世界華文媒體 MEDIA CHINESE

Interim Report 2008

Media Chinese International Limited
世 界 華 文 媒 體 有 限 公 司

明報 MING PAO DAILY NEWS
星洲日報 SIN CHEW DAILY
南洋商報 NANYANG SIANG PAU
中國報 CHINA PRESS
光明日報

Malaysia Company No. 995098-A Malaysia Stock Code : 5090 Hong Kong Stock Code : 685

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 September 2008

The directors of Media Chinese International Limited (the "Company") announce that the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2008 are as follows:

		(Unaudited) Six months ended 30 September	
		2008	2007
	Note	***US$'000***	*US$'000*
Turnover	*6*	**220,135**	171,014
Cost of goods sold	*7*	**(143,622)**	(114,384)
Gross profit		**76,513**	56,630
Other income		**3,638**	2,289
Other (losses)/gains, net		**(102)**	951
Selling and distribution expenses	*7*	**(31,743)**	(23,415)
Administrative expenses	*7*	**(20,817)**	(15,625)
Other operating expenses	*7*	**(3,542)**	(2,419)
Operating profit		**23,947**	18,411
Finance costs	*8*	**(781)**	(401)
Profit before income tax		**23,166**	18,010
Income tax expense	*9*	**(7,921)**	(5,120)
Profit for the six months		**15,245**	12,890
Attributable to:			
Equity holders of the Company		**15,036**	7,338
Minority interests		**209**	5,552
		15,245	12,890
Earnings per share attributable to the equity holders of the Company, expressed in US cents			
– Basic	*10*	**0.89**	0.80
– Diluted	*10*	**0.89**	0.80
Dividends			
First interim dividend in respect of current year, proposed (2007-2008: proposed and paid)		**(7,578)**	(1,037)
Second interim dividend in respect of prior year, proposed and paid (2007-2008: proposed and paid)		**(15,275)**	–

The notes on pages 6 to 19 form an integral part of this condensed consolidated interim financial report.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 September 2008

	Note	(Unaudited) 30 September 2008 US$'000	(Audited) 31 March 2008 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**104,044**	112,603
Investment properties		**6,543**	7,056
Leasehold land and land use rights		**23,101**	24,262
Intangible assets		**20,160**	22,022
Goodwill		**61,493**	62,450
Financial assets at fair value through profit or loss	*12*	**–**	1,128
Defined benefit plan assets		**615**	579
Deferred income tax assets		**2,825**	3,630
		218,781	233,730
Current assets			
Inventories		**41,571**	50,531
Available-for-sale financial assets		**644**	644
Financial assets at fair value through profit or loss	*12*	**203**	276
Trade and other receivables	*13*	**73,715**	76,896
Income tax recoverable		**2,105**	2,760
Cash and cash equivalents		**80,697**	76,559
		198,935	207,666
Current liabilities			
Trade and other payables	*14*	**62,747**	58,982
Income tax liabilities		**6,088**	4,067
Short-term bank loans		**16,110**	24,414
Bank overdrafts, secured		**3,892**	2,962
Current portion of long-term liabilities	*15*	**2,828**	6,460
		91,665	96,885
Net current assets		**107,270**	110,781
Total assets less current liabilities		**326,051**	344,511
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*16*	**21,684**	5,167
Share premium	*16*	**280,341**	12,809
Other reserves	*17*	**(103,358)**	196,554
Retained earnings	*17*		
– Proposed dividend		**7,578**	15,610
– Others		**98,911**	91,136
		305,156	321,276
Minority interests	*17*	**8,012**	7,952
Total equity		**313,168**	329,228
Non-current liabilities			
Long-term liabilities	*15*	**3,433**	6,453
Deferred income tax liabilities		**9,450**	8,830
		326,051	344,511

The notes on pages 6 to 19 form an integral part of this condensed consolidated interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the six months ended 30 September 2008

	Note	(Unaudited) Six months ended 30 September 2008 US$'000	2007 US$'000
Currency translation differences	17	**(15,536)**	2,067
Net (loss)/income recognised directly in equity		**(15,536)**	2,067
Profit for the six months	17	**15,245**	12,890
Total recognised (loss)/ income for the six months		**(291)**	14,957
Attributable to:			
Equity holders of the Company		**(519)**	9,352
Minority interests		**228**	5,605
		(291)	14,957

The notes on pages 6 to 19 form an integral part of this condensed consolidated interim financial report.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 September 2008

	(Unaudited) Six months ended 30 September 2008 US$'000	2007 US$'000
Cash flows from operating activities		
Cash generated from operations	**42,261**	6,453
Interest on bank loans and overdrafts	**(728)**	(350)
Interest element of finance lease payments	**(53)**	(51)
Profits tax paid	**(3,536)**	(1,528)
Long service payments made	**(40)**	–
Net cash generated from operating activities	**37,904**	4,524
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3,309)**	(2,643)
Purchase of intangible assets	**(106)**	–
Proceeds from disposal of property, plant and equipment	**191**	154
Proceeds from redemption of listed investment	**–**	1,004
Proceeds from sale of property	**–**	64
Interest received	**1,007**	1,179
Dividends received	**7**	7
Net cash used in investing activities	**(2,210)**	(235)
Cash flows from financing activities		
Repurchase of ordinary shares	**(378)**	(100)
Proceeds from exercise of share options	**16**	39
Dividends paid	**(15,275)**	–
Dividends paid by a listed subsidiary	**(191)**	(50)
Repayment of bank loans	**(6,023)**	(11,214)
Repayment of short term bank loans	**(6,966)**	–
Proceeds from capital element of finance lease payments	**441**	801
Capital element of finance lease payments	**(368)**	(282)
Net cash used in financing activities	**(28,744)**	(10,806)
Net increase/(decrease) in cash and cash equivalents, and bank overdrafts	**6,950**	(6,517)
Cash and cash equivalents, and bank overdrafts as at 1 April	**73,597**	64,924
Exchange adjustments on cash and cash equivalents, and bank overdrafts	**(3,742)**	802
Cash and cash equivalents, and bank overdrafts as at 30 September	**76,805**	59,209

The notes on pages 6 to 19 form an integral part of this condensed consolidated interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

1 GENERAL INFORMATION

Media Chinese International Limited (formerly known as Ming Pao Enterprise Corporation Limited) is a limited liability company incorporated in Bermuda. The Company is an investment holding company. The principal activities of its subsidiaries are the publishing, printing and distribution of Chinese-language newspapers, magazines and books, and the provision of travel and travel related services in Hong Kong, North America, Mainland China, Malaysia and Southeast Asia. The shares of the Company have been listed on the main board of The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") since 22 March 1991.

