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

CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2013

		(Unaudited)	
		Three months ended 30th September	
		2013	2012
	Note	HK\$'000	HK\$'000
Turnover	2	44,918	50,214
Cost of goods sold		<u>(23,001)</u>	<u>(23,609)</u>
Gross profit		21,917	26,605
Other income		4,290	1,922
Selling and distribution expenses		(8,487)	(8,800)
Administrative expenses		<u>(10,519)</u>	<u>(11,561)</u>
Operating profit		7,201	8,166
Change in fair value of convertible bond		(1,322)	(1,275)
Share of loss of associates and jointly controlled entities	4	<u>(669)</u>	<u>(13)</u>
Profit before income tax		5,210	6,878
Income tax expense	7	<u>(1,513)</u>	<u>(1,756)</u>
Profit for the period		<u><u>3,697</u></u>	<u><u>5,122</u></u>
Profit attributable to:			
Equity holders of the Company		<u><u>3,697</u></u>	<u><u>5,122</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>0.92</u></u>	<u><u>1.28</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2013

		(Unaudited) 30th September 2013 HK\$'000	(Audited) 31st March 2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		5,626	5,483
Intangible assets	3	75,676	76,785
Interests in associates and jointly controlled entities	4	32,088	32,982
Deferred income tax assets		3,192	3,152
Total non-current assets		116,582	118,402
Current assets			
Inventories		9,745	8,694
Trade and other receivables		64,389	59,164
Amount due from a fellow subsidiary	10	364	-
Income tax recoverable		-	1,931
Cash and cash equivalents		95,034	102,798
Total current assets		169,532	172,587
Total assets		286,114	290,989
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		400	400
Share premium		456,073	456,073
Other reserves		(323,982)	(324,441)
Retained earnings			
- Proposed dividends		6,000	14,000
- Others		42,201	38,029
Total equity		180,692	184,061
LIABILITIES			
Non-current liabilities			
Convertible bond	5	73,417	72,474
Deferred income tax liabilities		345	288
Long service payment obligations		12	12
Total non-current liabilities		73,774	72,774
Current liabilities			
Trade and other payables		29,149	33,508
Amounts due to fellow subsidiaries	10	941	535
Income tax liabilities		1,558	111
Total current liabilities		31,648	34,154
Total liabilities		105,422	106,928
Total equity and liabilities		286,114	290,989
Net current assets		137,884	138,433
Total assets less current liabilities		254,466	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 September 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 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 2013 and the interim results announcement for the six months ended 30th September 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.

NOTES

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(b) *Accounting policies(Continued)*

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

2 SEGMENT INFORMATION (Continued)

(Unaudited)
Three months ended 30th September
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	38,240	42,915	6,678	7,299	44,918	50,214
Segment profit/(loss) before income tax	11,398	12,932	(2,151)	(1,381)	9,247	11,551
Unallocated expenses					(2,046)	(3,385)
Operating profit					7,201	8,166
Changes in fair value of convertible bond					(1,322)	(1,275)
Share of loss of associates and jointly controlled entities					(669)	(13)
Profit before income tax					5,210	6,878
Income tax expenses	(1,513)	(1,605)	-	(151)	(1,513)	(1,756)
Profit for the period					3,697	5,122
Other information:						
Interest income	275	211	75	80	350	291
Depreciation of property, plant and equipment	353	266	177	233	530	499
Amortisation of intangible assets	677	664	5	6	682	670

3 INTANGIBLE ASSETS

	Group			
	Computer softwares HK\$'000	Goodwill HK\$'000	Trademark HK\$'000	Total HK\$'000
Year ended 31st March 2013				
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 translation 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				
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>
Period ended 30th September 2013				
Opening net book amount	582	2,703	73,500	76,785
Additions	217	-	-	217
Amortisation expenses	(100)	-	(1,260)	(1,360)
Currency translation differences	-	34	-	34
Closing net book amount	<u>699</u>	<u>2,737</u>	<u>72,240</u>	<u>75,676</u>
At 30th September 2013				
Cost	1,167	2,737	75,600	79,504
Accumulated amortisation	(468)	-	(3,360)	(3,828)
Net book amount	<u>699</u>	<u>2,737</u>	<u>72,240</u>	<u>75,676</u>

4 INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	(Unaudited) 30th September 2013 <i>HK\$'000</i>	(Audited) 31st March 2013 <i>HK\$'000</i>
Interests in associates	26,477	25,512
Interests in jointly controlled entities (“JCEs”)	5,611	7,470
	32,088	32,982

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

	(Unaudited) 30th September 2013 <i>HK\$'000</i>	(Audited) 31st March 2013 <i>HK\$'000</i>
Beginning of the period/ year	32,982	25,978
Formation of JCEs	-	8,000
Contingent consideration of investment in an associate (note (a)(ii))	650	-
Share of loss	(1,395)	(738)
Dividend income received from an associate	(20)	-
Amortisation of trademark and customer list	(129)	(258)
End of the period/year	32,088	32,982

Notes:

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

Name of associates	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.

