智庫媒體集團（控股）有限公司
Intelli-Media Group (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8173)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH, 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors of Intelli-Media Group (Holdings) Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to Intelli-Media Group (Holdings) Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHT

For the fiscal year ended 31 March 2009, the Group recorded a turnover of approximately HK$17,342,000 and loss for the year approximately HK$162,918,000.

The directors do not recommend the payment of a dividend for the fiscal year ended 31 March 2009.

The Board of Directors (the "Board") of Intelli-Media Group (Holdings) Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group"), which has been reviewed by the audit committee of the Company, for the year ended 31 March, 2009 together with comparative audited figures for the year ended 31 March 2008 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March, 2009

	Note	**2009**	2008
		HK$'000	*HK$'000*
Turnover	4	**17,342**	33,157
Cost of sales		**(15,593)**	(29,851)
Gross profit		**1,749**	3,306
Other revenue	5	**529**	3,146
Other net income	5	**10,004**	1,943
Distribution costs		**(1,469)**	(323)
Administrative expenses		**(30,350)**	(29,059)
Write down of inventories		**(410)**	(3,961)
Impairment losses	6(c)	**(23,916)**	(19,784)
Loss on disposal of property, plant and equipment		**(118)**	(2,346)
Share of results of associates		**(21)**	—
Loss from operations		**(44,002)**	(47,078)
Finance costs	6(a)	**(118,640)**	(1,564)
Loss before taxation	6	**(162,642)**	(48,642)
Income tax	7	**(276)**	—
Loss for the year		**(162,918)**	(48,642)
Attributable to:			
Equity holders of the Company		**(162,860)**	(47,515)
Minority interests		**(58)**	(1,127)
		(162,918)	(48,642)
Loss per share	9		
Basic		**HK (7.07 cents)**	HK (6.91 cents)
Diluted		**HK (7.07 cents)**	HK (6.91 cents)

CONSOLIDATED BALANCE SHEET

As at 31 March, 2009

	Note	**2009**	2008
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**2,981**	1,985
Payment for intangible assets - mining claims	10	**8,429,879**	—
Other intangible assets		**5,016**	26,541
Goodwill		**—**	4,259
Interests in associates		**262**	—
Films in progress		**385**	385
Deposits for acquisition of film rights		**156**	223
		8,438,679	33,393
Current assets			
Inventories		**2,360**	9,169
Trade and other receivables	11	**5,467**	9,337
Amount due from a related party		**84**	—
Amount due from a related company		**10**	12
Pledged bank deposits		**2,183**	2,155
Cash and bank balance		**21,150**	51,746
		31,254	72,419
Current liabilities			
Trade and other payables	12	**32,453**	33,148
Amount due to a related company		**2,600**	1,275
Amounts due to related parties		**3,063**	517
Amounts due to associates		**73**	—
Obligations under finance leases		**424**	346
Bank borrowings		**4,520**	7,698
Taxation payable		**296**	6
		43,429	42,990
Net current (liabilities)/assets		**(12,175)**	29,429
Total assets less current liabilities		**8,426,504**	62,822

	Note	**2009**	2008
		HK$'000	*HK$'000*
Non-current liabilities			
Convertible bonds	13	**964,035**	—
Promissory note	14	**160,510**	—
Obligations under finance leases		**302**	333
Bank borrowings		**1,819**	2,388
Deferred tax liabilities		**4,177**	4,177
		1,130,843	6,898
Net assets		**7,295,661**	55,924
Capital and reserves			
Share capital		**35,465**	19,325
Reserves		**4,226,813**	31,407
Equity attributable to equity holders of the Company		**4,262,278**	50,732
Minority interests		**3,033,383**	5,192
Total equity		**7,295,661**	55,924

Wong Chung Yu, Denny
Director

Kwong Wai Ho, Richard
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March, 2009

	Share Capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Convertible bond reserve HK$'000	Accumulated losses HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2007	4,849	17,697	10,440	68	3,055	—	(37,094)	6,319	5,334
Equity component of convertible bonds	—	—	—	—	—	2,043	—	—	2,043
Issue of new shares									
– placing of shares	786	20,291	—	—	—	—	—	—	21,077
– open offer	3,005	11,463	—	—	—	—	—	—	14,468
– conversion of convertible bonds	10,183	45,206	—	—	—	(2,043)	—	—	53,346
– exercise of share options	502	10,516	—	—	(2,735)	—	—	—	8,283
Exchange difference on translation of the financial statements of foreign subsidiaries	—	—	—	15	—	—	—	—	15
Loss for the year	—	—	—	—	—	—	(47,515)	(1,127)	(48,642)
At 31 March 2008 and 1 April 2008	19,325	105,173	10,440	83	320	—	(84,609)	5,192	55,924
Acquisition of subsidiaries	—	—	—	—	—	—	—	3,033,421	3,033,421
Equity component of convertible bonds	—	—	—	—	—	4,108,828	—	—	4,108,828
Issue of new shares									
– placing of shares	1,140	48,110	—	—	—	—	—	—	49,250
– acquisition of subsidiaries	5,000	65,000	—	—	—	—	—	—	70,000
– conversion of convertible bonds	10,000	699,108	—	—	—	(562,853)	—	—	146,255
Exchange difference on translation of the financial statements of foreign subsidiaries	—	—	—	73	—	—	—	—	73
Deregistration of a subsidiary	—	—	—	—	—	—	—	(5,172)	(5,172)
Loss for the year	—	—	—	—	—	—	(162,860)	(58)	(162,918)
At 31 March 2009	**35,465**	**917,391**	**10,440**	**156**	**320**	**3,545,975**	**(247,469)**	**3,033,383**	**7,295,661**