On 23 April 2007, the Company entered into a merger agreement with Sin Chew Media Corporation Berhad ("Sin Chew") and Nanyang Press Holdings Berhad ("Nanyang"). As disclosed in the Company's announcement dated 1 April 2008, all parties to the merger confirmed that all the applicable conditions precedent as set out in the merger agreement had been received, obtained, fulfilled or satisfied (as the case may be) as of 31 March 2008. Pursuant to the merger, the Company issued new shares to the existing shareholders of Sin Chew and Nanyang in exchange for 100% interest in Sin Chew and Nanyang respectively.

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

Sin Chew is an investment holding company and its subsidiaries are principally engaged in the publishing, printing and distribution of newspapers and magazines, provision of editorial services and contract labour, provision of content to web and mobile users, web hosting and designing, web advertising, web audio and video broadcasting. Sin Chew is the publisher of *Sin Chew Daily* and *Guang Ming Daily*, of which *Sin Chew Daily* is the largest Chinese-language daily newspaper in Malaysia.

The principal activities of Nanyang are investment holding, letting of properties and provision of management services. The principal activities of its subsidiaries are the publishing, printing and distribution of newspapers and magazines, and provision of internet related services and electronic commerce. Currently, Nanyang publishes two Chinese-language newspapers in Malaysia, namely *Nanyang Siang Pau* and *China Press*. Nanyang, through Life Publishers Berhad, is Malaysia's largest Chinese-language magazine publisher, with one tabloid and 18 magazines under its portfolio.

This unaudited condensed consolidated interim financial report ("interim financial report") are presented in thousands of United States dollars ("US$'000"), unless otherwise stated. This interim financial report has been approved for issue by the Board of Directors on 27 November 2008.

2 BASIS OF PREPARATION

This interim financial report for the six months ended 30 September 2008 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on the HK Stock Exchange.

This interim financial report should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31 March 2008 and the accompanying explanatory notes attached to this interim financial report.

3 ACCOUNTING POLICIES

The preparation of this interim financial report in conformity with International Financial Reporting Standards ("IFRSs") 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 audited consolidated annual financial statements of the Group for the year ended 31 March 2008 with the addition of the following amendments and interpretation to existing standards which are relevant to the Group's operations and are mandatory for the financial year ending 31 March 2009:

Amendments to IAS 39 and IFRS 7	Reclassification of financial assets
IFRIC - Int 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new IFRSs has no material effect on the financial position or performance of the Group.

The Group has not yet early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective for the financial year ending 31 March 2009. The Group is in the process of making an assessment of the impact of these new IFRSs in the period of the initial application.

		Effective for accounting periods beginning on or after
IFRIC - Int 13	Customer loyalty programmes	1 July 2008
IFRIC - Int 16	Hedges of a net investment in a foreign operation	1 October 2008
IAS 1 (Revised)	Presentation of financial statements	1 January 2009
IAS 23 (Revised)	Borrowing costs	1 January 2009
IAS 32 and IAS 1 Amendment	Puttable financial instruments and obligations arising on liquidation	1 January 2009
IFRS 2 Amendment	Share-based payment vesting conditions and cancellations	1 January 2009
IFRS 8	Operating segments	1 January 2009
IFRIC - Int 15	Agreements for the construction of real estate	1 January 2009
IAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
Amendment to IAS 39	Financial instruments: Recognition and measurement – Eligible hedged items	1 July 2009
IFRS 3 (Revised)	Business combination	1 July 2009
IFRS 3 - Appendix C	Impairment testing cash-generating units with goodwill and non-controlling interests	1 July 2009
IFRS 5	Non-current assets held for sale and discontinued operations	1 July 2009

4 BASIS OF CONSOLIDATION

Both the Company and 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 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 condensed consolidated income statement for the six months ended 30 September 2008 included the results of both Sin Chew and Nanyang whereas for the comparative six months ended 30 September 2007, only Sin Chew's results were included.

5 FUNCTIONAL CURRENCY AND TRANSLATION TO PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entity 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 on the balance sheet have been translated at the closing rate at the balance sheet date, i.e. 30 September 2008, and income and expenses on 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.

6 SEGMENT INFORMATION

The Group's turnover and results for the period, analysed by business segment and geographical segment, are as follows:

Primary reporting format – business segments

	(Unaudited) Six months ended 30 September					
	Publishing and printing		Travel and travel related services		Group	
	2008	2007	**2008**	2007	**2008**	2007
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Turnover	**182,566**	127,736	**37,569**	43,278	**220,135**	171,014
Segment results	**22,815**	16,000	**714**	1,314	**23,529**	17,314
Interest income					**1,007**	1,179
Net unallocated expenses					**(589)**	(82)
Operating profit					**23,947**	18,411
Finance costs					**(781)**	(401)
Profit before income tax					**23,166**	18,010
Income tax expense					**(7,921)**	(5,120)
Profit for the six months					**15,245**	12,890

6 SEGMENT INFORMATION (Continued)

Secondary reporting format – geographical segments

	(Unaudited) Turnover Six months ended 30 September		(Unaudited) Segment results Six months ended 30 September	
	2008	2007	**2008**	2007
	US$'000	*US$'000*	***US$'000***	*US$'000*
Malaysia and Southeast Asia	**126,437**	70,895	**23,902**	15,067
Hong Kong	**53,735**	59,678	**2,858**	4,645
North America	**37,845**	37,300	**(1,532)**	(419)
Mainland China	**2,118**	3,141	**(982)**	(1,156)
	220,135	171,014	**24,246**	18,137
Interest income			**1,007**	1,179
Net unallocated expenses			**(1,306)**	(905)
Operating profit			**23,947**	18,411
Finance costs			**(781)**	(401)
Profit before income tax			**23,166**	18,010
Income tax expense			**(7,921)**	(5,120)
Profit for the six months			**15,245**	12,890

7 EXPENSES BY NATURE

	(Unaudited) Six months ended 30 September	
	2008	2007
	US$'000	*US$'000*
Raw materials and consumables used	**62,101**	41,598
Amortisation of leasehold land and land use rights	**375**	222
Amortisation of intangible assets	**413**	248
Depreciation		
– Owned property, plant and equipment	**4,690**	3,674
– Leased property, plant and equipment	**141**	73
Employee benefit expense (including directors' emoluments)	**53,743**	38,328

8 FINANCE COSTS

	(Unaudited) Six months ended 30 September	
	2008	2007
	US$'000	*US$'000*
Interest on bank loans and overdrafts	**728**	350
Interest element of finance lease payments	**53**	51
	781	401

9 INCOME TAX EXPENSE

Income tax for the Group's Hong Kong operations has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit derived from Hong Kong for the period. Income tax for the Group's Malaysian operations is calculated at the statutory tax rate of 25% (2007: 26%) on the estimated assessable profit derived from Malaysia for the period. Taxation on other countries' profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	(Unaudited) Six months ended 30 September	
	2008	2007
	US$'000	*US$'000*
Hong Kong profits tax		
– Current period	**566**	481
– Under provision in prior years	**24**	–
Malaysian taxation		
– Current period	**5,095**	3,091
Other countries' taxation		
– Current period	**440**	122
– Under provision in prior years	**144**	–
Deferred income tax expense	**1,652**	1,426
	7,921	5,120

10 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 period of US$15,036,000 (2007: US$7,338,000) by the weighted average number of 1,685,290,897 (2007: 913,790,020) ordinary shares in issue during the period and all the shares that were deemed to have been issued during the period were taken into account.

