announced the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the quarter ended 30 September 2017 to Bursa Securities on 28 November 2017.

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

28 November 2017

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

MEDIA CHINESE INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability) (Malaysia Company No. 995098-A)
Financial report for the second quarter ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Three months ended 30 September		(Unaudited) Three months ended 30 September	
	2017 US\$'000	2016 US\$'000	2017 RM'000 <i>(Note)</i>	2016 RM'000 <i>(Note)</i>
Turnover	79,875	85,465	337,232	360,833
Cost of goods sold	<u>(53,685)</u>	<u>(55,932)</u>	<u>(226,658)</u>	<u>(236,145)</u>
Gross profit	26,190	29,533	110,574	124,688
Other income	1,904	2,129	8,039	8,989
Other losses, net	(139)	(18)	(587)	(76)
Selling and distribution expenses	(13,024)	(14,421)	(54,987)	(60,885)
Administrative expenses	(7,988)	(7,559)	(33,725)	(31,914)
Other operating expenses	<u>(1,198)</u>	<u>(1,412)</u>	<u>(5,059)</u>	<u>(5,962)</u>
Operating profit	5,745	8,252	24,255	34,840
Finance costs	(672)	(1,306)	(2,837)	(5,514)
Share of post-tax results of joint ventures and associates	37	158	156	667
Profit before income tax	5,110	7,104	21,574	29,993
Income tax expense	<u>(2,042)</u>	<u>(2,102)</u>	<u>(8,621)</u>	<u>(8,875)</u>
Profit for the quarter	<u>3,068</u>	<u>5,002</u>	<u>12,953</u>	<u>21,118</u>
Profit / (loss) attributable to:				
Owners of the Company	3,376	5,145	14,253	21,722
Non-controlling interests	<u>(308)</u>	<u>(143)</u>	<u>(1,300)</u>	<u>(604)</u>
	<u>3,068</u>	<u>5,002</u>	<u>12,953</u>	<u>21,118</u>
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.20	0.30	0.84	1.27
Diluted (US cents/sen) #	<u>0.20</u>	<u>0.30</u>	<u>0.84</u>	<u>1.27</u>

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

Note: The presentation currency of this unaudited financial information is United States Dollar ("US\$"). Supplementary information in Malaysian Ringgit ("RM") for the quarter ended 30 September 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2220 ruling at 30 September 2017. 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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Financial report for the second quarter ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited)	
	Three months ended		Three months ended	
	30 September		30 September	
	2017	2016	2017	2016
	US\$'000	US\$'000	RM'000	RM'000
			(Note)	(Note)
Profit for the quarter	3,068	5,002	12,953	21,118
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	<u>2,631</u>	<u>(3,901)</u>	<u>11,109</u>	<u>(16,470)</u>
Other comprehensive income/(loss) for the quarter, net of tax	<u>2,631</u>	<u>(3,901)</u>	<u>11,109</u>	<u>(16,470)</u>
Total comprehensive income for the quarter	<u>5,699</u>	<u>1,101</u>	<u>24,062</u>	<u>4,648</u>
Total comprehensive income / (loss) for the quarter attributable to:				
Owners of the Company	<u>5,994</u>	<u>1,250</u>	<u>25,307</u>	<u>5,277</u>
Non-controlling interests	<u>(295)</u>	<u>(149)</u>	<u>(1,245)</u>	<u>(629)</u>
	<u>5,699</u>	<u>1,101</u>	<u>24,062</u>	<u>4,648</u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the quarter ended 30 September 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2220 ruling at 30 September 2017. 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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Financial report for the second quarter ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	(Unaudited) Six months ended 30 September		(Unaudited) Six months ended 30 September	
	2017 US\$'000	2016 US\$'000	2017 RM'000 <i>(Note)</i>	2016 RM'000 <i>(Note)</i>
Turnover	153,643	168,251	648,681	710,356
Cost of goods sold	(103,365)	(108,606)	(436,407)	(458,535)
Gross profit	50,278	59,645	212,274	251,821
Other income	3,758	4,434	15,866	18,720
Other losses, net	(99)	(102)	(418)	(431)
Selling and distribution expenses	(25,649)	(28,543)	(108,290)	(120,508)
Administrative expenses	(15,646)	(15,763)	(66,057)	(66,551)
Other operating expenses	(2,419)	(2,815)	(10,213)	(11,885)
Operating profit	10,223	16,856	43,162	71,166
Finance costs	(1,311)	(2,624)	(5,536)	(11,078)
Share of post-tax results of joint ventures and associates	84	311	355	1,313
Profit before income tax	8,996	14,543	37,981	61,401
Income tax expense	(3,848)	(4,674)	(16,246)	(19,734)
Profit for the period	5,148	9,869	21,735	41,667
Profit / (loss) attributable to:				
Owners of the Company	5,724	10,169	24,167	42,934
Non-controlling interests	(576)	(300)	(2,432)	(1,267)
	5,148	9,869	21,735	41,667
Earnings per share attributable to owners of the Company				
Basic (US cents/sen) #	0.34	0.60	1.44	2.53
Diluted (US cents/sen) #	0.34	0.60	1.44	2.53