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

In preparing the financial statements, the directors have considered future liquidity of the Group in view of its consolidated net loss attributable to equity holders of the Company of approximately HK$162,860,000 for the year ended 31 March 2009 and had net current liabilities of approximately HK$12,175,000 as at 31 March 2009. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and liabilities in the normal course of business. Nevertheless, the directors of the Company are of the opinion that the Group will be able to finance its future working capital and financial requirements given that:

(i) On 30 September 2008, the Company has entered into a 3 year Euro 200 million convertible loan agreement (the "CLA") with Fortress World Limited (the "Lender"), an independent third party. The loan accrues interest in arrear at a fixed rate of 3% per annum, which is payable on an annual basis. Pursuant to terms of the CLA, the Lender may at any time after the date of drawdown but before the third year of the date of drawdown, convert the amount outstanding under the loan into new shares of the Company at a rate of Euro 0.10 per share at a fixed conversion rate of 1 Euro to HK$11.1678. Under the terms of the CLA, the Lender shall not exercise the conversion right of the allotment and issue of the conversion shares to the Lender pursuant to an exercise of the conversion right will cause the Company to be in breach of the minimum public float requirement of the GEM Listing Rules. The directors of the Company believe that the Group will ultimately be able to complete the drawn-down of this loan.

(ii) the promissory note holder has confirmed that he would not request early redemption of the note; and

(iii) the Group has been actively discussing with prospective investors to obtain new working capital and to meet financial requirements in the near future.

In the opinion of the directors, in light of the various measures/ arrangements implemented with the expected results of other measures in progress, the Group will be able to meet its financial obligations as and when they fall due and to finance its future working capital and financial requirements. Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements for the year ended 31 March 2009 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the financial statements.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HKFRS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	Minimum Funding Requirements and Their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied any of the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRS[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 39 (Amendments)	Eligible hedged items[3]
HKAS 1, HKAS 32, HKAS 39 and HKAS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[3]
HKFRS 2 (Amendments)	Share-based Payment-Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments [2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded derivatives[7]
HK(IFRIC)-Int 13	Customers Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 July 2008
[5] Effective for annual periods beginning on or after 1 October 2008
[6] Effective for transfers of assets from customers received on or after 1 July 2009
[7] Effective for annual periods beginning on or after 30 June 2009

The application of HKAS 1 (Revised) may result in a change in presentation of the primary statements of the financial statements. The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group organises its business into three main segments:

— Sales of video products and sub-licensing of film rights
— Sales of metals
— Mining exploration and exploitation

(a) For the year ended 31 March 2009

	Sales of video products and sub-licensing of film rights *HK$'000*	Sales of metals *HK$'000*	Mining exploration and exploitation *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	**13,055**	**4,287**	**—**	**17,342**
Segment result	**(27,753)**	**(46)**	**(15,644)**	**(43,443)**
Unallocated operating income and expense				**(559)**
Loss from operations				**(44,002)**
Finance costs	**(768)**	**—**	**(117,872)**	**(118,640)**
Loss before taxation				**(162,642)**
Income tax				**(276)**
Loss after taxation				**(162,918)**
Capital expenditure	**826**	**—**	**1,585**	**2,411**
Depreciation	**572**	**—**	**720**	**1,292**
Amortisation for the year	**8,871**	**—**	**—**	**8,871**
Write down of inventories	**410**	**—**	**—**	**410**
Impairment loss for the year	**23,916**	**—**	**—**	**23,916**

	Sales of video products and sub-licensing of film rights *HK$'000*	Sales of metals *HK$'000*	Mining exploration and exploitation *HK$'000*	Consolidated *HK$'000*
Segment assets	**17,446**	**—**	**8,451,258**	**8,468,704**
Unallocated assets	**—**	**—**	**—**	**1,229**
				8,469,933
Segment liabilities	**43,119**	**—**	**1,128,366**	**1,171,485**
Unallocated liabilities	**—**	**—**	**—**	**2,787**
				1,174,272

(b) For the year ended 31 March 2008

	Sales of video products and sub-licensing of film rights	Sales of metals	Mining exploration and exploitation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	33,157	—	—	33,157
Segment result	(41,058)	—	—	(41,058)
Unallocated operating income and expense				(6,020)
Loss from operations				(47,078)
Finance costs	(1,564)			(1,564)
Loss before taxation				(48,642)
Income tax				—
Loss for the year				(48,642)
Depreciation for the year				
– Segment	1,294	—	—	1,294
– Unallocated	—	—	—	38
				1,332
Amortisation for the year	13,769	—	—	13,769
Write-down of inventories	3,961	—	—	3,961
Impairment loss for the year	19,784	—	—	19,784
Segment assets	46,958	—	—	46,958
Unallocated assets	—	—	—	58,854
				105,812
Segment liabilities	44,927	—	—	44,927
Unallocated liabilities	—	—	—	4,961
				49,888
Capital expenditure incurred during the year	408	—	—	408
Unallocated expenditure	—	—	—	1,248
				1,656