Diluted earnings per share is based on 1,686,105,586 (2007: 914,676,832) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 814,689 (2007: 886,812) 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.

11 DIVIDENDS

	(Unaudited) Six months ended 30 September	
	2008	2007
	US$'000	*US$'000*
First interim dividend in respect of 2008-2009 proposed, US0.450 cents (2007-2008: US0.258 cents) per ordinary share	**7,578**	1,037
Second interim dividend in respect of 2007-2008 proposed and paid, US0.926 cents per ordinary share (2007-2008: Nil)	**15,275**	—
	22,853	1,037

The directors have declared a first interim dividend of US0.450 cents (2007: US0.258 cents) per ordinary share payable on 22 January 2009 to shareholders whose names appear on the register of members of the Company at the close of business on 5 January 2009 in cash in Ringgit Malaysia ("RM") or in HK$ at exchange rates to be determined on 27 November 2008 by reference to the middle exchange rates at 12:00 noon applicable to US$ as quoted by Bank Negara Malaysia.

The middle exchange rates at 12:00 noon on 27 November 2008 as quoted by Bank Negara Malaysia of US$ to RM and US$ to HK$, and the amount of first interim dividend payable are as follows:

	Exchange rates	**Dividend per ordinary share**
US$ to RM	3.620	RM1.629 sens
US$ to HK$	7.754	HK3.489 cents

The second interim dividend represented a dividend of US0.926 cents per ordinary share in respect of the fourth quarter ended 31 March 2008 and was paid to shareholders of the Company on 15 August 2008.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2008 *US$'000*	(Audited) 31 March 2008 *US$'000*
Listed equity securities in Hong Kong, at market value *(note 1)*	**203**	276
Unlisted securities		
– Equity linked notes *(note 2)*	**–**	1,128
	203	1,404
Less: Non-current portion	**–**	(1,128)
	203	276

Notes:

1 The investments were acquired principally for the purpose of selling in short term.

2 The instruments were designated by management as financial assets at fair value through profit or loss on initial recognition as the management was not able to measure the embedded derivatives separately either at acquisition or at a subsequent financial reporting date and the embedded derivatives of the instruments could significantly modify the cash flows that would otherwise be required by the instruments.

The principal amount of the equity linked notes is US$1,500,000 with maturity date in November 2009.

The equity linked notes are interest bearing with interest rate stated at 16.75% per annum, subject to the market prices of the underlying securities at certain pre-determined price levels.

As these instruments are not publicly traded and in the absence of readily available information to determine the fair values of these instruments, the Group has adopted the quotation provided by the issuer's agent as its best estimate of the fair values of these instruments. Accordingly, a loss of the fair value on equity linked notes of US$1,128,000 (2007: a gain of US$32,000) is recognised in other (losses)/gains, net in the unaudited condensed consolidated interim income statement in the current period.

13 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables and their ageing analysis is as follows:

	(Unaudited) 30 September 2008 *US$'000*	(Audited) 31 March 2008 *US$'000*
0 to 60 days	**46,609**	46,826
61 to 120 days	**10,025**	13,964
121 to 180 days	**2,285**	4,136
Over 180 days	**1,728**	1,564
	60,647	66,490

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

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

14 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	(Unaudited) 30 September 2008 *US$'000*	(Audited) 31 March 2008 *US$'000*
0 to 60 days	**19,038**	16,494
61 to 120 days	**1,778**	1,769
121 to 180 days	**441**	764
Over 180 days	**1,256**	1,240
	22,513	20,267

15 LONG-TERM LIABILITIES

	(Unaudited) 30 September 2008 US$'000	(Audited) 31 March 2008 US$'000
Bank loans, secured	**3,663**	10,188
Obligations under finance leases	**1,693**	1,723
Provision for long service payments	**905**	1,002
	6,261	12,913
Current portion of long-term liabilities	**(2,828)**	(6,460)
	3,433	6,453

As at 30 September 2008, the Group's bank loans (secured) and obligations under finance leases were repayable as follows:

	Bank loans (secured)		Obligations under finance leases *(note)*	
	(Unaudited) 30 September 2008 US$'000	(Audited) 31 March 2008 US$'000	(Unaudited) 30 September 2008 US$'000	(Audited) 31 March 2008 US$'000
Within the first year	**2,290**	5,784	**538**	597
In the second year	**1,127**	3,611	**347**	397
In the third to fifth year	**246**	793	**808**	729
	3,663	10,188	**1,693**	1,723

Note: As at 30 September 2008, future finance charges on obligations under finance leases were US$208,000 (31 March 2008: US$202,000).

16 SHARE CAPITAL

	Authorised share capital Ordinary shares of HK$0.10 each	
	Number of shares	*US$'000*
At 31 March 2008	2,500,000,000	32,175
At 30 September 2008	**2,500,000,000**	**32,175**

	Number of ordinary shares	Issued share capital *US$'000*	Share premium *US$'000*	Total *US$'000*
At 31 March 2007	404,435,000	5,205	13,480	18,685
Repurchase of ordinary shares	(3,166,000)	(41)	(707)	(748)
Exercise of share options	206,000	3	36	39
Balance at 31 March 2008	401,475,000	5,167	12,809	17,976
Shares issued as consideration for the exchange of all the ordinary shares of Sin Chew and Nanyang *(note)*	1,284,815,241	16,534	267,877	284,411
Repurchase of ordinary shares	(1,430,000)	(18)	(360)	(378)
Exercise of share options	90,000	1	15	16
Balance at 30 September 2008	**1,684,950,241**	**21,684**	**280,341**	**302,025**

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 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.