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

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the period ended 30 September 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2220 ruling at 30 September 2017. 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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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	(Unaudited)		(Unaudited)	
	Six months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	US\$'000	US\$'000	RM'000	RM'000
			<i>(Note)</i>	<i>(Note)</i>
Profit for the period	5,148	9,869	21,735	41,667
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	<u>7,211</u>	<u>(9,052)</u>	<u>30,445</u>	<u>(38,218)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>7,211</u>	<u>(9,052)</u>	<u>30,445</u>	<u>(38,218)</u>
Total comprehensive income for the period	<u><u>12,359</u></u>	<u><u>817</u></u>	<u><u>52,180</u></u>	<u><u>3,449</u></u>
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	<u>12,918</u>	<u>1,149</u>	<u>54,540</u>	<u>4,851</u>
Non-controlling interests	<u>(559)</u>	<u>(332)</u>	<u>(2,360)</u>	<u>(1,402)</u>
	<u><u>12,359</u></u>	<u><u>817</u></u>	<u><u>52,180</u></u>	<u><u>3,449</u></u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM for the period ended 30 September 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2220 ruling at 30 September 2017. 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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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 30 September 2017 US\$'000	(Audited) As at 31 March 2017 US\$'000	(Unaudited) As at 30 September 2017 RM'000 (Note)	(Unaudited) As at 31 March 2017 RM'000 (Note)
ASSETS				
Non-current assets				
Property, plant and equipment	96,235	96,266	406,304	406,435
Investment properties	15,117	14,587	63,824	61,587
Intangible assets	44,870	43,231	189,441	182,521
Deferred income tax assets	236	226	996	954
Investments accounted for using the equity method	529	731	2,233	3,086
Other non-current financial assets	118	-	500	-
	<u>157,105</u>	<u>155,041</u>	<u>663,298</u>	<u>654,583</u>
Current assets				
Inventories	22,143	19,918	93,488	84,094
Available-for-sale financial assets	97	97	410	410
Financial assets at fair value through profit or loss	343	346	1,448	1,461
Trade and other receivables	43,633	41,239	184,218	174,111
Income tax recoverable	1,239	2,133	5,231	9,005
Short-term bank deposits	12,366	10,086	52,209	42,583
Cash and cash equivalents	92,344	79,946	389,876	337,532
	<u>172,165</u>	<u>153,765</u>	<u>726,880</u>	<u>649,196</u>
Current liabilities				
Trade and other payables	52,813	46,634	222,977	196,889
Income tax liabilities	2,010	1,644	8,486	6,941
Bank and other borrowings	7,984	2,506	33,708	10,580
Current portion of other non-current liabilities	27	26	114	110
	<u>62,834</u>	<u>50,810</u>	<u>265,285</u>	<u>214,520</u>
Net current assets	<u>109,331</u>	<u>102,955</u>	<u>461,595</u>	<u>434,676</u>
Total assets less current liabilities	<u>266,436</u>	<u>257,996</u>	<u>1,124,893</u>	<u>1,089,259</u>
EQUITY				
Equity attributable to owners of the Company				
Share capital	21,715	21,715	91,681	91,681
Share premium	54,664	54,664	230,791	230,791
Other reserves	(119,072)	(126,266)	(502,722)	(533,095)
Retained earnings	243,390	243,581	1,027,593	1,028,399
	<u>200,697</u>	<u>193,694</u>	<u>847,343</u>	<u>817,776</u>
Non-controlling interests	<u>2,629</u>	<u>3,621</u>	<u>11,100</u>	<u>15,288</u>
Total equity	<u>203,326</u>	<u>197,315</u>	<u>858,443</u>	<u>833,064</u>
Non-current liabilities				
Bank and other borrowings	53,292	50,870	225,000	214,773
Deferred income tax liabilities	8,504	8,622	35,903	36,402
Other non-current liabilities	1,314	1,189	5,547	5,020
	<u>63,110</u>	<u>60,681</u>	<u>266,450</u>	<u>256,195</u>
	<u>266,436</u>	<u>257,996</u>	<u>1,124,893</u>	<u>1,089,259</u>
Net assets per share attributable to owners of the Company (US cents/sen)	<u>11.90</u>	<u>11.48</u>	<u>50.24</u>	<u>48.47</u>