The Group's operations are mainly located in Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	2009	2008
	HK$'000	*HK$'000*
Revenue from external customers		
– Hong Kong	**12,882**	32,075
– PRC	**4,460**	1,082
– Philippines	**—**	—
	17,342	33,157
Segment assets		
– Hong Kong	**17,430**	103,688
– PRC	**1,245**	2,124
– Philippines	**8,451,258**	—
	8,469,933	105,812
Capital expenditure incurred during the year		
– Hong Kong	**548**	1,591
– PRC	**278**	65
– Philippines	**1,585**	—
	2,411	1,656

4. TURNOVER

The Group is principally engaged in the distribution of video products, sub-licensing of film rights, film exhibition and distribution, and sales of metals.

Turnover represents the sales value of goods sold to customers and is stated after deducting goods returns and trade discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Sales of video products	**9,637**	27,446
Sub-licensing of film rights	**3,418**	2,141
Film exhibition and film distribution income	**—**	3,570
Sales of metals	**4,287**	—
	17,342	33,157

5. OTHER REVENUE AND OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Other revenue		
Interest income	**42**	133
Total interest income on financial assets not at fair value through profit or loss	**42**	133
Management fee income	**—**	605
Marketing service income	**—**	2,408
Royalty income	**487**	—
	529	3,146
Other net income		
Gain on disposal of film rights	**3,551**	—
Gain on trading securities	**596**	—
Reversal of impairment on trade debtors	**982**	—
Net exchange gain	**—**	30
Compensation received (note a)	**—**	1,324
Reversal of impairment on an amount due from a former related company (note b)	**4,125**	—
Sundry income	**750**	589
	10,004	1,943

Notes:

(a) Compensation received of HK$1,324,000 represented the damages awarded by the court in Germany to the Company for infringement of copy rights.

(b) Prior to the deregistration of a subsidiary during the year (see note 38 to the financial statements), the amount due from the former related company was fully recovered and thus, the impairment was fully reversed.

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2009	2008
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank and other borrowings wholly repayable within five years	**718**	1,515
Finance charges on obligations under finance leases	**50**	49
Imputed interest on promissory note	**8,754**	—
Imputed interest on convertible bonds	**109,118**	—
Total interest expense on financial liabilities not at fair value through profit or loss	**118,640**	1,564

(b) Staff costs:

	2009	2008
	HK$'000	*HK$'000*
Contributions to defined contribution retirement plans	**269**	238
Salaries, wages and other benefits	**11,471**	9,280
	11,740	9,518

(c) Impairment losses:

	2009	2008
	HK$'000	*HK$'000*
– goodwill	**4,259**	—
– intellectual property rights	**12,568**	—
– programme rights	**632**	—
– trade and other receivables	**6,457**	19,462
– deposits for acquisition of film rights	**—**	322
	23,916	19,784

(d) Other items:

	2009	2008
	HK$'000	*HK$'000*
Amortisation		
– film rights	**4,551**	9,990
– intellectual property rights	**4,062**	3,521
– programme rights	**258**	258
Depreciation		
– owned assets	**1,002**	1,123
– assets held under finance leases	**290**	209
Auditor's remuneration		
– audit services	**500**	650
– non-audit services	**340**	200
Cost of inventories sold	**15,183**	25,890
Write-down of inventories	**410**	3,961
Operating lease charges in respect of properties	**2,424**	1,992
Loss on disposal of property, plant and equipment	**118**	2,346

7. INCOME TAX

Taxation in the consolidated income statement represents:

	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax	**73**	—
– PRC enterprise income tax	**203**	—
Provision for the year	**—**	—
	276	—

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the years ended 31 March 2009 and 2008.

Taxation for the subsidiaries in the PRC is charged at the appropriate current rates for taxation ruling in the PRC. The applicable PRC income tax rate is 25% (2008: 33%).

Withholding tax (applicable to PRC entities that pay dividend, interest, rent, royalty to non-resident companies)

Pursuant to the new PRC Corporate Income Tax Law which took effect from 1 January 2008, 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors.

On 22 February 2008, Caishui (2008) No. 1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax law and regulations are exempted from the withholding tax.

At 31 March 2009, there were no material deferred tax liabilities in respect of the tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiary which has accumulated losses as at 31 March 2009.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

The corporate income tax rate in the Philippines changed from 35% to 30% with effect on 1 January 2009. No provision for Philippines corporation income tax has been made as the subsidiaries in the Philippines did not have assessable profits subject to corporation income tax in the Philippines.

8. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$137,897,000 (2008: loss of HK$12,103,000) which has been dealt with in the financial statements of the Company.