17 RESERVES

	Group												
	Attributable to equity holders of the Company												
	Capital redemption reserve	Exchange fluctuation reserve	Employee share-based payment reserve	Asset revaluation surplus	Merger reserve	Capital reserve	Other reserves	Reserve arising from actuarial adjustments on defined benefit plan assets	Reserve arising from actuarial adjustments on long service payment obligations	Sub-total	Retained earnings	Minority interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 April 2007	111	1,655	273	2,701	(92,647)	112,743	(2,168)	(751)	561	22,478	92,536	59,367	174,381
Exchange adjustment	–	2,014	–	–	–	–	–	–	–	2,014	–	53	2,067
Net income recognised directly in equity	–	2,014	–	–	–	–	–	–	–	2,014	–	53	2,067
Profit for the six months	–	–	–	–	–	–	–	–	–	–	7,338	5,552	12,890
Total recognised income for the six months	–	2,014	–	–	–	–	–	–	–	2,014	7,338	5,605	14,957
Repurchase of ordinary shares	5	–	–	–	–	–	–	–	–	5	(5)	–	–
Share compensation costs on share options granted by a listed subsidiary	–	–	107	–	–	–	–	–	–	107	–	63	170
2006-2007 final dividend paid by a listed subsidiary	–	–	–	–	–	–	–	–	–	–	–	(50)	(50)
At 30 September 2007	116	3,669	380	2,701	(92,647)	112,743	(2,168)	(751)	561	24,604	99,869	64,985	189,458
At 1 April 2008	152	7,480	417	–	(92,647)	284,411	(2,168)	(1,693)	602	196,554	106,746	7,952	311,252
Exchange adjustment	1	(15,556)	–	–	–	–	–	–	–	(15,555)	–	19	(15,536)
Net income/(loss) recognised directly in equity	1	(15,556)	–	–	–	–	–	–	–	(15,555)	–	19	(15,536)
Profit for the six months	–	–	–	–	–	–	–	–	–	–	15,036	209	15,245
Total recognised income/(loss) for the six months	1	(15,556)	–	–	–	–	–	–	–	(15,555)	15,036	228	(291)
Repurchase of ordinary shares	18	–	–	–	–	–	–	–	–	18	(18)	–	–
Shares issued as consideration for the exchange of all the ordinary shares of Sin Chew and Nanyang	–	–	–	–	–	(284,411)	–	–	–	(284,411)	–	–	(284,411)
Share compensation costs on share options granted by a listed subsidiary	–	–	36	–	–	–	–	–	–	36	–	23	59
2007-2008 final dividend paid by a listed subsidiary	–	–	–	–	–	–	–	–	–	–	–	(191)	(191)
2007-2008 second interim dividend paid	–	–	–	–	–	–	–	–	–	–	(15,275)	–	(15,275)
At 30 September 2008	**171**	**(8,076)**	**453**	**-**	**(92,647)**	**-**	**(2,168)**	**(1,693)**	**602**	**(103,358)**	**106,489**	**8,012**	**11,143**

18 RELATED PARTY TRANSACTIONS

(a) *Transactions with related parties*

	(Unaudited) Six months ended 30 September	
	2008	2007
	US$'000	*US$'000*
Advertising sales received from a director's related company	**(16)**	(73)
Rendering of services received from a director's related company	**–**	(10)
Motor vehicle insurance premium paid to a director's related company	**–**	1
Magazines purchases from a director's related company	**–**	27
Newsprint purchases from a director's related company	**27,536**	16,999
Rental expenses paid to a director's related company	**600**	582
Rental income received from a director's related company	**(2)**	–
Purchases of air tickets from a director's related company	**3**	7
Scrap sales of old newspapers and magazines to a director's related company	**(186)**	–
	27,935	17,533

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

(b) *Key management compensation*

	(Unaudited) Six months ended 30 September	
	2008	2007
	US$'000	*US$'000*
Basic salaries, discretionary bonuses, other allowances and benefits in kind	**1,008**	805
Contributions to pension scheme	**26**	19
Share compensation costs on share options granted by a listed subsidiary	**11**	38
	1,045	862

18 RELATED PARTY TRANSACTIONS (Continued)

(c) As at 30 September 2008, the balance arising from the related party transactions as disclosed in note 18(a) above was as follows:

	(Unaudited) 30 September 2008 *US$'000*	(Audited) 31 March 2008 *US$'000*
Amounts due from directors' related companies	**1,690**	376
Amounts due to directors' related companies	**(4,037)**	(3,211)
	(2,347)	(2,835)

The outstanding balances with directors' related companies aged 30-90 days are unsecured, non-interest bearing and with credit terms of 0-14 days.

19 EVENT AFTER THE BALANCE SHEET DATE

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 13 November 2008, subject to approvals of Malaysian Foreign Investment Committee and any other relevant authority, the proposed acquisition of the sale property held under master title PN 3694, Lot No. 50, Section 13, Town of Petaling Jaya, District of Petaling, State of Selangor Darul Ehsan, Malaysia by Sin Chew, a wholly-owned subsidiary of the Company, from Rimbunan Hijau Estate Sdn Bhd (the "Vendor") for a cash consideration of RM37,000,000 (equivalents to US$10,763,636) and the reimbursement of the cost of constructing a new office building of approximately RM5,000,000 (equivalents to US$1,454,545) were approved and confirmed. The Vendor is a company incorporated in Malaysia and Tan Sri Datuk TIONG Hiew King, a director and a substantial shareholder of the Company, together with his family interests is directly and indirectly interested in 100% of the issued share capital of the Vendor.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	(Unaudited) For the six months ended 30 September		
	2008	2007	Change
	US$'000	*US$'000*	
Turnover	**220,135**	171,014	+29%
Profit before tax	**23,166**	18,010	+29%
Earnings per share (US cents)	**0.89**	0.80	+11%

The Group's turnover surged by 29% and increased from approximately US$171,014,000 in the corresponding period last year to approximately US$220,135,000 for the financial period ended 30 September 2008. The improvement was partly attributable to the inclusion of turnover from Nanyang which was acquired by the Group in April 2008. The Group's publishing business in Malaysia also recorded satisfactory revenue growth during the period under review, but this improvement was partly offset by the decline in revenue from the Group's travel business.

For the six months ended 30 September 2008, the Group's profit before tax rose 29% to US$23,166,000 when compared to US$18,010,000 in the corresponding period of 2007. This was mainly due to inclusion of the results of Nanyang, the revenue growth of the Group's Malaysian operations as well as comprehensive and effective cost reduction measures that were implemented in the Group's operations. However, the gains were partly offset by lower contributions from the Group's travel business.

Basic earnings per share were US0.89 cents, up 11% from US0.80 cents recorded in the last corresponding period. As at 30 September 2008, the Group had around US$80,697,000 of cash and cash equivalents and the net assets per share was US18.59 cents.

DIVIDEND

The Board of Directors has declared payment of a first interim dividend of US0.450 cents per ordinary share in respect of the six months ended 30 September 2008 (2007: US0.258 cents).

