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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 2012

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 2012, together with the comparative unaudited consolidated figures for the corresponding period in 2011 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2012

		(Unaudited)	
		Three months ended 30th September	
		2012	2011
	Note	HK\$'000	HK\$'000
Turnover	2	50,214	46,577
Cost of goods sold		<u>(23,609)</u>	<u>(22,753)</u>
Gross profit		26,605	23,824
Other income		1,922	1,091
Change in fair value of convertible bond	8	(1,275)	-
Selling and distribution costs		(8,800)	(12,249)
Administrative expenses		<u>(11,561)</u>	<u>(9,402)</u>
Operating profit		6,891	3,264
Share of loss of associates	4	<u>(13)</u>	<u>-</u>
Profit before income tax		6,878	3,264
Income tax expense	9	<u>(1,756)</u>	<u>(1,255)</u>
Profit for the period		<u><u>5,122</u></u>	<u><u>2,009</u></u>
Profit attributable to:			
Equity holders of the Company		<u><u>5,122</u></u>	<u><u>2,009</u></u>
Earnings per share attributable to equity holders of the Company during the period (expressed in HK cent per share)			
- Basic and diluted	10	<u><u>1.28</u></u>	<u><u>0.50</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2012

	(Unaudited)	
	Three months ended	
	30th September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	5,122	2,009
Other comprehensive income		
Currency translation differences	<u>249</u>	<u>635</u>
Total comprehensive income for the period	<u>5,371</u>	<u>2,644</u>
Attributable to:		
Equity holders of the Company	<u>5,371</u>	<u>2,644</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2012

	30th September	31st March
	2012	2012
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	5,475	5,231
Intangible assets	77,936	3,181
Interests in associates	25,971	25,978
Deferred income tax assets	653	807
	<u>110,035</u>	<u>35,197</u>
Current assets		
Inventories	11,091	8,473
Trade and other receivables	66,345	57,581
Cash and cash equivalents	90,410	97,461
	<u>167,846</u>	<u>163,515</u>
Total assets	<u>277,881</u>	<u>198,712</u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	400	400
Share premium	456,073	456,073
Other reserves	(325,203)	(330,334)
Retained earnings		
- Proposed dividends	8,000	16,000
- Others	31,184	24,147
Total equity	<u>170,454</u>	<u>166,286</u>
LIABILITIES		
Non-current liabilities		
Convertible bond	71,409	-
Deferred income tax liabilities	169	150
Long service payment obligations	117	117
	<u>71,695</u>	<u>267</u>
Current liabilities		
Trade and other payables	29,506	27,832
Amounts due to fellow subsidiaries	1,490	3,611
Current income tax liabilities	4,736	716
	<u>35,732</u>	<u>32,159</u>
Total liabilities	<u>107,427</u>	<u>32,426</u>
Total equity and liabilities	<u>277,881</u>	<u>198,712</u>
Net current assets	<u>132,114</u>	<u>131,356</u>
Total assets less current liabilities	<u>242,149</u>	<u>166,553</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 2012 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 2012 and the interim results announcement for the six months ended 30th September 2012.

(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 2012 as described in those annual financial statements.

Share based payments

Convertible bond issued by the Company is a share based payment transaction with settlement alternatives, where the holder can choose the settlement in either shares or cash. It is accounted for as a compound financial instrument, which includes a liability component (the holder’s right to demand payment in cash) and an equity component (the holder’s right to demand settlement in equity instruments rather than in cash).

The liability component of the convertible bond is recognised initially at the fair value using the discounted cash flow analysis. The equity component is recognised initially at the difference between the fair value of the acquired asset and the fair value of the liability component, which is included in other reserves in equity.

Subsequent to initial recognition, the liability component of a compound financial instrument is re-measured to its fair value at each balance sheet date. The equity component of the convertible bond is not re-measured subsequent to initial recognition.

At the date of settlement, liability component will be re-measured to its fair value. If on settlement the holder chooses to require the settlement in the company’s shares, the liability will be transferred to equity, as the consideration for the shares issued. If the liability will be paid in cash on settlement, that payment will be applied to settle the liability in full. Any equity component previously recognised remains within equity.

NOTES

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Accounting policies (Continued)

Liability component of a convertible instrument is classified as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

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 2012. The Group is in the process of making an assessment of the impact of these new or revised standards and amendments to standards on the Group's results and financial position in the period of initial application.

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 is responsible for allocating resources to segments and assessing their performance.

The Executive Committee considers the business from geographic perspective. Geographically, management considers the performance of 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 excluding corporate expense. Other information provided is measured in a manner consistent with that in the internal financial reports.

