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## 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 2014

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 2014, together with the comparative unaudited consolidated figures for the corresponding period in 2013 as follows:

### CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2014

	<i>Note</i>	(Unaudited)	
		Three months ended 30th September	
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	42,885	44,918
Cost of goods sold		(22,050)	(23,001)
Gross profit		20,835	21,917
Other income		2,212	4,290
Selling and distribution expenses		(10,610)	(8,487)
Administrative expenses		(10,068)	(10,519)
Operating profit		2,369	7,201
Change in fair value of convertible bond		(742)	(1,322)
Share of loss of associates and joint ventures	4	(558)	(669)
Profit before income tax		1,069	5,210
Income tax expense	7	(936)	(1,513)
Profit for the period		133	3,697
Profit attributable to:			
Equity holders of the Company		133	3,697
Earnings per share attributable to equity holders of the Company during the period (expressed in HK cent per share)			
- Basic and diluted	8	0.03	0.92



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH SEPTEMBER 2014**

		(Unaudited) 30th September 2014 HK\$'000	(Audited) 31st March 2014 HK\$'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,385	5,108
Intangible assets	3	73,064	74,291
Interests in associates and joint ventures	4	30,591	31,636
Deferred income tax assets		3,141	3,114
<b>Total non-current assets</b>		<b>111,181</b>	<b>114,149</b>
<b>Current assets</b>			
Inventories		9,013	10,018
Trade and other receivables		60,731	50,539
Amount due from fellow subsidiaries		435	365
Income tax recoverable		-	1,363
Cash and cash equivalents		113,630	123,476
<b>Total current assets</b>		<b>183,809</b>	<b>185,761</b>
<b>Total assets</b>		<b>294,990</b>	<b>299,910</b>
<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		(324,202)	(324,492)
Retained earnings			
- Proposed dividends		2,400	12,000
- Others		50,447	48,675
<b>Total equity</b>		<b>185,118</b>	<b>192,656</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Convertible bond	5	-	74,024
Deferred income tax liabilities		273	335
Long service payment obligations		16	16
<b>Total non-current liabilities</b>		<b>289</b>	<b>74,375</b>
<b>Current liabilities</b>			
Trade and other payables		31,376	31,416
Amounts due to fellow subsidiaries		2,411	1,178
Convertible bond	5	74,387	-
Income tax liabilities		1,409	285
<b>Total current liabilities</b>		<b>109,583</b>	<b>32,879</b>
<b>Total liabilities</b>		<b>109,872</b>	<b>107,254</b>
<b>Total equity and liabilities</b>		<b>294,990</b>	<b>299,910</b>
<b>Net current assets</b>		<b>74,226</b>	<b>152,882</b>
<b>Total assets less current liabilities</b>		<b>185,407</b>	<b>267,031</b>

## 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 2014 is unaudited and has been prepared in accordance with International Financial Reporting Standards (“IFRS”) 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.

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.

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 2014 and the interim results announcement for the six months ended 30th September 2014.

#### (b) *Accounting policies*

The accounting policies adopted for preparing this consolidated financial information for the three months ended 30th September 2014 are consistent with those set out in the consolidated financial statements of the Company for the year ended 31st March 2014 as included in the Company’s annual report for the year ended 31st March 2014.

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

Taxes on income during the period 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 2014. 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 being 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 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 excluding corporate expense. Other information provided is measured in a manner consistent with that in the internal financial reports.

The Group mainly operates its business in Hong Kong and Mainland China. The breakdown of total revenue from external customers from these two areas and the Group’s turnover and results provided to the Executive Committee for the reporting segments for the three months ended 30th September 2014 and 2013 are as follows:

	(Unaudited)					
	Three months ended 30th September					
	Media business					
	Hong Kong		Mainland China		Total	
	2014	2013	2014	2013	2014	2013
	<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>36,564</b>	38,240	<b>6,321</b>	6,678	<b>42,885</b>	44,918
Segment profit/(loss) before income tax	<b>7,685</b>	11,398	<b>(3,551)</b>	(2,151)	<b>4,134</b>	9,247
Unallocated expenses					<b>(1,765)</b>	(2,046)
Operating profit					<b>2,369</b>	7,201
Change in fair value of convertible bond					<b>(742)</b>	(1,322)
Share of loss of associates and joint ventures (“JVs”)					<b>(558)</b>	(669)
Profit before income tax					<b>1,069</b>	5,210
Income tax expense	<b>(935)</b>	(1,513)	<b>(1)</b>	-	<b>(936)</b>	(1,513)
Profit for the period					<b>133</b>	3,697
Other information:						
Interest income	<b>387</b>	275	<b>75</b>	75	<b>462</b>	350
Depreciation of property, plant and equipment	<b>410</b>	353	<b>95</b>	177	<b>505</b>	530
Amortisation of intangible assets	<b>684</b>	677	<b>-</b>	5	<b>684</b>	682