SEGMENTAL REVIEW

Publishing and Printing

Southeast Asia

The operations in Southeast Asia recorded a significant growth of 78% in turnover to US$126,437,000 when compared to the corresponding period a year ago. In line with the top-line revenue, the operating profit in the region surged 59% year-on-year to US$24,568,000. This improvement was due to revenue growth across the Malaysian operations, combined with ongoing and effective cost controls as well as the inclusion of Nanyang's turnover.

This performance, against a backdrop of uncertain and turbulent global market environment, reflects good underlying growth in both advertising and circulation revenues, highlighting once again the strength of the Group's leading position in the Chinese-language newspaper market in Malaysia.

The Group strengthened its position as the leading Chinese-language newspaper group in Malaysia. With the completion of the merger exercise, the Malaysian operations focused on consolidating its operations' harnessing synergy to enhance profit margin and further increase revenue. Several collaborative marketing efforts were initiated within the Malaysian operations. Adding to this, the Group also integrated certain backend support functions and streamlined operating procedures in order to further enhance productivity and reduce cost.

In Malaysia, the Group publishes *Sin Chew Daily, China Press, Guang Ming Daily* and *Nanyang Siang Pau.* In the most recent Nielsen Media survey (July 2007 to June 2008), their combined readership of 2,529,000 accounted for 18% of the total Malaysia population aged 15 or over. *Sin Chew Daily* saw a 0.3% increase in readership from mid-year 2008 and remained the best selling Chinese-language newspaper in Malaysia.

The Group continued to push into the exhibition sector with the highly successful Bridal Fair, Education Fair, Health Fair, Book Fair and Property Fair. Exhibition business is a natural extension of the Group's newspaper and magazine business in Malaysia as the Group can leverage on the existing marketing relationships.

Event management is another area in which the Group made progress during the year. It is leveraging on an increasing demand from advertisers for road shows and product launches to support their advertising campaign.

Mainland China, Hong Kong and Taiwan

As one of the key international cities in Asia, Hong Kong's economy inevitably had to bear the brunt of the recent financial crisis. Spending from advertisers and purchasing power of consumers have been adversely affected since the second half of the calendar year. Moreover, the continuing keen competition from free newspapers and other local newspapers and increasing pressures from the rising operating costs have made the operations in Hong Kong even more challenging.

Furthermore, the shifting of print advertising expenditure budget for the Beijing Olympic Games to other media has impacted on the Group's normal advertising revenue in the Mainland China and Hong Kong markets during the period of July and August. Despite the unfavourable market environment in the region, the Group managed to maintain its Greater China region turnover at US$39,533,000 compared to US$39,969,000 in the corresponding period last year, due mainly to the improvement of the magazine operations. The operating profit from the region for the period under review amounted to US$1,392,000 (2007: US$2,826,000).

SEGMENTAL REVIEW (Continued)

Publishing and Printing (Continued)

Mainland China, Hong Kong and Taiwan (Continued)

For the six months ended 30 September 2008, our lifestyle magazine publication unit, One Media Group Limited ("OMG"; SEHK stock code: 426), experienced significant improvements which were attributable to a record-high advertising revenue of *Ming Pao Weekly,* the Group's flagship magazine in Hong Kong, and the benefits from OMG's year-long restructuring programme. Celebrating its 40th anniversary, *Ming Pao Weekly's* professional market positioning, especially its editorial direction, continues to win strong and sustaining support from advertisers, in particular from the branded consumer products.

Additionally, through a licensing arrangement, the Group has extended its footprint to Taiwan in the current period by launching a Taiwan edition of its proprietary flagship magazine *Ming Pao Weekly* in Taiwan in June 2008. The expansion offered immediate contributions to the Group.

North America

In spite of the worsening economic situation in the United States, sales of *Ming Pao* overseas editions in major cities in North America and the free daily newspapers remained steady.

For the two Canadian editions in Vancouver and Toronto, the Group introduced certain measures, including revamping its newspaper layout dimensions and offering discounts during weekdays, to cope with the difficult business environment. Further, the Group has also introduced new layout designs to generate more advertiser- and reader-friendly layouts.

The two free newspapers in San Francisco and New York, launched more than a year ago, are close to breakeven on a month-by-month cash flow basis. With revenue continuing to grow, the free newspapers operation is expected to start contributing to the Group's bottom line going forward.

Multimedia

Following the successful move towards the mobile phone platform in Hong Kong, the Group has started to work with a local telecommunication services provider in Malaysia on mobile publishing. In view of the maturing penetration of mobile phone users in Asia, mobile publishing will evolve as one of the most important ways to monetize its content and other intangible assets.

In view of the increasing readership from print to online and mobile offering of news contents in North America, the Group will actively explore the possibilities in developing new multimedia business. The Group is well-positioned to further capitalise the opportunities in mobile channels and internet through which archival and exclusive contents become accessible to a huge group of users.

Travel

Revenue from the Group's travel operation, via Charming Holidays and Delta Group, slowed down modestly to US$37,569,000 due to shortage of flight seats available for resale in light of increased demand in the advent of the Beijing Olympics in August and effects of high fuel surcharges. The Group will continue to review this operation from time to time and take appropriate measures when necessary.

CURRENCY FLUCTUATIONS

The Group reports its results in US dollars, the presentation currency, but its subsidiaries in various countries around the world receive revenue and incur expenses in their respective local currencies, mainly Ringgit Malaysia, Hong Kong dollars, Renminbi and Canadian dollars, which are also their respective functional currencies. The Group is thereby exposed to the impact of currency fluctuations which will affect the US dollar value of the Group's operations of which the functional currencies are not US dollars, the presentation currency. Although the Group actively manages its currency exposures, fluctuation of the functional currencies in which the Group conducts operations relative to the US dollars could affect the Group's financial positions and results of operations presented in US dollars. During the six months ended 30 September 2008, the Group is particularly exposed to movements in the US dollars to Ringgit Malaysia exchange rate as after the business combinations the majority of the Group's operations are located in Malaysia. During the period under review, a reduction of exchange fluctuation reserve of US$15,536,000 was recognised largely due to the change of exchange rate of US$/RM.

OUTLOOK

In view of the recent global financial crisis, the Group believes that the advertising market will face difficult times when advertisers cutback their spending in peripheral publications and concentrating their budgets on selective core publications in the market.

Barring unforeseen circumstances and taking into account the adverse impact due to the financial crisis, the Group anticipates that the operating environment for its core business in the remaining of this financial year will be very competitive and challenging.

Nevertheless, the Group is taking possible measures to mitigate the adverse effects of slowing economy growth. To overcome the challenges, the Group will continue to drive for operational efficiencies and reduce operating costs.

