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# 万 华 媒 体 ONEMEDIAGROUP

## One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

### SECOND QUARTER RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2011

The directors (the “Directors”) of One Media Group Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30th September 2011, together with the comparative unaudited consolidated figures for the corresponding period in 2010 as follows.

#### CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2011

		(Unaudited)	
		Three months ended	
		30th September	
		2011	2010
	Notes	HK\$'000	HK\$'000
Turnover	2	46,577	44,413
Cost of goods sold		<u>(22,753)</u>	<u>(22,267)</u>
Gross profit		23,824	22,146
Other income		1,091	1,464
Selling and distribution costs		(12,249)	(10,746)
Administrative expenses		<u>(9,402)</u>	<u>(8,347)</u>
Operating profit		3,264	4,517
Share of loss of an associate	3	<u>-</u>	<u>-</u>
Profit before income tax		3,264	4,517
Income tax expense	5	<u>(1,255)</u>	<u>(1,293)</u>
Profit for the period		<u><u>2,009</u></u>	<u><u>3,224</u></u>
Profit attributable to:			
Equity holders of the Company		<u><u>2,009</u></u>	<u><u>3,224</u></u>
Earnings per share attributable to equity holders of the Company during the period (expressed in HK cent per share)			
- Basic and diluted	6	<u><u>0.50</u></u>	<u><u>0.81</u></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2011*

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30th September</b>	
	<b>2011</b>	<b>2010</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Profit for the period</b>	<b>2,009</b>	3,224
<b>Other comprehensive income</b>		
Currency translation differences	<u>635</u>	<u>406</u>
<b>Total comprehensive income for the period</b>	<b><u>2,644</u></b>	<b><u>3,630</u></b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	<b><u>2,644</u></b>	<b><u>3,630</u></b>

**CONSOLIDATED BALANCE SHEET**  
AS AT 30TH SEPTEMBER 2011

	Notes	30th September 2011 HK\$'000	31st March 2011 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,724	4,376
Intangible assets		3,083	2,719
Interest in an associate	3	25,800	-
Deferred income tax assets		56	51
<b>Total non-current assets</b>		<u>33,663</u>	<u>7,146</u>
<b>Current assets</b>			
Inventories		11,655	10,213
Trade and other receivables		53,654	50,268
Cash and cash equivalents		81,652	108,575
<b>Total current assets</b>		<u>146,961</u>	<u>169,056</u>
<b>Total assets</b>		<u>180,624</u>	<u>176,202</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		400	400
Share premium		456,073	456,073
Other reserves		(330,494)	(331,668)
Retained earnings			
- Proposed dividends	7	3,600	8,000
- Others		14,752	11,166
<b>Total equity</b>		<u>144,331</u>	<u>143,971</u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Long service payment obligations		28	28
<b>Total non-current liability</b>		<u>28</u>	<u>28</u>
<b>Current liabilities</b>			
Trade and other payables		28,573	23,430
Amounts due to fellow subsidiaries	8	3,281	6,039
Current income tax liabilities		4,411	2,734
<b>Total current liabilities</b>		<u>36,265</u>	<u>32,203</u>
<b>Total liabilities</b>		<u>36,293</u>	<u>32,231</u>
<b>Total equity and liabilities</b>		<u>180,624</u>	<u>176,202</u>
<b>Net current assets</b>		<u>110,696</u>	<u>136,853</u>
<b>Total assets less current liabilities</b>		<u>144,359</u>	<u>143,999</u>

## NOTES

### 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### (a) *Basis of preparation*

The financial information of the Company (the “Financial Information”) for the three months ended 30th September 2011 is unaudited and has been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This Financial Information has been prepared under the historical cost convention.

This second quarter results announcement should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2011 and the interim results announcement for the six months ended 30th September 2011.

#### (b) *Accounting policies*

The preparation of this Financial Information in conformity with 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.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2011, as described in those annual financial statements.

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

The Group has adopted the following revised standards and amendments to standard, which are mandatory for the financial year beginning 1st April 2011 and are relevant to its operations:

- IAS 24 (Revised), “Related Party Disclosures” is effective for annual periods beginning on or after 1st January 2011. It introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. The amendment does not have a material impact on this unaudited Financial Information.
- Amendment to IAS 34, “Interim Financial Reporting” is effective for annual periods beginning on or after 1st January 2011. It emphasises the existing disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The amendment does not have a material impact on this unaudited Financial Information.

## NOTES

### 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### (b) Accounting policies (Continued)

The Group has not early adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1st April 2011. The Group is in the process of making an assessment of the impact of those new or revised standards and amendments to standards on the Group's results and financial position in the period of initial application.

### 2 SEGMENT INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified based on internal reporting that is regularly reviewed by the chief operating decision maker. The Group regards the Executive Committee as the chief operating decision maker in order to allocate resources to segments and assess their performance.

The Executive Committee considers the business from geographic perspective. Geographically, management considers the performance of the media business in Hong Kong and Mainland China.

The Executive Committee assesses the performance of the operating segments based on a measure of operating profit/loss before tax but excludes corporate expenses. Other information provided is measured in a manner consistent with that in the internal financial reports.

