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# 万 华 媒 体 ONEMEDIAGROUP

## One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

### FIRST QUARTER RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30TH JUNE 2013

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 June 2013, together with the comparative unaudited consolidated figures for the corresponding period in 2012 as follows:

#### CONSOLIDATED INCOME STATEMENT

THREE MONTHS ENDED 30TH JUNE 2013

	Note	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	2	51,266	55,546
Cost of goods sold		<u>(24,226)</u>	<u>(22,421)</u>
Gross profit		27,040	33,125
Other income		1,459	1,003
Selling and distribution costs		(10,783)	(13,353)
Administrative expenses		<u>(8,465)</u>	<u>(8,659)</u>
Operating profit		9,251	12,116
Share of (loss)/profit of associates and jointly controlled entities	4	<u>(855)</u>	<u>6</u>
Profit before income tax		8,396	12,122
Income tax expense	7	<u>(1,921)</u>	<u>(2,207)</u>
Profit for the period		<u><u>6,475</u></u>	<u><u>9,915</u></u>
Profit attributable to:			
Equity holders of the Company		<u><u>6,475</u></u>	<u><u>9,915</u></u>
Earnings per share attributable to equity holders of the Company during the period (expressed in HK cents per share)			
- Basic and diluted	8	<u><u>1.62</u></u>	<u><u>2.48</u></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*THREE MONTHS ENDED 30TH JUNE 2013*

	<b>2013</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2012 <i>HK\$'000</i> (Unaudited)
<b>Profit for the period</b>	<b>6,475</b>	9,915
<b>Other comprehensive losses</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(323)</u>	<u>(332)</u>
<b>Total comprehensive income for the period</b>	<b><u>6,152</u></b>	<b><u>9,583</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	<b><u>6,152</u></b>	<b><u>9,583</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2013**

	<i>Note</i>	<b>30th June 2013 HK\$'000</b>	31st March 2013 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,166	5,483
Intangible assets	3	76,147	76,785
Interests in associates and jointly controlled entities	4	32,127	32,982
Deferred income tax assets		3,180	3,152
<b>Total non-current assets</b>		<b>116,620</b>	118,402
<b>Current assets</b>			
Inventories		6,374	8,694
Trade and other receivables		67,988	59,164
Income tax recoverable		-	1,931
Cash and cash equivalents		103,825	102,798
<b>Total current assets</b>		<b>178,187</b>	172,587
<b>Total assets</b>		<b>294,807</b>	290,989
<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		(324,117)	(324,441)
Retained earnings			
- Proposed dividend		14,000	14,000
- Others		44,504	38,029
<b>Total equity</b>		<b>190,860</b>	184,061
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Convertible bond	5	72,286	72,474
Deferred income tax liabilities		262	288
Long service payment obligations		12	12
<b>Total non-current liabilities</b>		<b>72,560</b>	72,774
<b>Current liabilities</b>			
Trade and other payables		30,562	33,508
Amounts due to fellow subsidiaries	10	697	535
Income tax liabilities		128	111
<b>Total current liabilities</b>		<b>31,387</b>	34,154
<b>Total liabilities</b>		<b>103,947</b>	106,928
<b>Total equity and liabilities</b>		<b>294,807</b>	290,989
<b>Net current assets</b>		<b>146,800</b>	138,433
<b>Total assets less current liabilities</b>		<b>263,420</b>	256,835

## 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 June 2013 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 judgment in the process of applying the Group’s accounting policies.

This first quarter results announcement should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2013.

#### (b) *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 2013 as described therein.

- (i) Amendments to IAS 1 “Presentation of financial statements” require grouping of items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The Group’s presentation of other comprehensive income in the consolidated financial statements has been modified accordingly with comparative information re-presented.

- (ii) IAS 19 (revised) “Employee benefits” amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This has increased the income statement charge as the discount rate applied to assets is lower than the expected return on assets. This has no effect on total comprehensive income as the increased charge in profit or loss is offset by a credit in other comprehensive income.