Note: The presentation currency of this unaudited financial information is US\$. Supplementary information in RM as at 30 September 2017 with comparatives is shown for reference only and has been made at the same exchange rate of US\$1 to RM4.2220 ruling at 30 September 2017. 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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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)						Total equity US\$'000
	Attributable to owners of the Company					Non- controlling interests US\$'000	
	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Sub-total US\$'000		
At 1 April 2016	21,715	54,664	(107,715)	244,360	213,024	5,703	218,727
Profit/(loss) for the period	-	-	-	10,169	10,169	(300)	9,869
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(9,020)	-	(9,020)	(32)	(9,052)
Other comprehensive loss, net of tax	-	-	(9,020)	-	(9,020)	(32)	(9,052)
Total comprehensive (loss)/income for the period ended 30 September 2016	-	-	(9,020)	10,169	1,149	(332)	817
Total transactions with owners, recognised directly in equity							
2015/2016 second interim dividend paid	-	-	-	(10,123)	(10,123)	-	(10,123)
2015/2016 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(5)	(5)
2016/2017 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(2)	(2)
	-	-	-	(10,123)	(10,123)	(7)	(10,130)
At 30 September 2016	21,715	54,664	(116,735)	244,406	204,050	5,364	209,414
At 1 April 2017	21,715	54,664	(126,266)	243,581	193,694	3,621	197,315
Profit/(loss) for the period	-	-	-	5,724	5,724	(576)	5,148
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	7,194	-	7,194	17	7,211
Other comprehensive income, net of tax	-	-	7,194	-	7,194	17	7,211
Total comprehensive income/(loss) for the period ended 30 September 2017	-	-	7,194	5,724	12,918	(559)	12,359
Total transactions with owners, recognised directly in equity							
2016/2017 second interim dividend paid	-	-	-	(6,074)	(6,074)	-	(6,074)
2016/2017 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(4)	(4)
2017/2018 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	-*	-*
Change in ownership interest in a subsidiary without change of control	-	-	-	159	159	(429)	(270)
	-	-	-	(5,915)	(5,915)	(433)	(6,348)
At 30 September 2017	21,715	54,664	(119,072)	243,390	200,697	2,629	203,326

*negligible

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	(Unaudited)						Total equity RM'000 (Note)
	Attributable to owners of the Company					Non- controlling interests RM'000 (Note)	
	Share capital RM'000 (Note)	Share premium RM'000 (Note)	Other reserves RM'000 (Note)	Retained earnings RM'000 (Note)	Sub-total RM'000 (Note)		
At 1 April 2016	91,681	230,791	(454,773)	1,031,688	899,387	24,078	923,465
Profit / (loss) for the period	-	-	-	42,934	42,934	(1,267)	41,667
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	(38,083)	-	(38,083)	(135)	(38,218)
Other comprehensive loss, net of tax	-	-	(38,083)	-	(38,083)	(135)	(38,218)
Total comprehensive (loss)/income for the period ended 30 September 2016	-	-	(38,083)	42,934	4,851	(1,402)	3,449
Total transactions with owners, recognised directly in equity							
2015/2016 second interim dividend paid	-	-	-	(42,740)	(42,740)	-	(42,740)
2015/2016 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(21)	(21)
2016/2017 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(9)	(9)
	-	-	-	(42,740)	(42,740)	(30)	(42,770)
At 30 September 2016	91,681	230,791	(492,856)	1,031,882	861,498	22,646	884,144
At 1 April 2017	91,681	230,791	(533,095)	1,028,399	817,776	15,288	833,064
Profit/(loss) for the period	-	-	-	24,167	24,167	(2,432)	21,735
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences	-	-	30,373	-	30,373	72	30,445
Other comprehensive income, net of tax	-	-	30,373	-	30,373	72	30,445
Total comprehensive income/(loss) for the period ended 30 September 2017	-	-	30,373	24,167	54,540	(2,360)	52,180
Total transactions with owners, recognised directly in equity							
2016/2017 second interim dividend paid	-	-	-	(25,644)	(25,644)	-	(25,644)
2016/2017 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	(17)	(17)
2017/2018 interim dividend paid by an unlisted subsidiary	-	-	-	-	-	-*	-*
Change in ownership interest in a subsidiary without change of control	-	-	-	671	671	(1,811)	(1,140)
	-	-	-	(24,973)	(24,973)	(1,828)	(26,801)
At 30 September 2017	91,681	230,791	(502,722)	1,027,593	847,343	11,100	858,443

*negligible

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) Six months ended 30 September		(Unaudited) Six months ended 30 September	
	2017 US\$'000	2016 US\$'000	2017 RM'000 <i>(Note)</i>	2016 RM'000 <i>(Note)</i>
Cash flows from operating activities				
Cash generated from operations	16,390	17,738	69,199	74,890
Interest paid	(1,290)	(2,630)	(5,446)	(11,104)
Income tax paid	(3,030)	(4,721)	(12,793)	(19,932)
Net cash generated from operating activities	12,070	10,387	50,960	43,854
Cash flows from investing activities				
Dividends received	12	140	51	591
Increase in short-term bank deposits with original maturity over three months	(2,280)	-	(9,626)	-
Interest received	1,105	1,732	4,665	7,312
Proceeds from disposal of property, plant and equipment	9	31	38	131
Purchases of intangible assets	(91)	(297)	(384)	(1,254)
Purchases of other non-current financial assets	(115)	-	(486)	-
Purchases of property, plant and equipment	(287)	(844)	(1,212)	(3,563)
Net cash (used in)/generated from investing activities	(1,647)	762	(6,954)	3,217
Cash flows from financing activities				
Transactions with non-controlling interests	(270)	-	(1,140)	-
Dividends paid	(6,074)	(10,123)	(25,644)	(42,740)
Dividends paid to non-controlling interests by an unlisted subsidiary	(4)	(7)	(17)	(30)
Proceeds from bank and other borrowings	9,911	2,534	41,844	10,699
Repayments of bank and other borrowings	(4,499)	(2,973)	(18,995)	(12,551)
Net cash used in financing activities	(936)	(10,569)	(3,952)	(44,622)
Net increase in cash and cash equivalents	9,487	580	40,054	2,449
Cash and cash equivalents at beginning of period	79,946	140,950	337,532	595,091
Exchange adjustments on cash and cash equivalents	2,911	(5,822)	12,290	(24,581)
Cash and cash equivalents at end of period	92,344	135,708	389,876	572,959