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$162,860,000 (2008: loss of HK$47,515,000) and the weighted average of ordinary shares of 2,304,551,000 shares (2008: 687,201,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2009	2008
	'000	*'000*
Issued ordinary shares at 1 April	**1,932,534**	484,860
Effect of shares issued by open offer	**—**	101,268
Effect of shares issued upon conversion of convertible bonds	**121,918**	18,142
Effect of shares issued upon exercise of share options	**—**	16,638
Effect of shares issued under a placement	**109,003**	66,293
Effect of consideration shares issued	**141,096**	—
Weighted average number of ordinary shares at 31 March	**2,304,551**	687,201

(b) Diluted loss per share

The diluted loss per share for the year ended 31 March 2009 is equal to the basic loss per share as the outstanding convertible bonds were anti-dilutive.

The diluted loss per share for the year ended 31 March 2008 is equal to the basic loss per share as the effect of any dilution arising from the outstanding share options was anti-dilutive.

10. PAYMENT FOR INTANGIBLE ASSETS - MINING CLAIMS

	2009	2008
	HK$'000	*HK$'000*
Addition through acquisition of subsidiaries	**8,427,515**	—
Additions	**2,364**	—
	8,429,879	—

On 2 May 2008, the Group entered into an acquisition agreement with Kesterion Investments Limited, which is wholly owned by Ms Eva Wong, who is the sister of Wong Chung Yu, Denny and sister-in-law of Yin Mark Teh-min, being an executive director and non-executive director of the Company respectively. Pursuant to the agreement Kesterion Investments Limited agreed to sell and the Group agreed to purchase the entire equity interest in First Pine Enterprises Limited which, at acquisition date on 18 December 2008, holds an indirect 64% equity interest in Mt. Mogan Resources and Development Corporation ("Mogan"), a company incorporated in the Philippines, Mogan holds certain offshore exploration permit applications for mining claims which represent the rights to explore, develop operate and exploit magnetite sand and other minerals located in certain specified offshore area of approximately 41,094 hectares in the Leyte Gulf and San Padro Bay off Leyte and Samar Provinces of the Phillippines ("Mining Area") subject to the issuance of in favour of Mogan of an Exploration Permit and a Mineral Agreement in accordance with the Philippine Mining Act 1995 (Republic Act No. 7942), at a consideration of HK$5,700,000,000 satisfied by issuing to Kesterion Investments Limited (i) 500,000,000 consideration shares of the Company; (ii) HK$200,000,000 promissory note with zero coupon rate with a maturity of 1.5 years; (iii) HK$5,110,000,000 convertible bonds with zero coupon rate with a maturity of 10 years of the issue date and (iv) cash paid of HK$40,000,000. The acquisition was completed on 18 December 2008. Details of convertible bonds, promissory note and consideration shares issued are set out in notes 13(b), 14 and 15, respectively. The directors of the Company have considered that (a) the Mining Act and its Revised Implementing Rules and Regulations are considered by the industry to be one of the most socially and environmentally-sensitive legislation in its class; and (b) they have specific provisions that take into consideration: (i) local government empowerment; (ii) respect and concern for indigenous cultural communities; (iii) equitable sharing of benefits and natural wealth; (iv) economic demands of present generation while providing the necessary foundation for future generations; (v) worldwide trend towards globalization; and (vi) protection for and wise management of the environment. Pursuant to the Mining Act, an Exploration Permit, when approved by the Mines and Geosciences Bureau (the "MGB") of the Department of Environment and Natural Resources (the "DENR") of the Philippines, grants the exploration mining applicant the right to conduct exploration for the specified mineral(s) in the specified area(s) within a specified timeframe; whilst a Mineral Agreement, when made with and granted by the DENR/MBG acting on behalf of the Government of Philippines, shall provide the applicant with the exclusive rights to conduct mining operations to extract and exploit the pre-agreed upon mineral resource(s) in the specified area(s) for a term of 25 years starting from the execution date and renewable for another term not exceeding 25 years. The technical reserve assessment report prepared by Behre Dolbear Asia, Inc dated 1 September 2008, indicated that total exploration potential of the two mining claims for the Mining Area in the range of 3,300 million to 7,000 million tones of magnetite sand at greater than 5% magnetic fraction. Independent professional valuation on the

business value of Mogan was conducted by B.I. Appraisals Limited at 21 November 2008 in relation to the offshore magnetite mining tenements at approximately US$4,685 million (or US$2,998 million as to 64% of US$4,685 million) covered by the Mining Area of the two exploration permit applications using the discounted cash flow approach, at the discount rate of 19.3%, for the valuation on the basis that the relevant Exploration Permits and Mineral Agreement were granted in favour of Mogan by the relevant authorities of the Philippines. As at 31 March 2009 and up to the approval date of these financial statements, neither an Exploration Permit nor a Mineral Agreement has been approved and granted in favour of Mogan by the relevant authorities of the Philippines. The directors of the Company believe that Mogan will ultimately be able to obtain both the Exploration Permit and Mineral Agreement in respect of the Mining Area. The directors of the Company has obtained legal opinion in respect of Philippine law that the MGB has accepted Mogan's exploration permit applications and that Mogan has priority in securing the Exploration Permit(s) over the applied Mining Area. During the year, Mogan also entered into a Memorandum of Agreement with DENR ("MOA") under which Mogan was entitled to conduct a technical study jointly with DENR in the area covered by Mogan's exploration permit applications. Mogan has also entered into a soil sampling agreement with a geotechnical contractor during the year. Mogan has commenced exploration jointly with DENR in the Leyte Gulf area covered by Mogan's exploration permit applications and the MOA since early April 2009.