### 3 INTANGIBLE ASSETS

	Group			<b>Total HK\$'000</b>
	<b>Computer softwares HK\$'000</b>	<b>Goodwill HK\$'000</b>	<b>Trademarks HK\$'000</b>	
Year ended 31st March 2014				
Opening net book amount	582	2,703	73,500	76,785
Additions	243	-	-	243
Amortisation expenses	(209)	-	(2,520)	(2,729)
Currency translation differences	-	(8)	-	(8)
Closing net book amount	<u>616</u>	<u>2,695</u>	<u>70,980</u>	<u>74,291</u>
At 31st March 2014				
Cost	1,158	2,695	75,600	79,453
Accumulated amortisation	(542)	-	(4,620)	(5,162)
Net book amount	<u>616</u>	<u>2,695</u>	<u>70,980</u>	<u>74,291</u>
Period ended 30th September 2014				
Opening net book amount	<b>616</b>	<b>2,695</b>	<b>70,980</b>	<b>74,291</b>
Additions	<b>116</b>	-	-	<b>116</b>
Amortisation expenses	<b>(107)</b>	-	<b>(1,260)</b>	<b>(1,367)</b>
Currency translation differences	-	<b>24</b>	-	<b>24</b>
Closing net book amount	<u><b>625</b></u>	<u><b>2,719</b></u>	<u><b>69,720</b></u>	<u><b>73,064</b></u>
At 30th September 2014				
Cost	<b>1,274</b>	<b>2,719</b>	<b>75,600</b>	<b>79,593</b>
Accumulated amortisation	<b>(649)</b>	-	<b>(5,880)</b>	<b>(6,529)</b>
Net book amount	<u><b>625</b></u>	<u><b>2,719</b></u>	<u><b>69,720</b></u>	<u><b>73,064</b></u>

#### 4 INTERESTS IN ASSOCIATES AND JOINT VENTURES

The amounts recognised in the consolidated statement of financial position are as follows:

	(Unaudited) 30th September 2014 HK\$'000	(Audited) 31st March 2014 HK\$'000
Interests in associates	27,247	27,313
Interests in JVs	3,344	4,323
	<u>30,591</u>	<u>31,636</u>

The amounts of share of loss recognised in the consolidated income statement for the period are as follows:

	(Unaudited) Three months ended 30th September 2014 HK\$'000	2014 HK\$'000
Associates	(3)	220
JVs	(555)	(889)
	<u>(558)</u>	<u>(669)</u>

##### (a) Interests in associates

Set out below are the associates of the Group as at 30th September 2014.

Name of associates	Place of incorporation	Effective equity interest	Principal activities	Measurement method
ByRead Inc. ("ByRead")	The Cayman Islands	24.97%	Note (i)	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	10%	Note (ii)	Equity
Guangzhou Tangde Advertising Company Limited ("Tangde")	People's Republic of China ("PRC")	10%	Note (iii)	Equity

- (i) ByRead is an investment holding company and the principal activities of its subsidiaries include the provision of mobile value-added services such as entertainment and online reading for individuals and enterprises in Mainland China.
- (ii) Blackpaper is engaged in providing creative multimedia services and advertising campaigns.
- (iii) Tangde is engaged in providing public relations events organising services for enterprises in Mainland China.

#### 4 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

##### (a) Interests in associates (Continued)

ByRead, Blackpaper and Tangde are private companies with no quoted market prices available for their shares.

There are no commitments and contingent liabilities relating to the Group's interests in the associates.

##### (b) Interests in JVs

Set out below are the JVs of the Group as at 30th September 2014.

Name of JVs	Place of incorporation	Effective equity interest	Principal activities	Measurement method
Chu Kong Culture Media Company Limited ("Chu Kong")	British Virgin Islands	40%	Note (i)	Equity
Connect Media Company Limited ("Connect Media")	Hong Kong	40%	Note (i)	Equity

(i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media include 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.