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A. NOTES TO THE FINANCIAL INFORMATION

A1. Basis of preparation and changes in accounting policies

a) Basis of preparation

This condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the quarter and six months ended 30 September 2017 (“financial information”) has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”), Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Listing Rules”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Listing Requirements”).

This financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2017 which were prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This financial information has not been audited.

b) Accounting policies

The accounting policies adopted for preparing this financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2017, except for the adoption of amendments to IFRSs that are effective for the financial year ending 31 March 2018.

There are no amended standards or interpretations that are effective for the first time for this period that is expected to have a material impact on the Group.

Taxes on income in the three months and six months ended 30 September 2017 are accrued using the tax rate that would be applicable to expected total annual earnings.

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

		Effective for annual periods beginning on or after
Amendments to IAS 28	Investment in associates and joint ventures	1 January 2018
Amendments to IAS 40	Transfers of investment property	1 January 2018
Amendments to IFRS 1	Deletion of short-term exemptions for first-time adopters	1 January 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4	Insurance contracts	1 January 2018
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective date to be determined
Amendments to IFRS 15	Clarifications to IFRS 15	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

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

b) Accounting policies (Continued)

Impact of standards issued but not yet effective nor early adopted by the Group

The adoption of the Amendments to IAS 28, Amendments to IAS 40, Amendments to IFRS 1, Amendments to IFRS 2, Amendments to IFRS 4, Amendments to IFRS 10 and IAS 28, and IFRIC 22 would not have any significant impact on the Group's result of operations and financial position.

(i) *IFRS 9 "Financial Instruments"*

IFRS 9 "Financial Instruments" addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt the IFRS 9 until it becomes effective for the financial year beginning 1 April 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- The financial instruments that are currently classified as available-for-sale financial assets ("AFS") would appear to satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.
- The equity investments currently measured at fair value through profit or loss ("FVTPL") would likely continue to be measured on the same basis under IFRS 9.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts.

While the Group is in the process of performing a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of adoption of the new standard.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

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

b) Accounting policies (Continued)

(ii) *IFRS 15 "Revenue from Contracts with Customers"*

IFRS 15 addresses the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group has decided not to adopt the IFRS 15 until it becomes effective for the financial year beginning 1 April 2018.

Management is currently assessing the effects of applying the new standard on the Group's financial statements.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact.

(iii) *IFRS 16 "Leases"*

IFRS 16 addresses the definition of a lease, recognition and measurement of leases. The standard replaces IAS 17 "Leases" and related Interpretations. A key change arising from IFRS 16 is that most operating leases will be accounted for in the lessee's statement of financial position.

IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to amortise certain leases outside of the statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the lessee's statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the lessee's statement of financial position. This will affect related ratios, such as the debt to capital ratio.

In the statement of comprehensive income, leases will be recognised in the future as depreciation and amortisation (for the right-of-use asset) and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from the depreciation and amortisation and will be included under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

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

b) Accounting policies (Continued)

The Group is a lessee of office premises which are currently classified as operating leases. The Group conducted preliminary assessment and estimated that the adoption of IFRS 16 would not result in significant impact on the Group's financial performance and position. The Group will continue to assess the impact in more details. The Group has decided not to adopt the IFRS 16 until it becomes effective for financial year beginning 1 April 2019.

The Group's future operating lease commitments, which are not reflected in the consolidated statement of financial position, under non-cancellable operating leases amounted to US\$3,410,000 as at 30 September 2017.

There are no other new, amended or revised IFRS and interpretations that are not yet effective that would be expected to have a material impact on the Group.

c) Functional currency and translation to presentation currency

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

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A2. Auditor's report on preceding annual financial statements

The auditor's report of the Group's annual financial statements for the year ended 31 March 2017 was not subject to any 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 revenue and the travel business revenue.

A4. Unusual items

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

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.

A6. Changes in debt and equity securities

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

A7. Dividends paid

The second interim dividend of US0.36 cents per ordinary share, totaling US\$6,074,000, in respect of the year ended 31 March 2017 was paid on 10 July 2017.