There is a new term “remeasurements”. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

- (iii) Taxes on income during the period are accrued using the tax rate that would be applicable to expected total annual earnings.

## 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 places and the Group’s turnover and results provided to the Executive Committee for the reporting segments for the three months ended 30th June 2013 and 30th June 2012 are as follows:

	(Unaudited)					
	Three months ended 30th June					
	Media business					
	Hong Kong		Mainland China		Total	
	2013	2012	2013	2012	2013	2012
	<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>41,988</b>	45,990	<b>9,278</b>	9,556	<b>51,266</b>	55,546
Segment profit/(loss) before income tax	<b>13,856</b>	15,507	<b>(2,061)</b>	(950)	<b>11,795</b>	14,557
Unallocated expenses					<b>(2,544)</b>	(2,441)
Operating profit					<b>9,251</b>	12,116
Share of (loss)/profit of associates and jointly controlled entities					<b>(855)</b>	6
Profit before income tax					<b>8,396</b>	12,122
Income tax expenses	<b>(1,921)</b>	(2,207)	-	-	<b>(1,921)</b>	(2,207)
Profit for the period					<b>6,475</b>	9,915
Other information:						
Interest income	<b>220</b>	233	<b>78</b>	85	<b>298</b>	318
Depreciation of property, plant and equipment	<b>332</b>	228	<b>182</b>	237	<b>514</b>	465
Amortisation of intangible assets	<b>673</b>	243	<b>5</b>	7	<b>678</b>	250

### 3 INTANGIBLE ASSETS

	<b>Group</b>			
	<b>Computer softwares HK\$'000</b>	<b>Goodwill HK\$'000</b>	<b>Trademark HK\$'000</b>	<b>Total HK\$'000</b>
Year ended 31st March 2013 (Audited)				
Opening net book amount	523	2,658	-	3,181
Additions	229	-	-	229
Additions from acquisition	-	-	75,600	75,600
Amortisation expenses	(171)	-	(2,100)	(2,271)
Currency exchange differences	1	45	-	46
Closing net book amount	<u>582</u>	<u>2,703</u>	<u>73,500</u>	<u>76,785</u>
At 31st March 2013 (Audited)				
Cost	950	2,703	75,600	79,253
Accumulated amortisation	(368)	-	(2,100)	(2,468)
Net book amount	<u>582</u>	<u>2,703</u>	<u>73,500</u>	<u>76,785</u>
Year ended 30th June 2013 (Unaudited)				
Opening net book amount	582	2,703	73,500	76,785
Additions	16	-	-	16
Amortisation expenses	(48)	-	(630)	(678)
Currency exchange differences	-	24	-	24
Closing net book amount	<u>550</u>	<u>2,727</u>	<u>72,870</u>	<u>76,147</u>
At 30th June 2013 (Unaudited)				
Cost	966	2,727	75,600	79,293
Accumulated amortisation	(416)	-	(2,730)	(3,146)
Net book amount	<u>550</u>	<u>2,727</u>	<u>72,870</u>	<u>76,147</u>

#### 4 INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	<b>30th June 2013 HK\$'000 (Unaudited)</b>	31st March 2013 HK\$'000 (Audited)
Interests in associates	25,627	25,512
Interests in jointly controlled entities ("JCEs")	<u>6,500</u>	<u>7,470</u>
	<b><u>32,127</u></b>	<b><u>32,982</u></b>

Movements on the interests in associates and JCEs are as follows:

	<b>30th June 2013 HK\$'000 (Unaudited)</b>	31st March 2013 HK\$'000 (Audited)
Beginning of the period/ year	32,982	25,978
Formation of JCEs	-	8,000
Share of loss	(791)	(738)
Amortisation of trademark and customer list	(64)	(258)
End of the period/ year	<b><u>32,127</u></b>	<b><u>32,982</u></b>

Notes:

(a) Particulars of the Group's associates are as follows:

Name of associates	Place of incorporation	Effective equity interest	Principal activities
ByRead Inc.	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.