The Group's core content provision business, meanwhile, continues to constantly maintain their cash flows and improving yields. The Group will continue its efforts to derive further synergies between the Malaysian operations, especially in the areas of shared services and look out for new business opportunities in media assets that could add to the future earnings of the Group.

OTHER INFORMATION

CAPITAL EXPENDITURE

The Group's total capital expenditure for property, plant and equipment for the six months ended 30 September 2008 amounted to US$3,309,000.

CAPITAL COMMITMENTS

As at 30 September 2008, the Group's authorised capital expenditure for property, plant and equipment contracted but not provided for in the interim financial report amounted to US$13,075,000 whereas authorised capital expenditure for property, plant and equipment not contracted and not provided for in the interim financial report amounted to US$1,390,000.

FINANCIAL GUARANTEES

As at 30 September 2008, the Company issued financial guarantees in favour of certain of its subsidiaries totalling US$23,160,000 (31 March 2008: US$23,439,000) in connection with general banking facilities granted to those subsidiaries. As at 30 September 2008, total facilities utilised amounted to US$7,284,000 (31 March 2008: US$5,015,000).

PLEDGE OF ASSETS

As at 30 September 2008, certain machinery and printing equipment, land and buildings and assets of certain subsidiaries with an aggregate value of US$42,435,000 (31 March 2008: US$60,665,000) were pledged to banks to secure general banking facilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Ringgit Malaysia, Renminbi, Hong Kong dollars and Canadian dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Currency exposure arising from the net assets of the Group's operations, such as those in Mainland China, Hong Kong, North America, Malaysia and Southeast Asia, is managed primarily through operating liabilities denominated in the relevant foreign currencies.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 September 2008, the Group's net current assets amounted to US$107,270,000 (31 March 2008: US$110,781,000) and the shareholders' funds were US$313,168,000 (31 March 2008: US$329,228,000). Total bank borrowings and finance lease obligations were US$25,358,000 (31 March 2008: US$39,287,000) and the gearing ratio, which is defined as the ratio of total bank borrowings and finance lease obligations to shareholders' funds, was 0.08 (31 March 2008: 0.12).

As at 30 September 2008, total cash and cash equivalents was US$80,697,000 (31 March 2008: US$76,559,000) and net cash position was US$55,339,000 (31 March 2008: US$37,272,000) after deducting the total bank borrowings and finance lease obligations.

SHARE OPTION SCHEMES

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

(a) *Share option scheme of the Company*

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

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

	Number of shares involved in share options								
Grantee	**Balance at 31 March 2008**	**Granted during the period** *(note 1)*	**Exercised during the period** *(note 2)*	**Lapsed during the period** *(note 1)*	**Balance at 30 September 2008**	**Percentage of issued ordinary shares at 30 September 2008**	**Exercise price per share** *HK$*	**Date of grant**	**Exercisable period**
Directors:									
Tan Sri Datuk TIONG Hiew King	300,000	–	–	–	300,000	0.018%	1.592	31/08/2001	01/09/2001-20/08/2011
Tan Sri Datuk TIONG Hiew King	300,000	–	–	–	300,000	0.018%	1.800	15/09/2003	16/09/2003-20/08/2011
Mr TIONG Kiu King	300,000	–	–	–	300,000	0.018%	1.592	31/08/2001	01/09/2001-20/08/2011
Mr TIONG Kiu King	300,000	–	–	–	300,000	0.018%	1.800	15/09/2003	16/09/2003-20/08/2011
Dato' Seri Dr TIONG Ik King	300,000	–	–	–	300,000	0.018%	1.592	31/08/2001	01/09/2001-20/08/2011
Dato' Seri Dr TIONG Ik King	300,000	–	–	–	300,000	0.018%	1.800	15/09/2003	16/09/2003-20/08/2011
Mr TIONG Kiew Chiong	300,000	–	–	–	300,000	0.018%	1.592	31/08/2001	01/09/2001-20/08/2011
Mr TIONG Kiew Chiong	300,000	–	–	–	300,000	0.018%	1.800	15/09/2003	16/09/2003-20/08/2011
	2,400,000	–	–	–	2,400,000	0.144%			
Full time employees	1,351,000	–	(30,000)	–	1,321,000	0.078%	1.592	31/08/2001	01/09/2001-20/08/2011
Full time employees	839,000	–	(60,000)	–	779,000	0.046%	1.320	29/08/2003	30/08/2003-20/08/2011
Total	4,590,000	–	(90,000)	–	4,500,000	0.268%			

Notes:

1 No share option was granted, lapsed or cancelled during the period.

2 During the period, 30,000 shares and 60,000 shares of HK$0.10 each were issued at HK$1.592 per share and HK$1.32 per share respectively as a result of the exercise of the Company's share options. The weighted average of the closing prices of the Company's shares immediately before the dates on which the above share options were exercised was HK$2.58.

SHARE OPTION SCHEMES (Continued)

(b) Pre-IPO Scheme of OMG

OMG is an exempted company incorporated in the Cayman Islands with limited liability on 11 March 2005 whose shares have been listed on the main board of the HK Stock Exchange since 18 October 2005 and is a subsidiary of the Company owned as to 62.83% at date of this report.

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

As at 30 September 2008, no option has been granted or agreed to be granted by OMG under the Post-IPO Scheme. During the period, movements of the share options granted under the Pre-IPO Scheme are as follows:

	Number of shares involved in share options								
Grantee	Balance at 31 March 2008	Granted during the period *(note1)*	Exercised during the period *(note 1)*	Lapsed during the period	Balance at 30 September 2008	Percentage of issued ordinary shares of OMG at 30 September 2008	Exercise price per share *HK$*	Date of grant	Exercisable period
Directors:									
Tan Sri Datuk TIONG Hiew King	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr TIONG Kiu King	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005-25/09/2015
Dato' Seri Dr TIONG Ik King	1,000,000	–	–	–	1,000,000	0.25%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr TIONG Kiew Chiong	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr David YU Hon To	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr TANG Ying Yu *(note 3)*	150,000	–	–	(150,000)	–	–	1.200	27/09/2005	18/10/2005-25/09/2015
Mr Victor YANG	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005-25/09/2015
	5,200,000	–	–	(150,000)	5,050,000	1.26%			
Full time employees *(note 2)*	8,578,000	–	–	(1,024,000)	7,554,000	1.89%	1.200	27/09/2005	18/10/2005-25/09/2015
Total	13,778,000	–	–	(1,174,000)	12,604,000	3.15%			

Notes:

1 No share option was granted, exercised or cancelled during the period.

2 During the period, 1,024,000 share options have lapsed by reason of the grantees ceased to be full time employees of the OMG Group.