A8. Turnover and segment information

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

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

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

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

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

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

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

	(Unaudited)					
	Three months ended 30 September 2017					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	HongKong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	35,404	13,342	3,898	52,644	27,231	79,875
Segment profit/(loss) before income tax	5,962	(637)	(810)	4,515	1,334	5,849
Unallocated finance costs						(639)
Other net unallocated expenses						(137)
Share of post-tax results of joint ventures and associates						37
Profit before income tax						5,110
Income tax expense						(2,042)
Profit for the quarter						3,068
Other information:						
Interest income	540	9	18	567	11	578
Finance costs	(20)	(13)	-	(33)	-	(33)
Depreciation of property, plant and equipment	(1,586)	(324)	(82)	(1,992)	(16)	(2,008)
Amortisation of intangible assets	(178)	(49)	(4)	(231)	(9)	(240)
Income tax expense	(1,534)	(171)	-	(1,705)	(337)	(2,042)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

The Group's turnover and results for the quarter ended 30 September 2016, analysed by operating segment, are as follows:

	(Unaudited)					Total US\$'000
	Three months ended 30 September 2016					
	Publishing and printing				Travel and travel related services US\$'000	
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000		
Turnover	41,647	13,857	4,372	59,876	25,589	85,465
Segment profit/(loss) before income tax	7,199	213	(476)	6,936	1,502	8,438
Unallocated finance costs						(1,299)
Other net unallocated expenses						(193)
Share of post-tax results of joint ventures and associates						158
Profit before income tax						7,104
Income tax expense						(2,102)
Profit for the quarter						5,002
Other information:						
Interest income	821	22	2	845	7	852
Finance costs	(3)	(4)	-	(7)	-	(7)
Depreciation of property, plant and equipment	(1,762)	(368)	(88)	(2,218)	(33)	(2,251)
Amortisation of intangible assets	(199)	(55)	(4)	(258)	(10)	(268)
Income tax (expense) / credit	(1,816)	(88)	120	(1,784)	(318)	(2,102)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

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

	(Unaudited)					
	Six months ended 30 September 2017					
	Publishing and printing					
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000	Travel and travel related services US\$'000	Total US\$'000
Turnover	69,251	26,140	7,828	103,219	50,424	153,643
Segment profit/(loss) before income tax	10,485	(1,605)	(1,301)	7,579	2,901	10,480
Unallocated finance costs						(1,261)
Other net unallocated expenses						(307)
Share of post-tax results of joint ventures and associates						84
Profit before income tax						8,996
Income tax expense						(3,848)
Profit for the period						5,148
Other information:						
Interest income	1,051	17	19	1,087	18	1,105
Finance costs	(29)	(21)	-	(50)	-	(50)
Depreciation of property, plant and equipment	(3,174)	(653)	(159)	(3,986)	(43)	(4,029)
Amortisation of intangible assets	(358)	(99)	(8)	(465)	(18)	(483)
Income tax expense	(2,810)	(280)	-	(3,090)	(758)	(3,848)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

The Group's turnover and results for the period ended 30 September 2016, analysed by operating segment, are as follows:

	(Unaudited)					
	Six months ended 30 September 2016					
	Publishing and printing				Travel and travel related services	Total
	Malaysia and other Southeast Asian countries	Hong Kong, Taiwan and Mainland China	North America	Sub-total	US\$'000	US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Turnover	85,773	27,415	8,837	122,025	46,226	168,251
Segment profit / (loss) before income tax	16,209	(1,027)	(766)	14,416	2,780	17,196
Unallocated finance costs						(2,611)
Other net unallocated expenses						(353)
Share of post-tax results of joint ventures and associates						311
Profit before income tax						14,543
Income tax expense						(4,674)
Profit for the period						<u>9,869</u>
Other information:						
Interest income	1,666	47	9	1,722	10	1,732
Finance costs	(6)	(7)	-	(13)	-	(13)
Depreciation of property, plant and equipment	(3,555)	(746)	(178)	(4,479)	(64)	(4,543)
Amortisation of intangible assets	(403)	(111)	(7)	(521)	(20)	(541)
Income tax (expense)/credit	(4,115)	(70)	196	(3,989)	(685)	(4,674)

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

The segment assets and liabilities as at 30 September 2017 are as follows:

	(Unaudited)						
	Publishing and printing				Travel and travel related services US\$'000	Elimination US\$'000	Total US\$'000
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	247,867	44,998	12,594	305,459	22,041	(248)	327,252
Unallocated assets							<u>2,018</u>
Total assets							<u>329,270</u>
Total assets include:							
Investments accounted for using the equity method	-	529	-	529	-	-	529
Additions to non-current assets (other than deferred income tax assets)	419	46	25	490	3	-	493
Segment liabilities	(23,600)	(17,023)	(6,842)	(47,465)	(13,065)	248	(60,282)
Unallocated liabilities							<u>(65,662)</u>
Total liabilities							<u>(125,944)</u>

The segment assets and liabilities as at 31 March 2017 are as follows:

	(Audited)						
	Publishing and printing				Travel and travel related services US\$'000	Elimination US\$'000	Total US\$'000
	Malaysia and other Southeast Asian countries US\$'000	Hong Kong, Taiwan and Mainland China US\$'000	North America US\$'000	Sub-total US\$'000			
Segment assets	231,116	44,068	13,256	288,440	17,586	(150)	305,876
Unallocated assets							<u>2,930</u>
Total assets							<u>308,806</u>
Total assets include:							
Investments accounted for using the equity method	-	731	-	731	-	-	731
Additions to non-current assets (other than deferred income tax assets)	825	901	92	1,818	52	-	1,870
Segment liabilities	(16,363)	(14,480)	(6,678)	(37,521)	(11,054)	150	(48,425)
Unallocated liabilities							<u>(63,066)</u>
Total liabilities							<u>(111,491)</u>

A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A8. Turnover and segment information (Continued)

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

Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, investments accounted for using the equity method, other non-current financial assets, inventories, trade and other receivables, short-term bank deposits, and cash and cash equivalents. They exclude deferred income tax assets, available-for-sale financial assets, financial assets at fair value through profit or loss and income tax recoverable of the Group and all assets of the Company after elimination of the interests in and amounts due from subsidiaries.