Chu Kong and Connect Media are private companies with no quoted market prices available for their shares.

There are no commitments and contingent liabilities relating to the Group's interests in the JVs.

#### 5 CONVERTIBLE BOND

	(Unaudited) 30th September 2014 HK\$'000	(Audited) 31st March 2014 HK\$'000
Convertible bond	<u>74,387</u>	<u>74,024</u>

The Company issued a convertible bond on 1st June 2012, bearing 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 on 31st May 2015, the third anniversary of the date of the issue. The holder has the right to convert in whole or part of the principal amount of the bond into shares at a conversion price of HK\$0.9 per conversion share at any time following the issue of the convertible bond and up to the close of business on the maturity date. The values of the liability component and the equity conversion component were determined at issuance of the convertible bond.

## 5 CONVERTIBLE BOND (Continued)

The fair value of the liability component was calculated using a discounted cash flow approach and is within level 3 of the fair value hierarchy. The equity component is recognised initially as the difference between the net proceeds from the bond and the fair value of the liability component and is included in other reserves in equity.

Movements on the liability component of the convertible bond are as follows:

	<i>HK\$'000</i>
<b>For the year ended 31st March 2014</b>	
Liability component at 1st April 2013	72,474
Coupon interest	(756)
Change in fair value of the liability component of the convertible bond	2,306
<b>Liability component at 31st March 2014</b>	<b>74,024</b>
<b>For the period ended 30th September 2014</b>	
Liability component at 1st April 2014	74,024
Coupon interest	(379)
Change in fair value of the liability component of the convertible bond	742
<b>Liability component at 30th September 2014</b>	<b>74,387</b>

## 6 EXPENSES BY NATURE

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

	<b>(Unaudited)</b>	
	<b>Three months ended 30th September</b>	
	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Paper consumed	<b>3,537</b>	4,184
Depreciation of property, plant and equipment	<b>505</b>	530
Amortisation of intangible assets	<b>684</b>	682
Employee benefit expense (including directors' emoluments)	<b>17,880</b>	17,997
Occupancy costs	<b>1,369</b>	1,779

## 7 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% (2013: 16.5%) on the estimated assessable profit for the period.

## 7 INCOME TAX EXPENSE (Continued)

No provision for the PRC current 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 2014 (2013: Nil).

	(Unaudited)	
	Three months ended 30th September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
- Current income tax	952	1,429
Deferred income tax		
- Current deferred income tax (credit)/ charge	(16)	84
	<u>936</u>	<u>1,513</u>

## 8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's 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	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>133</u>	<u>3,697</u>
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>0.03</u>	<u>0.92</u>

There is no dilutive effect arising from the assumed conversion of the convertible bond and share options granted by the Company.

## 9 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 30th September 2014 (2013: Nil).

On 26th November 2014, the Board of Directors declared an interim dividend for the six months ended 30th September 2014 of HK0.6 cent (2013: HK1.5 cents) per ordinary share, totalling HK\$2,400,000 (2013 : HK\$6,000,000) payable on 31st December 2014 to shareholders whose names appear on the register of members of the Company on 17th December 2014.

## **9 DIVIDENDS (Continued)**

During the period ended 30th September 2014, a final dividend of HK3 cents per share (2013: HK3.5 cents), totaling HK\$12,000,000 (2013: HK\$14,000,000) for the year ended 31st March 2014 was paid on 22nd August 2014.

## **10 CONTINGENT LIABILITIES**

As at 30th September 2014, the Group did not have any material contingent liabilities or guarantees (31st March 2014: Nil).

## **11 REVIEW OF OPERATION**

During the quarter under review, the Group's consolidated turnover was HK\$42,885,000 (2013: HK\$44,918,000), representing a decrease of 5% from the same quarter of last financial year and the operating profit reduced to HK\$2,369,000 as compared to HK\$7,201,000 for the corresponding period in 2013. This was mainly because the advertisers tightened their advertising spending during the quarter. Besides, the Group incurred certain one-off expenses of approximately HK\$1,500,000 during the quarter resulting from the optimisation of the Mainland China business and it also led to the decrease in operating profit for this quarter.

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

Hong Kong, 26th November 2014

*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. Victor YANG and Mr. LAU Chi Wah, Alex, being independent non-executive directors.*