3 Mr TANG Ying Yu resigned as independent non-executive director of the Company on 31 March 2008.

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

As at 30 September 2008, the interests and short positions of the directors, chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the HK Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "HK Model Code") are as follows:

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

	Number of shares/underlying shares held						
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Total interests in shares**	**Interests in underlying shares pursuant to share options** *(note 1)*	**Aggregate interests**	**Percentage of issued ordinary shares at 30 September 2008**
Tan Sri Datuk TIONG Hiew King	86,509,058	134,566	470,270,817 *(note 2)*	556,914,441	600,000	557,514,441	33.09%
Mr TIONG Kiu King	2,454,559	147,000	–	2,601,559	600,000	3,201,559	0.19%
Dato' Seri Dr TIONG Ik King	9,406,189	–	252,487,700 *(note 3)*	261,893,889	600,000	262,493,889	15.58%
Mr TIONG Kiew Chiong	5,088,783	–	–	5,088,783	600,000	5,688,783	0.34%
Ms SIEW Nyoke Chow	2,000,072	–	–	2,000,072	–	2,000,072	0.12%
Temenggong Datuk Kenneth Kanyan ANAK TEMENGGONG KOH	135,925	–	–	135,925	–	135,925	0.01%

Notes:

1. These represent share options granted by the Company to the relevant directors under the MCI Scheme to subscribe for shares of the Company.

2. The corporate interests of Tan Sri Datuk TIONG Hiew King comprise:

   (i) 252,487,700 shares held by Conch Company Limited ("Conch");
   (ii) 65,319,186 shares held by Teck Sing Lik Enterprise Sdn Bhd ("TSL");
   (iii) 1,902,432 shares held by Pertumbuhan Abadi Asia Sdn Bhd ("PAA");
   (iv) 75,617,495 shares held by Ezywood Options Sdn Bhd ("Ezywood");
   (v) 15,536,696 shares held by Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS");
   (vi) 6,532,188 shares held by Rimbunan Hijau Southeast Asia Sdn Bhd ("RHSA");
   (vii) 52,875,120 shares held by Madigreen Sdn Bhd ("Madigreen").

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

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

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

Notes: (Continued)

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

(b) Interests in shares and underlying shares in OMG

	Number of shares/underlying shares held						
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Total interests in shares**	**Interests in underlying shares pursuant to share options** *(note)*	**Aggregate interests**	**Percentage of issued ordinary shares of OMG at 30 September 2008**
Tan Sri Datuk TIONG Hiew King	–	–	–	–	1,250,000	1,250,000	0.31%
Mr TIONG Kiu King	–	–	–	–	1,250,000	1,250,000	0.31%
Dato' Seri Dr TIONG Ik King	–	–	–	–	1,000,000	1,000,000	0.25%
Mr TIONG Kiew Chiong	3,750,000	–	–	3,750,000	1,250,000	5,000,000	1.25%
Mr David YU Hon To	–	–	–	–	150,000	150,000	0.04%
Mr Victor YANG	–	–	–	–	150,000	150,000	0.04%

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

Save as disclosed above and those disclosed under "Share Option Schemes", at 30 September 2008, none of the directors, chief executives and their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which are required to be notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the HK Stock Exchange pursuant to the HK Model Code.

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

SUBSTANTIAL SHAREHOLDERS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 30 September 2008, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares held	Percentage of issued ordinary shares at 30 September 2008
Progresif Growth Sdn Bhd *(note 1)*	326,663,556	19.39%
Conch Company Limited *(note 2)*	252,487,700	14.98%
Zaman Pemimpin Sdn Bhd *(note 3)*	154,219,783	9.15%

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

Notes:

1 Progresif Growth Sdn Bhd is a wholly-owned subsidiary of Tiong Toh Siong Holdings Sdn Bhd.

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

3 Zaman Pemimpin Sdn Bhd is jointly owned by Sharifah Rokayah Binti WAN OTHMAN and Salleh Bin DELAMID.

Save as disclosed above and those disclosed under "Particulars of Interests held by Directors, Chief Executives and Their Associates", the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company at 30 September 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months period ended 30 September 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 Highest	Lowest	Aggregate purchase consideration	Equivalent in
		HK$	*HK$*	*HK$*	*US$*
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
	1,430,000			2,950,830	378,294

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES (Continued)

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.

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

CLOSURE OF THE REGISTER OF MEMBERS

The register of members in Hong Kong will be closed on Monday, 5 January 2009 whereby no transfer of shares will be registered on that date. In order to qualify for the first interim dividend of US0.450 cents per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 2 January 2009. In respect of shareholders in Malaysia, a depositor in Malaysia shall qualify for the entitlement to the dividend only in respect of: (i) shares transferred into the Depositor's Securities Account before 4:00 p.m. on Monday, 5 January 2009 in respect of transfers; and (ii) shares bought on Bursa Securities on a cum entitlement basis according to the rules of Bursa Malaysia. The first interim dividend will be payable to the shareholders on 22 January 2009.

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 30 December 2008 to 5 January 2009.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2008, the Group had approximately 4,932 employees (31 March 2008: approximately 5,047 employees), the majority of whom were employed in Malaysia and Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors and senior management are reviewed by the Remuneration Committee regularly, having regard to the Group's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing with his own remuneration. The Group has share option schemes as an incentive to directors and eligible employees.

CORPORATE GOVERNANCE

Sound corporate governance is crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect rights of shareholders and stakeholders, and enhance shareholder value. The Company has always attached great importance to corporate governance so as to ensure its sustainable development.

The Company has adopted the recommendations of the Malaysian Code on Corporate Governance (the "Malaysian Code") and all the code provisions in the Code on Corporate Governance Practices (the "Hong Kong Code") contained in Appendix 14 of the Listing Rules as its own code on corporate governance practices.

CORPORATE GOVERNANCE (Continued)

During the period under review, the Company has complied with the best practices of the Malaysian Code and met the code provisions as set out in the Hong Kong Code save for code provisions E.1.1 and E.2.2 in the Hong Kong Code as explained below.

Code provision E.1.1 provides that in respect of each substantially separate issue, such as the nomination of persons as directors, at a general meeting, a separate resolution should be proposed by the chairman of that meeting.

At the annual general meeting of the Company held on 27 August 2008 ("AGM"), a shareholder proposed that the re-election of the retiring directors be passed under a single resolution instead of re-electing each director individually under separate resolutions in view of that such arrangement would enable the AGM being conducted in an efficient manner. The proposal was duly seconded by another shareholder and put to the meeting to vote by a show of hands. By unanimous votes in favour of the proposal, it was decided that the re-election of retiring directors be passed under a single resolution. The Board considered that the arrangement, being proposed and unanimous resolved by shareholders present at the AGM, was reasonable and appropriate.