Segment liabilities consist primarily of trade and other payables, bank and other borrowings and other non-current liabilities. They exclude deferred income tax liabilities and income tax liabilities of the Group and all liabilities of the Company after elimination of the amounts due to subsidiaries.

A9. Valuation of property, plant and equipment

There was no revaluation of the Group's property, plant and equipment during the quarter ended 30 September 2017.

A10. Subsequent material events

There were no subsequent material events of the Group.

A11. Changes in the composition of the Group

There were no material changes in the composition of the Group during the quarter under review.

A12. Capital commitments

Capital commitments outstanding as at 30 September 2017 are as follows:

	(Unaudited) US\$'000
Property, plant and equipment :	
Authorised and contracted for	105
Authorised but not contracted for	323
	<u>428</u>

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A. NOTES TO THE FINANCIAL INFORMATION (Continued)

A13. Related party transactions

	(Unaudited)		(Unaudited)	
	Three months ended 30 September		Six months ended 30 September	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Event sponsorship commission paid to a related company (<i>note 1</i>)	3	-	3	-
Motor vehicle insurance premiums paid to a related company (<i>note 1</i>)	-	-	1	-
Newsprint purchases from a related company (<i>note 1</i>)	3,042	2,988	7,707	4,338
Provision of broadband internet services by a related company (<i>note 1</i>)	-	-	1	-
Provision of engineering professional services by a related company (<i>note 1</i>)	11	-	22	-
Purchases of air tickets from a related company (<i>note 1</i>)	5	8	2	15
Purchases of honey from a related company (<i>note 1</i>)	-	-	1	-
Rental expenses paid to related companies (<i>note 1</i>)	20	23	42	44
Advertising income received from related companies (<i>note 1</i>)	-	-	(5)	-
Commission received from sales of honey from a related company (<i>note 1</i>)	(2)	-	(3)	-
Content providing income received from a joint venture	-	-	-	(1)
Photo licensing income received from an associate	(1)	-	(1)	-
Provision of accounting and administrative services to related companies (<i>note 1</i>)	(4)	(4)	(8)	(8)
Provision of accounting service to an associate	(39)	(26)	(78)	(64)
Provision of air ticketing and accommodation arrangement services to related companies (<i>note 1</i>)	(13)	(7)	(29)	(18)
Rental income received from a related company (<i>note 1</i>)	-	(1)	(2)	(2)
Scrap sales of old newspapers and magazines to a related company (<i>note 1</i>)	(107)	(344)	(474)	(714)

Notes:

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

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

B1. Analysis of performance

	(Unaudited) Three months ended 30 September			(Unaudited) Six months ended 30 September		
	2017	2016	% Change	2017	2016	% Change
	US\$'000	US\$'000		US\$'000	US\$'000	
Turnover	79,875	85,465	-6.5%	153,643	168,251	-8.7%
Profit before income tax	5,110	7,104	-28.1%	8,996	14,543	-38.1%
EBITDA	7,452	10,077	-26.0%	13,714	20,519	-33.2%

For the quarter ended 30 September 2017, the Group's turnover decreased by 6.5% or US\$5,590,000 to US\$79,875,000 when compared to the corresponding quarter last year. This was mainly due to the decrease in the turnover of the publishing and printing business especially for the Malaysia and Southeast Asia segment. The decrease was partially offset by the increase of 6.4% in the turnover of the travel segment.

Profit before income tax for the quarter fell 28.1% or US\$1,994,000 to US\$5,110,000 from US\$7,104,000 in the year-ago quarter, with the impact of revenue decline mitigated by savings in finance costs and other operating expenses.

During the quarter under review, the US dollar strengthened against the Malaysian Ringgit ("RM") but was weaker versus the Canadian dollar ("CAD"). This led to net negative currency impacts on the Group's turnover and profit before income tax which would have decreased by about 4.9% and 23.6% respectively if currency impact was excluded.

EBITDA for the quarter fell 26.0% year-on-year from US\$10,077,000 to US\$7,452,000. The decrease would have been about 22.0% if currency impact was excluded.

The Malaysian economy has shown signs of improvement with a 5.8% GDP growth in the second quarter of 2017. Nevertheless, advertisers remained cautious with their promotional spending as the increase in cost of living has weakened consumer spending. Such cautious sentiments have affected the Group's advertising revenue from major brands. As such, the turnover for the Malaysia and other Southeast Asia segment fell 15.0% to US\$35,404,000 from US\$41,647,000 in the year-ago quarter. The shortfall in revenue was partially cushioned by lower operating expenses, especially newsprint costs and labour costs. Segment profit before income tax fell 17.2% or US\$1,237,000 year-on-year to US\$5,962,000 from US\$7,199,000. The decreases in turnover and profit before income tax would have been about 10.6% and 12.8% respectively if currency impact was excluded.