Management considered that the carrying amount of the "Payment for intangible assets – mining claims" can be fully recoverable and no impairment on its carrying amount is necessary at 31 March 2009.

Impairment test

The Company has engaged an independent professional valuer, Asset Appraisal Limited, to determine the value in use of the mining claims as a cash-generation unit ("CGU") on the basis that the Exploration Permit(s) and Mineral Agreement would be granted by the relevant authorities of the Philippines.

The recoverable amount of the "Payment for intangible assets – mining claims" is determined based on the estimate of the value in use of the Mining Claims on the basis that the Exploration Permits and Mineral Agreement were granted to Mogan. The estimated cash flows of 20 years are discounted at 16% to calculate the present value. Key assumptions for the value in use are on magnetic sand quantities, prices and operating costs after considering the magnetic content that can be extracted. Based on these evaluations, management is of the view that the recoverable amount of the "Payment for intangible assets – mining claims" exceeds its carrying amount.

11. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade debtors	**12,715**	15,951
Less: allowance for doubtful debts	**(11,759)**	(13,400)
	956	2,551
Deposits	**5,131**	5,075
Prepayments	**1,822**	2,311
Other receivables	**6,611**	5,462
	13,564	12,848
Less: allowance for doubtful debts	**(9,053)**	(6,062)
	4,511	6,786
	5,467	9,337

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis of trade receivables

	2009	2008
	HK$'000	*HK$'000*
Current	**131**	1,370
Less than 3 months past due	**712**	107
3 to 6 months past due	**93**	400
Over 6 months past due	**20**	674
	956	2,551

Trade receivables are due within 60 to 180 days from the date of billing. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness of its customers, extend the credit period upon customer's request.

(b) Impairment of trade debtors

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly. (see note 2(k)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2009	2008
	HK$'000	*HK$'000*
At 1 April	**13,400**	—
Impairment loss recognised	**3,466**	13,400
Reversal of impairment on trade receivables	**(5,107)**	—
	11,759	13,400

As at 31 March 2009, the Group's trade debtors of HK$11,759,000 (2008: HK$13,400,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of HK$11,759,000 (2008: HK$13,400,000) were recognised at the balance sheet date. The Group does not hold any collateral over these balances.

(c) Trade debtors that are not impaired

	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**131**	1,370
Less than 3 months past due	**712**	107
3 to 6 months past due	**93**	400
Over 6 months past due	**20**	674
	956	2,551

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	HK$'000
Trade payables	**8,427**	11,112
Accruals	**43**	654
Withholding tax payable (note a)	**2,101**	2,099
Receipts in advance (note b)	**11,899**	13,817
Other payables	**9,983**	5,466
	32,453	33,148

Notes:

(a) Withholding tax payable represents the tax withheld on film licenses acquired from foreign licensors at 5.75% on the purchase cost.

(b) Receipts in advance represent one year sub-licensing fees received in advance upon the signing of the sub-licensing agreement with customers.

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date.

	2009	2008
	HK$'000	*HK$'000*
Due within 3 months	**257**	113
Due over 3 months but within 6 months	**59**	86
Due over 6 months but within 9 months	**122**	767
Due over 9 months but within 12 months	**7,989**	10,146
	8,427	11,112

13. CONVERTIBLE BONDS

(a) On 15 January 2008, the Company issued HK$50,000,000 Zero Coupon Convertible Notes due 2010 to eight subscribers. The conversion price is HK$0.05 and is subject to anti-dilutive adjustments in the event of further issues of shares or other dilutive events. The fair value of the liability and equity components of the convertible notes were determined by an independent professional qualified valuer at the issue date of the Convertible Notes. During the year ended 31 March 2008, the Convertible Notes were fully converted into 1,018,292,682 ordinary shares of the Company.

(b) On 18 December 2008, the Company entered into subscription agreement with Kesterion Investments Limited, which is beneficially owned by Ms. Eva Wong, a sister of Mr. Wong Chung Yu, Denny and sister-in-law of Mr. Yin Mark, Teh-min, being an executive director and non-executive director of the Company respectively, for the issue of convertible bonds with an aggregate principal amount of US$655,128,205 (equivalent to approximately HK$5,110,000,000) (the "Bonds") in connection with the acquisition of 64% equity interest in Mogan. The Bonds, denominated in US$ which is the functional currency of the Company, are convertible into ordinary shares of the Company at an initial conversion price of HK$0.70 per conversion share, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, right issue and other equity or equity or equity derivative issued. The Bonds are unsecured, non- interest bearing and matures on 18 December 2018 and can be redeemed at par by the holder at anytime before the maturity date. If the Bonds were not converted, they will be redeemed on 18 December 2018. The total number of shares to be issued on conversion of the Bonds will be determined by dividing the principal amount of bonds to be converted (using an agreed fixed exchange rate of US$1= HK$7.8) by the conversion price HK$0.70 in effect at the conversion date.

The fair value of the liability component was determined as of the date of issue by an independent professional valuer, BMI Appraisals Limited. The residual amount represents the value of the equity conversion component. The effective interest rate of the liability component is 5.11% per annum.