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in Hong Kong and Mainland China. The breakdown of total revenue from external customers from these two places and the Group's turnover and results provided to the Executive Committee for the reporting segments for the three months ended 30th September 2012 and 30th September 2011 are as follows:

NOTES

2 SEGMENT INFORMATION (Continued)

	(Unaudited)					
	Three months ended 30th September					
	Media business					
	Hong Kong		Mainland China		Total	
2012	2011	2012	2011	2012	2011	
<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	42,915	37,951	7,299	8,626	50,214	46,577
Segment profit/(loss) before income tax	12,932	10,071	(1,381)	(4,164)	11,551	5,907
Unallocated expenses					(4,660)	(2,643)
Operating profit					6,891	3,264
Share of loss of associates					(13)	-
Profit before income tax					6,878	3,264
Income tax expense	(1,605)	(1,255)	(151)	-	(1,756)	(1,255)
Profit for the period					5,122	2,009
Other information:						
Interest income	211	114	80	60	291	174
Depreciation of property, plant and equipment	266	193	233	217	499	410
Amortisation of intangible assets	664	15	6	207	670	222

3 INTANGIBLE ASSETS

	Group			
	Computer Softwares HK\$'000	Goodwill HK\$'000	Trademarks HK\$'000	Total HK\$'000
Period ended 30th September 2011				
Opening net book amount	149	2,570	-	2,719
Additions	126	-	400	526
Amortisation expense	(36)	-	(200)	(236)
Currency translation differences	5	69	-	74
Closing net book amount	<u>244</u>	<u>2,639</u>	<u>200</u>	<u>3,083</u>
At 30th September 2011				
Cost	376	2,639	400	3,415
Accumulated amortisation	(132)	-	(200)	(332)
Net book amount	<u>244</u>	<u>2,639</u>	<u>200</u>	<u>3,083</u>
Period ended 30th September 2012				
Opening net book amount	523	2,658	-	3,181
Additions	75	-	-	75
Additions from acquisition (Note 5)	-	-	75,600	75,600
Amortisation expense	(80)	-	(840)	(920)
Closing net book amount	<u>518</u>	<u>2,658</u>	<u>74,760</u>	<u>77,936</u>
At 30th September 2012				
Cost	795	2,658	75,600	79,053
Accumulated amortisation	(277)	-	(840)	(1,117)
Net book amount	<u>518</u>	<u>2,658</u>	<u>74,760</u>	<u>77,936</u>

4 INTERESTS IN ASSOCIATES

	(Unaudited) 30th September 2012 HK\$'000	(Audited) 31st March 2012 HK\$'000
Beginning of the period / year	25,978	-
Acquisition of associates	-	26,800
Share of profit/(loss)	122	(693)
Amortisation of trademark and customer list	(129)	(129)
End of the period / year	<u>25,971</u>	<u>25,978</u>

Notes:

- (a) On 30th September 2011, the Group acquired all 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 2012, interest in ByRead Inc. included goodwill, trademark and customer list identified from the acquisition of ByRead Inc. of HK\$20,822,000, HK\$3,853,000 and HK\$843,000 respectively. The useful lives for trademark and customer list are 30 years and 5 years respectively.
- (b) On 1st February 2012, the Group subscribed for 10% of the entire issued share capital as enlarged by the subscription of the shares in Blackpaper Limited at the investment cost of HK\$1,000,000. Although the Group holds less than 20% of the equity shares of this company, the Group exercises significant influence by virtue of its contractual right to nominate and remove one director out of the four directors, all having equal voting rights, which form the board of directors of this company. In addition, the Group has the power to participate in making the financial and operating policy decisions of this company.
- (c) Particulars of the Group's associates are as follows:

Name of associate	Place of incorporation	Effective equity interest	Principal activities
ByRead Inc.	The Cayman Islands	24.97%	Note (i)
Blackpaper Limited	Hong Kong	10%	Note (ii)

- (i) ByRead Inc. is an investment holding company and the principal activities of its subsidiaries include the provision of mobile value-added services such as entertainment, learning and multimedia applications for individuals and enterprises in Mainland China.
- (ii) Blackpaper Limited is engaged in providing creative multimedia services and advertising campaigns.

4 INTERESTS IN ASSOCIATES (Continued)

Notes (Continued):

(d) The Group's share of the results of its principal associates, and the gross amount of assets (excluding goodwill) and liabilities, are as follows:

	<u>Revenues</u> <i>HK\$'000</i>	<u>Loss</u> <i>HK\$'000</i>	<u>Assets</u> <i>HK\$'000</i>	<u>Liabilities</u> <i>HK\$'000</i>
Period ended 30th September 2012	302	(13)	6,431	1,667
Period ended 30th September 2011	-	-	5,861	1,063

5 ACQUISITION OF MING PAO FINANCE LIMITED

On 1st June 2012, the Group acquired 100% of the entire issued share capital in Ming Pao Finance Limited ("MP Finance"), which had no business activity except holding of publishing titles and past contents, for a consideration of HK\$75,600,000 from Ming Pao Holdings Limited, a fellow subsidiary of the Company. MP Finance's activities did not constitute a business and the Group's intention of such acquisition was to acquire the publishing titles and past contents held by MP Finance for further development. Accordingly, such acquisition was accounted for as if it was acquisition of the underlying assets of MP Finance. The consideration was fully satisfied by the issue of the convertible bond by the Company in favour of Ming Pao Holdings Limited.