The shifting of advertising spending to digital channels and the still weak luxury goods market continued to affect the performance of the Hong Kong, Taiwan and Mainland China segment which registered a 3.7% year-on-year decline in turnover to US\$13,342,000. This quarter also saw the segment making a loss before income tax of US\$637,000 as against a profit of US\$213,000 in the prior year quarter.

Faced with similar challenges from the fast-growing digital market and the slow local economy, the North America segment reported a 10.8% decline in turnover to US\$3,898,000 whilst its loss before income tax widened from US\$476,000 to US\$810,000 for the second quarter of 2017/2018.

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

B1. Analysis of performance (Continued)

Turnover for the travel segment amounted to US\$27,231,000 in the current quarter, a growth of 6.4% or US\$1,642,000 if compared to the prior-year quarter. This was mainly contributed by the growth in outbound travel business for the North America tour operations, as outbound travel became relatively cheaper with the stronger US dollar and CAD. The growth in demand for the Canadian Rockies tours also contributed to the increase in revenue. However, the rapid appreciation of the euro during the current quarter and the competitive airfares offered by the airlines have squeezed the profit margins of the travel business. As such, despite the increase in its turnover, the profit before income tax for the Group's travel segment decreased by 11.2% to US\$ 1,334,000 when compared with the corresponding quarter last year.

For the six months ended 30 September 2017, the Group's turnover decreased by 8.7% or US\$14,608,000 to US\$153,643,000 when compared to the corresponding period last year. This was mainly due to a 15.4% decrease in the turnover of the Group's publishing and printing segment, which was partly cushioned by a 9.1% increase in the turnover of the travel segment.

The profit before income tax for this current period dropped 38.1% or US\$5,547,000 to US\$8,996,000 when compared to the previous year. Accordingly, the Group's EBITDA for the first half-year of 2017/2018 dropped 33.2% or US\$6,805,000 from the prior year period to US\$13,714,000.

During the six months ended 30 September 2017, both the RM and the CAD weakened against the US dollar which resulted in negative currency impacts on the Group's operating results for the period. If currency impact was excluded, the decreases in the Group's turnover and profit before income tax would have been about 6.0% and 33.3% respectively.

B2. Variation of results against immediate preceding quarter

	(Unaudited) Three months ended 30 September 2017 US\$'000	(Unaudited) Three months ended 30 June 2017 US\$'000	% Change
Turnover	79,875	73,768	8.3%
Profit before income tax	5,110	3,886	31.5%

The Group's turnover increased by 8.3% or US\$6,107,000 to US\$79,875,000 as compared to US\$73,768,000 in the immediate preceding quarter. Both the publishing and printing and the travel segments reported higher revenue in the current quarter. For the publishing and printing segment, the increase was mainly contributed by the Malaysian operation which saw its turnover rise by 4.6% compared to the immediate preceding quarter, driven by increases in both its advertising and circulation revenues. The travel segment registered a 17.4% increase in its turnover mainly because summer is a high season for the travel business.

The improvement in its turnover resulted in the Group's profit before income tax registering a quarter-over-quarter growth of 31.5% to US\$ 5,110,000.

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

B3. Current year prospects

Market conditions in the second half of the financial year 2017/2018 are expected to remain challenging for the Group. For the print media, advertising spending will remain slow given the still weak consumer spending and the continuing shifting of print advertising dollars to big digital and social media players like Google and Facebook. In addition, newsprint price has started showing signs of an upward trend which will further put pressure on the Group's performance.

Nevertheless, the Group will continue its efforts in developing innovative marketing packages integrating its print and digital businesses, enhancing its digital infrastructure, building its digital content and ensuring that its products and content stay competitive and relevant to its readers.

B4. Profit forecast and profit guarantee

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

B5. Profit before income tax

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

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Gains on derivatives - net	-	4	-	4
Net exchange losses	(140)	(5)	(98)	(100)
Provision for impairment and write-off of trade and other receivables	(43)	(160)	(122)	(191)
Provision for impairment and write-off of inventories	(39)	(40)	(83)	(81)

Save as disclosed above and in A8, the other items as required under Part A(16) of Appendix 9B of the Bursa Securities' Listing Requirements are not applicable.

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

B6. Income tax expense

Income tax expense comprises the following:

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Current period income tax expense	2,442	2,786	4,254	5,306
Under provision in prior years	3	3	3	3
Deferred income tax credit	(403)	(687)	(409)	(635)
	2,042	2,102	3,848	4,674

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

B7. Status of corporate proposal

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

Reference is made to the announcement of the Company dated 1 August 2016 (the "First Announcement"), the Board of Directors announced that on 22 July 2016, Comwell Investment Limited ("Comwell", as vendor), a wholly-owned subsidiary of the Company, the Company (as guarantor) and Qingdao West Coast Holdings (Internation) Limited ("Qingdao West Coast", as purchaser) entered into a share transfer agreement (the "Share Transfer Agreement"), pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in One Media Group Limited ("One Media"), representing approximately 73.01% of the entire issued share capital of One Media.