During the year, a total principal amount of US$89,743,590 (equivalent to HK$700,000,000 at the agreed fixed exchange rate of US$1 = HK$7.8) was converted into 1,000,000,000 new ordinary shares of the Company of HK$0.01 each as referred to note 29(b)(vii) to the financial statements.

The net proceeds received from the issue of the Convertible Bonds have been split between the liability component and equity component, representing the fair value of the embedded option to convert the liability to equity of the Company, as follows:

	Liability component *HK$'000*	**Equity conversion component** *HK$'000*
At 1 April 2008	**—**	**—**
Issue of Convertible Bonds	**1,001,172**	**4,108,828**
Effective interest expenses recognised	**109,118**	**—**
Conversion during the year	**(146,255)**	**(562,853)**
At 31 March 2009	**964,035**	**3,545,975**

The interest charged for the year is calculated by applying an effective interest rate of 5.11% to the liability component for the period since the Bonds were issued.

14. PROMISSORY NOTE

On 18 December 2008, the Company issued HK$200,000,000 unsecured redeemable promissory note with zero coupon rate in connection with the acquisition of the 64% equity interest in Mogan. The promissory note is repayable in 4 instalments over 1 year of the date of issue with the first instalment falling due on 3 months after the date of issue. The Company has the unconditional right to defer all instalment payments until the final instalment date, i.e a lump sum payment on the 1.5 years of the date of issue i.e. on 18 June 2010. The Company has the unconditional right to redeem the promissory note prior to the maturity date by serving a written notice to the note-holder. The promissory note has been accounted for at amortised cost, using the effective interest method. The fair value of promissory note is determined at HK$161,756,183, as at the issue date, based on the independent valuation performed by an independent valuer, BMI Appraisals Limited. The effective interest rate of the promissory note is determined to be 15.20% per annum. The promissory note is classified under non-current liabilities and carried on the amortised cost basis until extinguishment or redemption. During the year, the Group has settled part of the promissory note.

The amount of the carrying amount of the promissory note during the year ended 31 March 2009 is set out below:

	2009	2008
	HK$'000	*HK$'000*
At 1 April	**—**	—
Issue of promissory note	**161,756**	—
Redemption	**(10,000)**	—
Imputed interest charged	**8,754**	—
At 31 March	**160,510**	—

15. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 18 December 2008, the Group acquired certain offshore exploration permit applications for mining claims in Philippines (see note 10 to the financial statement) and its related assets and liabilities for a total consideration of HK$5,700 million which was satisfied by cash of HK$40 million, HK$350 million by the allotment and issue of 500,000,000 consideration shares of the Company, HK$200,000,000 promissory note with zero coupon rate and HK$5,110,000,000 convertible bonds with zero coupon rate. The purchase was by way of acquisition of the entire issued share capital of First Pine Enterprises Limited (" First Pine"). This transaction has been accounted as a purchase of assets and liabilities. First Pine has not yet commenced the mining and exploration business at the date of acquisition.

	HK$'000
Net assets acquired at fair value	
Property, plant and equipment	262
Interest in associates	283
Payment for intangible assets – mining claims	8,427,515
Other receivables	209
Cash at bank	162
Other payables	(1,936)
	8,426,495
Less: minority interest	(3,033,421)
	5,393,074
Total consideration satisfied by:	
– Cash paid	40,000
– Consideration shares of the Company – at fair value	70,000
– Promissory note	161,756
– Convertible bonds	5,110,000
– Direct expenses relating to the acquisition	11,318
	5,393,074
Net cash outflow arising on acquisition	
Cash acquired	162
Consideration paid in cash	(40,000)
Direct expenses relating to the acquisition	(11,318)
	(51,156)

The fair value of 500,000,000 consideration shares issued for the acquisition of First Pine was determined at HK$0.14 each, being the closing market price at acquisition date on 18 December 2008.

16. COMMITMENTS

(a) Operating lease commitments

At 31 March 2009, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises are payable as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Premises				
Within one year	**1,221**	550	**—**	321
After one year but within five years	**55**	—	**—**	—
	1,276	550	**—**	321

(b) Capital commitments

	The Group	
	2009	2008
	HK$'000	*HK$'000*
Contracted for but not provided for in the financial statements		
– Film rights	**520**	1,010
– Cartoon Films	**—**	747
– Intellectual property rights	**—**	15,037
	520	16,794

Capital commitments represent license fee commitments to licensors for which film master materials have not been delivered to the Group. Mogan has no material capital commitment as the mining operation has not been commenced at 31 March 2009.

The Company did not have any significant capital commitments as at the balance sheet date.

17. CONVERTIBLE LOAN AGREEMENT

On 30 September 2008, the Company and its wholly-owned subsidiary, Black Sand Enterprises Limited (as borrower) entered into a convertible loan agreement with an independent third party which has agreed to provide a credit facility of Euro 200 million ("Convertible Loan"). The loan will bear interest at the rate of 3% per annum and will be unsecured and repayable together with all accrued interest, upon the third anniversary of the drawdown date.