6 CONVERTIBLE BOND

	(Unaudited) 30th September 2012 <i>HK\$'000</i>	(Audited) 31st March 2012 <i>HK\$'000</i>
Non - current		
Convertible bond	<u>71,409</u>	<u>-</u>

The Company issued a convertible bond on 1st June 2012, bearing an interest at the rate of 1% per annum payable half-yearly in arrears, in the principal amount of HK\$75,600,000. The maturity date of the convertible bond will be the third anniversary of the date of the issue. The holder has the right to demand settlement in equity instruments rather than in cash at any time following the issue of the convertible bond and up to the close of business on the maturity date. The value of the liability component and the equity conversion component was determined at issuance of the convertible bond.

The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The equity component is recognised initially at the difference between the fair value of the acquired asset and the fair value of the liability component, which is included in other reserves in equity.

6 CONVERTIBLE BOND (Continued)

	(Unaudited) 30th September 2012 HK\$'000	(Audited) 31st March 2012 HK\$'000
Face value of convertible bond issued	75,600	-
Equity component	(5,214)	-
Interest paid	(252)	-
Change in fair value of the liability component of convertible bond	1,275	-
Fair value of liability component	<u>71,409</u>	<u>-</u>

7 EXPENSES BY NATURE

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

	(Unaudited) Three months ended 30th September	
	2012 HK\$'000	2011 HK\$'000
Paper consumed	5,099	4,739
Depreciation of property, plant and equipment	499	410
Amortisation of intangible assets	670	222
Employee benefit expense (including directors' emoluments)	18,697	16,377
Occupancy costs	1,692	932
Losses on disposal of property, plant and equipment	<u>130</u>	<u>-</u>

8 CHANGE IN FAIR VALUE OF CONVERTIBLE BOND

	(Unaudited) Three months ended 30th September	
	2012 HK\$'000	2011 HK\$'000
Financial assets at fair value through profit or loss		
- Change in fair value of convertible bond	<u>1,275</u>	<u>-</u>

9 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% (2011: 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 unutilised tax losses to offset the assessable profits generated in the PRC during the three months ended 30th September 2012 and 2011.

	(Unaudited)	
	Three months ended 30th September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
- Current income tax	1,582	1,246
Deferred income tax		
- Current deferred income tax expenses	174	9
	1,756	1,255

10 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 number of ordinary shares in issue during the period.

	(Unaudited)	
	Three months ended 30th September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	5,122	2,009
Number of ordinary shares in issue (in thousands)	400,000	400,000
Basic earnings per share (HK cent per share)	1.28	0.50

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

11 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 30th September 2012 (2011: Nil).

The Director have declared an interim dividend for the six months ended 30th September 2012 of HK2 cents (2011: HK0.9 cent) per ordinary share, totalling HK\$8,000,000 (2011: HK\$3,600,000) payable on 28th December 2012 to shareholders whose names appear on the register of members of the Company on 19th December 2012.

During the period ended 30th September 2012, a final dividend of HK4 cents per share (2011: HK2 cents per share), totalling HK\$16,000,000 (2011: HK\$8,000,000) for the year ended 31st March 2012 was paid on 14th September 2012.

12 AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts due to fellow subsidiaries were arisen from related-party transactions.

13 CONTINGENT LIABILITIES

As at 30th September 2012, the Group did not have any material contingent liabilities or guarantees (30th September 2011: Nil).

14 SUBSEQUENT EVENT

On 26th November 2012, the Company's subsidiary entered into an agreement with Chu Kong Passenger Transport Company Limited, a wholly-owned subsidiary of Chu Kong Shipping Enterprises (Group) Company Limited (Stock code : 0560) to form a new company whereby the Company's subsidiary subscribed for 40,000 shares in the new company, which represents 40% of the issued share capital of the new company. The business of the new company includes but not limited to video programs, posters, seat covers, magazine racks, magazines, hull advertising, light box advertisement and e-commerce at the transportation vehicles and also their terminals.

15 REVIEW OF OPERATION

During the quarter under review, the Group recorded a consolidated turnover of HK\$50,214,000 (2011: HK\$46,577,000), an increase of 8% from the same quarter of last year. The Group's profit before income tax for this quarter increased 111% to HK\$6,878,000 (2011: HK\$3,264,000). The significant growth in profit before income tax was mainly due to the organic growth in Hong Kong operation and completion of acquisition of relevant trademark as well as the positive impact from the restructuring of the Group's business operations. For Hong Kong operation, turnover increased 13% mainly because of the strong advertising revenue growth of "Ming Pao Weekly 明報周刊" and advertising revenue contributed by the new magazine, "MING Watch 明錶". For Mainland China operation, the turnover decreased 15% as the Group terminated the operation of "MING 明日風尚" in March 2012 with a view to better reallocating its resources. The effect of reallocation of the resources started to reflect in this quarter.

By Order of the Board
One Media Group Limited
TIONG Kiew Chiong
Director

Hong Kong, 29th November 2012

As at the date of this announcement, the board of the Company comprises Tan Sri Datuk Sir TIONG Hiew King, being non-executive director; Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong, being executive directors; and Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter, being independent non-executive directors.