Reference is also made to the announcement of the Company dated 31 August 2017 (the "Lapse Announcement"), pursuant to the Share Transfer Agreement (as supplemented by the fifth supplemental agreement dated 30 June 2017), the share transfer closing is conditional upon the conditions, as set out in the First Announcement, to be satisfied or waived (as the case may be) before 31 August 2017 ("Long Stop Date") or such later date as the parties to the Share Transfer Agreement may agree in writing. As at the Long Stop Date, none of the conditions precedent to the Share Transfer Agreement is satisfied or waived (as the case may be). As the parties to the Share Transfer Agreement have not reached any agreement to further extend the Long Stop Date, the Share Transfer Agreement has lapsed and become of no effect. For details, please refer to the First Announcement and the Lapse Announcement.

The lapse of the Share Transfer Agreement has no material impact on the Group's consolidated financial information for the period ended 30 September 2017.

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

B8. Group borrowings

The Group's borrowings as at 30 September 2017 are as follows:

	Secured US\$'000	(Unaudited) Unsecured US\$'000	Total US\$'000
Current			
Short-term bank borrowings	4,469	3,515	7,984
Non-current			
Medium-term notes	-	53,292	53,292
	<u>4,469</u>	<u>56,807</u>	<u>61,276</u>

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

	(Unaudited) US\$'000
Malaysian Ringgit	56,807
Hong Kong dollars	3,841
United States dollars	628
	<u>61,276</u>

The net gearing ratio of the Group, calculated as net debt over owners' equity, was nil as at 30 September 2017 and 31 March 2017.

B9. Material litigation

As at 30 September 2017, there were several libel suits which involved claims against some companies in the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is still uncertain as of the date this unaudited financial information is authorised for issue, the directors of the Company are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact upon the Group's financial position.

B10. Dividend payable

The Board of Directors has declared a first interim dividend of US0.25 cents (2016/2017: US0.36 cents) per ordinary share in respect of the year ending 31 March 2018. The dividend will be payable on Friday, 29 December 2017 to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 13 December 2017 in cash in RM or in Hong Kong dollars ("HK\$") at the average exchange rates used during the period ended 30 September 2017 for the translation of the results of the subsidiaries whose functional currencies are not US\$. This interim dividend, amounting to US\$4,218,000 (2016/2017: US\$ 6,074,000) has not been recognised as a dividend payable in this unaudited financial information. It will be recognized in shareholders' equity in the year ending 31 March 2018.

The average exchange rates used during the period ended 30 September 2017 of US\$ to RM and US\$ to HK\$, and the amount of the first interim dividend payable are as follows:

	Exchange rates	Dividend per ordinary share
US\$ to RM	4.2940	1.074 sen
US\$ to HK\$	7.8111	HK1.953 cents

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

B10. Dividend payable (Continued)

No tax is payable on the dividend declared by the Company to be received by shareholders in Malaysia as it is income from foreign source in accordance to paragraph 28 of Schedule 6 of Malaysian Income Tax Act 1967.

The register of members in Hong Kong will be closed on Wednesday, 13 December 2017 whereby no transfer of shares will be registered on that date. In order to qualify for the first interim dividend of US0.25 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12 December 2017. In respect of the 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 Wednesday, 13 December 2017 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 Friday, 29 December 2017.

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 Thursday, 7 December 2017 to Wednesday, 13 December 2017, both days inclusive.

B11. Earnings per share attributable to owners of the Company

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
Profit attributable to owners of the Company (US\$'000)	3,376	5,145	5,724	10,169
Weighted average number of ordinary shares in issue	1,687,236,241	1,687,236,241	1,687,236,241	1,687,236,241
Basic earnings per share (US cents)	0.20	0.30	0.34	0.60
Diluted earnings per share (US cents)	0.20	0.30	0.34	0.60

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential shares in issue during the quarter and period ended 30 September 2017 and 2016.

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

B12. Disclosure of realised and unrealised retained profits

The following analysis of realised and unrealised retained profits is prepared in accordance with the Guidance on Special Matter No.1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements", as issued by the Malaysian Institute of Accountants and based on the prescribed format by Bursa Securities.

	(Unaudited)	(Audited)
	As at	As at
	30 September	31 March
	2017	2017
	US\$'000	US\$'000
Total retained profits of the Company and its subsidiaries:		
- Realised	271,811	272,018
- Unrealised	<u>(6,148)</u>	<u>(6,258)</u>
	265,663	265,760
Total share of accumulated losses of joint ventures and associates:		
- Realised	(784)	(868)
Less : consolidation adjustments	<u>(21,489)</u>	<u>(21,311)</u>
Group's retained profits as per condensed consolidated statement of financial position	<u>243,390</u>	<u>243,581</u>

The disclosure of realised and unrealised retained profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

On behalf of the Board
Media Chinese International Limited

Law Yuk Kuen
Tong Siew Kheng
Joint Company Secretaries
28 November 2017