Pursuant to the agreement, the lender may, at any time after the drawdown date but before the third anniversary of the drawdown date, convert the amount outstanding under the loan up to 2,000,000,000 new shares of the Company at a rate of Euro 0.1 per share (equivalent to HK$1.1168 per share, based on the exchange rate of Euro1:HK$11.1678) at a fixed conversion rate of Euro 1 : HK$11.1678. No conversion shall be permitted to the extent that the following such conversion, the lender and parties acting in with it will, directly or indirectly, control or be interested in 29% or more of the issued share capital of the Company or in such lower % may from time to time be specified in the Takeover Code of the GEM Listing Rules as being the level of triggering a mandatory general offer. In addition, the lender shall not exercise the conversion right if the allotment and issue of the conversion shares to the lender pursuant to an exercise of the conversion right will cause the Company to be in breach of the minimum public float requirement stipulated under Rule 11.23 of the GEM Listing Rules.

The Company has served notice to the lender for drawdown of the loan but up to the approval date of these financial statements, the drawdown is not yet completed.

18. POST BALANCE SHEET EVENTS

On 23 June 2009, the Company entered into the sale and purchase agreement to dispose of its entire interest in subsidiaries, Datewell Limited and its subsidiaries (the "Datewell Group") and CPE Program Distribution Limited at a nominal price. The principal activities of the Datewell Group are sub-licensing of film rights while CPE Program Distribution Limited is a dormant company. The intellectual property and programme rights of Datewell Group were also subsequently terminated by the relevant licensors.

EXTRACT OF REPORT OF THE AUDITOR'S

BASIS FOR DISCLAIMER OF OPINION

At 31 March 2009, "Payment for intangible assets- mining claims" in the amount of HK$8,429,879,000 was recorded in the consolidated balance sheet. As explained in notes 14 and 37 to the consolidated financial statements, through the acquisition of 100% issued capital of First Pine Enterprises Limited on 18 December 2008, the Company indirectly owns 64% equity interests in Mt. Mogan Resources and Development Corporation ("Mogan") incorporated in the Philippines. Mogan holds certain offshore exploration permit applications for mining claims that are the rights to explore, develop, operate and exploit magnetite sand and other associated mineral deposits located in specified area of approximately 41,094 hectares in the Leyte Gulf and San Padro Bay off Leyte and Samar Provinces, the Philippines ("Mining Area") subject to the issuance in favour of Mogan of an Exploration Permit and a Mineral Agreement in accordance with the Philippine Mining Act 1995 (Republic Act No. 7942) (the "Mining Act"). Pursuant to the Mining Act, an Exploration Permit, when approved by the Mines and Geosciences Bureau (the "MGB") of the Department of Environment and Natural Resources (the "DENR") of the Philippines, grants the exploration mining applicant the right to conduct exploration for the specified mineral(s) in the specified area(s) within a specified timeframe; whilst a Mineral Agreement, when made with and granted by the DENR/MBG acting on behalf of the Government of Philippines, shall provide the applicant with the exclusive rights to conduct mining operations to extract and exploit the pre-agreed upon mineral resource(s) in the specified area(s) for a term not exceeding 25 years starting from its execution date and renewable for another term of not exceeding 25 years.

As at 31 March 2009 and up to the date of this report, neither an Exploration Permit nor a Mineral Agreement has been approved and granted in favour of Mogan by the relevant authorities of the Philippines. The directors of the Company believe that Mogan will ultimately be able to obtain both the Exploration Permit and Mineral Agreement in respect of the Mining Area. The directors of the Company has obtained legal opinion in respect of Philippine law that the MGB has accepted Mogan's exploration permit applications and that Mogan has priority in securing the Exploration Permit(s) over the applied Mining Area. During the year, Mogan also entered into a Memorandum of Agreement with DENR ("MOA") under which Mogan was entitled to conduct a technical study jointly with DENR in the area covered by Mogan's exploration permit applications. Mogan has also entered into a soil sampling agreement with a geotechnical contractor during the year. Mogan has commenced exploration jointly with DENR in the Leyte Gulf area covered by Mogan's exploration permit applications and the MOA since early April 2009.

As disclosed in note 39 to the financial statements, the Company and its wholly-owned subsidiary, Black Sand Enterprises Limited (as borrower), entered into a convertible loan agreement dated 30 September 2008 with an independent party which has agreed to provide a loan of Euro 200 million for financing the future mining operations in the Philippines. At 31 March 2009 and up to the date of this report, the draw-down of the loan is not yet completed. At 31 March 2009, the Group has net current liabilities of HK$12,175,000 and a loss of HK$162,860,000 attributable to equity holders of the Company for the year then ended. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the successful outcome of the grant of Exploration Permit and Mineral Agreement for mining operation in the Philippines as mentioned in the preceding paragraph, successful completion of the convertible loan drawn-down and future funding being available (as further disclosed in note 2(b) to the financial statements), and the Group's ability to attain a profitable mining operation in the future. We considered that appropriate disclosures have been made. However, the uncertainties surrounding the outcome of these matters raise significant doubt about the Group's ability to continue as a going concern.

In view of the extent and potential impact of the significant uncertainties described above, we disclaim our opinion in these respects.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION & ANALYSIS

RESULTS AND DIVIDENDS

During the year, the Group recorded a loss of approximately HK$162,918,000 (2008: approximately HK$48,642,000).

The Directors do not recommend the payment of a dividend for the year ended 31 March 2009.