4 INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Notes (Continued):

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

- (ii) Blackpaper Limited is engaged in providing creative multimedia services and advertising campaigns.

On 1st February 2012, the Group, through its indirect wholly-owned subsidiary (Top Plus Limited), entered into a subscription agreement with Blackpaper Limited (the "Subscription Agreement"), whereby Top Plus Limited subscribed for 10% of the entire issued share capital as enlarged by the subscription of the shares in Blackpaper Limited for a total consideration of HK\$2,000,000. According to the Subscription Agreement, the total consideration of HK\$2,000,000 would be paid in three separate payments. The first two payments totalling HK\$1,000,000 were made and accounted for on the date of acquisition. The remaining third installment of HK\$1,000,000 is payable subject to the fulfilment of certain conditions. In this respect, the management of the Group has assessed the performance of Blackpaper Limited and estimated that the remaining consideration would be HK\$650,000 and this amount had been accrued as part of the cost of investment in Blackpaper Limited.

Although the Group holds less than 20% of the equity shares of Blackpaper Limited, 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 Blackpaper Limited, the Group therefore regards, Blackpaper Limited as its associate.

(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)

- (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.

4 INTERESTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Notes (Continued):

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 September	
	2013	2012
	HK\$'000	HK\$'000
Revenue	1,088	302
Expenses	(1,757)	(315)
Loss for the period	<u>(669)</u>	<u>(13)</u>

	30th September	31st March
	2013	2013
	HK\$'000	HK\$'000
Non-current assets	1,508	956
Current assets	26,521	24,321
Current liabilities	(6,278)	(3,143)
Net assets	<u>21,751</u>	<u>22,134</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 September 2013 and 31st March 2013.

5 CONVERTIBLE BOND

	(Unaudited)	(Audited)
	30th September	31st March
	2013	2013
	HK\$'000	HK\$'000
Non-current		
Convertible bond	<u>73,417</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 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, included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. 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:

	(Unaudited) 30th September 2013 <i>HK\$'000</i>	(Audited) 31st March 2013 <i>HK\$'000</i>
Fair value of liability component at beginning of the period/year	72,474	-
Face value of convertible bond issued	-	75,600
Equity component	-	(5,214)
Coupon interest	(379)	(630)
Change in fair value of the liability component of convertible bond	1,322	2,718
Fair value of liability component at end of the period/year	<u>73,417</u>	<u>72,474</u>

6 EXPENSES BY NATURE

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

	(Unaudited) Three months ended 30th September	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Paper consumed	4,184	5,099
Depreciation of property, plant and equipment	530	499
Amortisation of intangible assets	682	670
Employee benefit expense (including directors' emoluments)	17,997	18,697
Occupancy costs	1,779	1,692
Loss on disposal of property, plant and equipment	-	130

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% (2012: 16.5%) on the estimated assessable profit for the period.

7 INCOME TAX EXPENSE (Continued)

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

	(Unaudited)	
	Three months ended 30th September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
- Current income tax	1,429	1,582
Deferred income tax		
- Current deferred income tax expense	84	174
	<u>1,513</u>	<u>1,756</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	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>3,697</u>	<u>5,122</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>0.92</u>	<u>1.28</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 2013 (2012: Nil).

On 27th November 2013, the Board of Directors declared an interim dividend for the six months ended 30th September 2013 of HK1.5 cents (2012: HK2 cents) per ordinary share, totaling HK\$6,000,000 (2012 : HK\$8,000,000) payable on 31st December 2013 to shareholders whose names appear on the register of members of the Company on 18th December 2013.

9 DIVIDENDS (Continued)

During the period ended 30th September 2013, a 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 paid on 23rd August 2013.

10 AMOUNTS DUE TO/FROM FELLOW SUBSIDIARIES

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

11 CONTINGENT LIABILITIES

As at 30th September 2013, the Group did not have any material contingent liabilities or guarantees (31st March 2013: 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\$44,918,000 (2012: HK\$50,214,000), a decrease of 11% from the same quarter of last financial year. This was mainly because the advertisers tightened their advertising spending during the quarter. The Group therefore recorded a drop in operating profit to HK\$7,201,000, compared to HK\$8,166,000 for the same quarter of last financial year.

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

Hong Kong, 27th November 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.