The Group's turnover and results provided to the Executive Committee for the reporting segments for the three months ended 30th September 2011 were as follows:

	(Unaudited)					
	Three months ended 30th September					
	Media business					
	Hong Kong		Mainland China		Total	
	2011	2010	2011	2010	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<b>37,951</b>	37,120	<b>8,626</b>	7,293	<b>46,577</b>	44,413
Segment profit/(loss) before income tax	<b>10,071</b>	10,177	<b>(4,164)</b>	(3,576)	<b>5,907</b>	6,601
Unallocated expenses					<b>(2,643)</b>	(2,084)
Profit before income tax					<b>3,264</b>	4,517
Income tax expense	<b>(1,255)</b>	(1,293)	-	-	<b>(1,255)</b>	(1,293)
Profit for the period					<b>2,009</b>	3,224
Other information:						
Interest income	<b>114</b>	98	<b>60</b>	1	<b>174</b>	99
Depreciation of property, plant and equipment	<b>193</b>	307	<b>217</b>	155	<b>410</b>	462
Amortisation of intangible assets	<b>15</b>	8	<b>207</b>	3	<b>222</b>	11

### 3 INTEREST IN AN ASSOCIATE

	(Unaudited) 30th September 2011 HK\$'000	(Audited) 31st March 2011 HK\$'000
Acquisition of an associate	<u>25,800</u>	<u>-</u>

On 30th September 2011, the Group acquired all of the shares in Media Connect Investment Limited from a fellow subsidiary, which in turn holds approximately 24.97% interest in ByRead Inc., for a cash consideration of HK\$25,800,000.

As at 30th September 2011, interest in an associate included goodwill, trademark and customer list indentified from the acquisition of ByRead Inc. of HK\$20,822,000, HK\$3,986,000 and HK\$1,053,000 respectively. The useful lives for trademark and customer list are 30 years and 5 years respectively.

Particulars of the Group's associate are as follows:

Name of associate	Place of incorporation	Effective equity interest	Principal activities
ByRead Inc.	Cayman Islands	24.97%	Investment holding

The principal activities of the subsidiaries of ByRead Inc. are engaged in the research and development of mobile software and the operation and provision of mobile reading solution and social networking solution in Mainland China.

The Group's share of the post-acquisition results of the associate and its aggregated assets and liabilities (excluding goodwill, trademark and customer list) at gross amounts as at and for the three months ended 30th September 2011 are as follows:

	Assets HK\$'000	Liabilities HK\$'000	Revenues HK\$'000	Loss HK\$'000
ByRead Inc.	<u>5,861</u>	<u>1,063</u>	<u>-</u>	<u>-</u>

#### 4 EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and distribution costs and administrative expenses are analysed as follows:

	<b>(Unaudited)</b>	
	<b>Three months ended 30th September</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Paper consumed	<b>4,739</b>	4,358
Depreciation of property, plant and equipment	<b>410</b>	462
Amortisation of intangible assets	<b>222</b>	11
Employee benefit expenses (including directors' emoluments)	<b>16,377</b>	15,278
Occupancy costs	<b>932</b>	850

#### 5 INCOME TAX EXPENSE

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

Hong Kong profits tax has been provided at the rate of 16.5% (2010:16.5%) on the estimated assessable profit for the period.

No provision for the People's Republic of China ("PRC") enterprise income tax has been made as the Group has no assessable profits generated in PRC during the three months ended 30th September 2011 (2010: Nil).

	<b>(Unaudited)</b>	
	<b>Three months ended 30th September</b>	
	<b>2011</b>	<b>2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax		
- Current income tax	<b>1,246</b>	1,320
Deferred income tax		
- Current deferred income tax charges/ (credit)	<b>9</b>	(27)
	<b>1,255</b>	1,293

## 6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's unaudited consolidated profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited)	
	<u>Three months ended 30th September</u>	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>2,009</u>	<u>3,224</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>400,000</u>	<u>400,000</u>
Basic earnings per share (HK cent per share)	<u><u>0.50</u></u>	<u><u>0.81</u></u>

There was no dilutive effect arising from the share options granted by the Company.

## 7 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 30th September 2011 (2010: Nil).

The Directors of the Company have declared an interim dividend for the six months ended 30th September 2011 of HK0.9 cent (2010: HK0.75 cent) per ordinary share, totalling HK\$3,600,000 (2010: HK\$3,000,000) payable on 28th December 2011 to shareholders whose names appear on the register of members of the Company on 16th December 2011.

During the period ended 30th September 2011, no special dividend was paid (2010: HK\$40,000,000) and a final dividend of HK2 cents (2010: HK0.5 cent) per ordinary share, totalling HK\$8,000,000 for the year ended 31st March 2011 was paid on 9th September 2011 (2010: HK\$2,000,000).

## 8 AMOUNTS DUE TO FELLOW SUBSIDIARIES

The ageing of the amounts due to fellow subsidiaries arising from related-party transactions, by invoice date, is within 180 days. They are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

## 9 CONTINGENT LIABILITIES

As at 30th September 2011, the Group did not have any material contingent liabilities or guarantees (31st March 2011: Nil).

## 10 REVIEW OF OPERATION

For the quarter under review, the Group recorded a consolidated turnover of HK\$46,577,000 (2010: HK\$44,413,000), increased by 5% from the same quarter of last year. However the Group's profit before income tax for this quarter decreased by 28% to HK\$3,264,000 (2010: HK\$4,517,000). It was mainly due to the increase in operating expenses including production costs, selling and distribution costs and administrative expenses.

By Order of the Board  
**One Media Group Limited**  
**TIONG Kiu King**  
*Director*

Hong Kong, 25th November 2011

*As at the date of this announcement, Mr. TIONG Kiu King, Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong are executive directors of the Company. Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter are independent non-executive directors of the Company.*