(b) Particulars of the Group's JCEs are as follows:

Name of jointly controlled entities	Place of incorporation	Effective equity interest	Principal activities
Chu Kong Culture Media Company Limited	British Virgin Islands	40%	Note (i)
Connect Media Company Limited	Hong Kong	40%	Note (i)

#### 4 INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Notes (Continued):

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

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

	Three months ended 30th June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	783	431
Expenses	(1,638)	(425)
Loss for the period	<u>(855)</u>	<u>6</u>
	30th June 2013 HK\$'000 (Unaudited)	30th June 2012 HK\$'000 (Unaudited)
Non-current assets	1,562	609
Current assets	24,272	5,020
Current liabilities	(4,605)	(1,528)
Net assets	<u>21,229</u>	<u>4,101</u>

There were no contingent liabilities relating to the Group's interests in the associates and JCEs and no significant contingent liabilities of the associates and JCEs themselves as at 30th June 2013 and 2012.

#### 5 CONVERTIBLE BOND

	30th June 2013 HK\$'000 (Unaudited)	31st March 2013 HK\$'000 (Audited)
<b>Non-current</b>		
Convertible bond	<u>72,286</u>	<u>72,474</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 convert whole or part of the principal amount of the bond into shares at conversion price of HK\$0.90 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, included in non-current liabilities, was calculated using a market interest rate (3.02% to 3.17%) 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.

	<b>30th June</b>	31st March
	<b>2013</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Face value of convertible bond issued	<b>75,600</b>	75,600
Equity component	<b>(5,214)</b>	(5,214)
Coupon interest	<b>(818)</b>	(630)
Change in fair value of the liability component of convertible bond	<b>2,718</b>	2,718
Fair value of liability component	<b>72,286</b>	72,474

## 6 EXPENSES BY NATURE

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

	<b>Three months ended 30th June</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Paper consumed	<b>4,363</b>	5,001
Depreciation of property, plant and equipment	<b>514</b>	465
Amortisation of intangible assets	<b>678</b>	250
Employee benefit expenses (including directors' emoluments)	<b>17,561</b>	16,088
Occupancy costs	<b>1,561</b>	1,344
Gain on disposal of property, plant and equipment	<b>-</b>	(15)

## 7 INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(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% (2012: 16.5%) on the estimated assessable profit for the period.

No provision for the People's Republic of China ("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 June 2013 (2012: Nil).

## 7 INCOME TAX CREDIT/(EXPENSE) (Continued)

	Three months ended 30th June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
- Current income tax	(1,947)	(2,210)
Deferred income tax		
- Current deferred income tax credit	26	3
	<u>(1,921)</u>	<u>(2,207)</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.

	Three months ended 30th June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	<u>6,475</u>	<u>9,915</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>1.62</u>	<u>2.48</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 June 2013 (2012: Nil).

The final dividend of HK3.5 cents per share (2012: HK4 cents), totaling HK\$14,000,000 (2012: HK\$16,000,000) for the year ended 31st March 2013 was approved by the shareholders at the annual general meeting held on 5th August 2013 and this final dividend was paid on 23rd August 2013.

## 10 AMOUNTS DUE TO FELLOW SUBSIDIARIES

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

## 11 CONTINGENT LIABILITIES

As at 30th June 2013, the Group did not have any material contingent liabilities or guarantees (30th June 2012: Nil).

## 12 REVIEW OF OPERATION

During the quarter under review, the operations were facing a tougher business environment. The Group's consolidated turnover was HK\$51,266,000 (2012: HK\$55,546,000), a decrease of 8% from the same quarter of last financial year. This was mainly due to the decline in advertiser's spending of certain categories. The Group therefore recorded a drop in operating profit to HK\$9,251,000, compared to HK\$12,116,000 for the same quarter of last financial year.

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

Hong Kong, 28th August 2013

*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.*