Code provision E.2.2 stipulates that the chairman of a meeting should indicate to the meeting the balance for and against the resolution after it has been dealt with on a show of hands.

At the AGM, all the resolutions were passed by unanimous votes or majority votes, as such the chairman has not indicated to the meeting the balance for and against each resolution. The votes cast were properly recorded in the minutes of the meeting. The Board considered that the meeting was conducted in a good and efficient manner and that the deviation to the Hong Kong Code was acceptable.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the requirements and code as set out in (i) Chapter 14 (Dealings in Securities) of the Listing Requirements of Bursa Securities ("Chapter 14 of the Listing Requirements of Bursa Securities") and (ii) HK Model Code of Appendix 10 of the Listing Rules. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standards as set out in (i) Chapter 14 of the Listing Requirements of Bursa Securities and (ii) HK Model Code during the period under review.

OTHER INFORMATION

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial report of the Group for the six months ended 30 September 2008.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

By Order of the Board
TIONG Kiew Chiong
Director

27 November 2008

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 September 2008

	(Unaudited) Six months ended 30 September	
	2008	2007
	RM'000	*RM'000*
Turnover	**756,714**	587,861
Cost of goods sold	**(493,701)**	(393,195)
Gross profit	**263,013**	194,666
Other income	**12,506**	7,868
Other (losses)/gains, net	**(351)**	3,269
Selling and distribution expenses	**(109,117)**	(80,489)
Administrative expenses	**(71,558)**	(53,711)
Other operating expenses	**(12,175)**	(8,315)
Operating profit	**82,318**	63,288
Finance costs	**(2,685)**	(1,378)
Profit before income tax	**79,633**	61,910
Income tax expense	**(27,228)**	(17,600)
Profit for the six months	**52,405**	44,310
Attributable to:		
Equity holders of the Company	**51,687**	25,225
Minority interests	**718**	19,085
	52,405	44,310
Earnings per share attributable to the equity holders of the Company		
– Basic (RM sens)	**3.06**	2.75
– Diluted (RM sens)	**3.06**	2.75
Dividends		
First interim dividend in respect of current year, proposed (2007-2008: proposed and paid)	**(26,049)**	(3,565)
Second interim dividend in respect of prior year, proposed and paid (2007-2008: proposed and paid)	**(52,508)**	–

Note: The presentation currency of this unaudited interim financial report is US$. Supplementary information in RM for the period ended 30 September 2008 with comparatives are shown for reference only and have been made at the same exchange rate of US$1 to RM3.4375 ruling at 30 September 2008. This translation should not be construed as a representation that the US$ amounts actually represented have been, or could be, converted into RM at this or any other rate.

ADDITIONAL INFORMATION

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 September 2008

	(Unaudited) 30 September 2008 *RM'000*	(Unaudited) 31 March 2008 *RM'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**357,651**	387,073
Investment properties	**22,492**	24,255
Leasehold land and land use rights	**79,410**	83,401
Intangible assets	**69,300**	75,701
Goodwill	**211,382**	214,672
Financial assets at fair value through profit or loss	**–**	3,878
Defined benefit plan assets	**2,114**	1,990
Deferred income tax assets	**9,711**	12,478
	752,060	803,448
Current assets		
Inventories	**142,900**	173,700
Available-for-sale financial assets	**2,215**	2,213
Financial assets at fair value through profit or loss	**697**	949
Trade and other receivables	**253,395**	264,330
Income tax recoverable	**7,236**	9,488
Cash and cash equivalents	**277,396**	263,172
	683,839	713,852
Current liabilities		
Trade and other payables	**215,692**	202,751
Income tax liabilities	**20,928**	13,980
Short-term bank loans	**55,378**	83,923
Bank overdrafts, secured	**13,379**	10,182
Current portion of long-term liabilities	**9,721**	22,206
	315,098	333,042
Net current assets	**368,741**	380,810
Total assets less current liabilities	**1,120,801**	1,184,258
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**74,540**	17,763
Share premium	**963,672**	44,032
Other reserves	**(355,292)**	675,654
Retained earnings		
– Proposed dividend	**26,049**	53,659
– Others	**340,006**	313,280
	1,048,975	1,104,388
Minority interests	**27,541**	27,335
Total equity	**1,076,516**	1,131,723
Non-current liabilities		
Long-term liabilities	**11,801**	22,182
Deferred income tax liabilities	**32,484**	30,353
	1,120,801	1,184,258

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CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the six months ended 30 September 2008

	(Unaudited) Six months ended 30 September	
	2008	2007
	RM'000	*RM'000*
Currency translation differences	**(53,405)**	7,105
Net (loss)/income recognised directly in equity	**(53,405)**	7,105
Profit for the six months	**52,405**	44,310
Total recognised (loss)/ income for the six months	**(1,000)**	51,415
Attributable to:		
Equity holders of the Company	**(1,784)**	32,148
Minority interests	**784**	19,267
	(1,000)	51,415

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CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 September 2008

	(Unaudited) Six months ended 30 September 2008 *RM'000*	2007 *RM'000*
Cash flows from operating activities		
Cash generated from operations	**145,272**	22,182
Interest on bank loans and overdrafts	**(2,503)**	(1,203)
Interest element of finance lease payments	**(182)**	(175)
Profits tax paid	**(12,155)**	(5,253)
Long service payments made	**(138)**	–
Net cash generated from operating activities	**130,294**	15,551
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11,375)**	(9,085)
Purchase of intangible assets	**(364)**	–
Proceeds from disposal of property, plant and equipment	**657**	529
Proceeds from redemption of listed investment	**–**	3,451
Proceeds from sale of property	**–**	220
Interest received	**3,462**	4,053
Dividends received	**24**	24
Net cash used in investing activities	**(7,596)**	(808)
Cash flows from financing activities		
Repurchase of ordinary shares	**(1,299)**	(343)
Proceeds from exercise of share options	**55**	134
Dividends paid	**(52,508)**	–
Dividends paid by a listed subsidiary	**(656)**	(172)
Repayment of bank loans	**(20,704)**	(38,548)
Repayment of short term bank loans	**(23,946)**	–
Proceeds from capital element of finance lease payments	**1,516**	2,753
Capital element of finance lease payments	**(1,265)**	(969)
Net cash used in financing activities	**(98,807)**	(37,145)
Net increase/(decrease) in cash and cash equivalents, and bank overdrafts	**23,891**	(22,402)
Cash and cash equivalents, and bank overdrafts as at 1 April	**252,990**	223,176
Exchange adjustments on cash and cash equivalents, and bank overdrafts	**(12,864)**	2,756
Cash and cash equivalents, and bank overdrafts as at 30 September	**264,017**	203,530

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