BUSINESS REVIEW

The Group had a hard time during the year ended 31 March 2009. Both of its video distribution and animation character licensing businesses were facing unresolved piracy issues.

Although piracy is highly under control in Hong Kong, high quality pirated video copies in Southern China are easily accessible by frequent commuters from Hong Kong. Some of these pirated copies even come with nice packaging. Besides, peer-to-peer sharing of copyright protected videos over internet is becoming easier and more popular to consumers possessing elementary computer skills. Fueled by the fast penetration of powerful personal computer young consumers are getting more used to enjoy movies played on his/her own PC. Further, the return-to-cinema phenomenon driven by highly appointed cinemas equipped with excellent surround sound systems has hit our film rights distributions and video product sales business heavily over the past 2 years.

Since March 2008 the Group has been actively seeking for other opportunities to widen its scope of business and to increase revenue sources. On 18 December 2008 Black Sand Enterprises Limited, a wholly owned subsidiary of the Company, completed the acquisition of a direct and indirect 64% major stake in Mt. Mogan Development and Resources Corporation ("Mogan"). Mogan, a Philippine national company, is the holder of 41,093.85 hectares of offshore magnetite mining claims along the municipalities of Tacloban, Tanauan, Tolosa, Dulag, Mayorga, MacArthur and Abuyog in Leyte Province and Basey and Marabut in Samar Province of The Philippines.

Black Sand has also secured the right to further acquire a major stake in two other mining claims in the Philippines, 17,205.22 hectares in Negros Occidental Province along the municipalities of Ilog, Suay, Himamaylan, Binalbagan, and Hinigaran and 15,535.82 hectares in Surigao del Sur Province along the municipalities of Tandag and Cagwait.

During the year ended 31 March 2009 Mogan has commenced exploration in the claim areas preparing for the most efficient and cost effective exploitation operations. The Group has also engaged in trading business of precious metal mainly for early participation in the promising metal trading.

PROSPECTS

China is the biggest crude steel producer and finished steel consumer in the world. IMGH has grasped the valuable opportunity to gain access to a large iron ore mining claim in the Philippines. The physical location of the Mogan's mining assets in The Philippines has its competitive niche over other iron ore producers given its' proximity to China. The strategic location will also represent significant cost savings to most of the major steel mills in Asia in the form of lower freight cost and shorter delivery time, and lower carrying cost related to inventory built up in the very capital intensive steel industry.

The Group will not stop structural growth at this stage. It will continue seeking for high potential or high value mineral resources in the Region to build up and strengthen its resource portfolio.

TURNOVER AND NET LOSS

For the year ended 31 March 2009, turnover was approximately HK$17,342,000 (2008: HK$33,157,000), down by 47.7% as compared to the same period in 2008. Sales of goods for the year ended 2009 was approximately HK$9,637,000 (2008: HK$27,446,000), representing a decrease of approximately 64.9% over the corresponding period of last year due to drop of sales volume. Sales of goods accounts for 55.6% of the turnover of the Group. Sublicensing income for the year ended 31 March 2009 was approximately HK$3,418,000 (2008: HK$2,141,000), representing an approximate 59.6% increase when compared to that of the same period in 2008. There were no film exhibition and distribution income for the year ended (2008: HK$3,570,000), due to the termination of the service at the beginning of year. Gross margin ratio was stable over two years. Loss for the year amounted to approximately HK$162,918,000 (2008: Loss HK$48,642,000), representing a 234.9% increase compared with that of last year mainly due to imputed finance costs for the convertible bond and promissory note of approximately HK$109,118,000 (2008: nil) and approximately HK$8,754,000 (2008: nil) and an increase of impairment loss on assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the Group's current ratio was approximately 0.72, representing a decrease of approximately 57.1% when compared to that of the previous financial year. Gearing ratio, calculated based on non-current liabilities of approximately HK$1,130,843,000 (2008: HK$6,898,000) and shareholders' surplus of approximately HK$4,226,813 (2008: shareholders' surplus HK$31,407,000). The decrease in current ratio was largely due to a decrease in balance of bank and cash to HK$21,150,000 as at 31 March 2009 from HK$51,746,000 as at 31 March 2008.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2009, the Group employed 34 staff in total (2008: 25). The Directors believe that the professionalism, experience and quality of staff bring initiative and sustainability to the Group. The remuneration of the staff are based on experience and work performance. The staff are rewarded with bonus, medical benefits and share options to certain staff according to performance.

The Company's policy concerning remuneration of the executive Directors is as follows:

(i) the executive Directors' remuneration is determined on the basis of his or her experience, responsibility, workload and the time devoted to the Group; and

(ii) at the discretion of the Board or a committee thereof, the executive Directors may be granted options pursuant to the Share Option Scheme as defined in note 31 to the financial statements and/or any other such schemes of the Company as part of their remuneration package.

BORROWING FACILITIES

As at 31 March 2009, the Group had outstanding borrowings of approximately HK$6,339,000, comprising bank and other borrowings of approximately HK$3,907,000, bank overdrafts of approximately HK$2,432,000 and obligations under finance leases of approximately HK$726,000.

As at 31 March 2009, the Group had borrowings and banking facilities to the extent of approximately HK$11,000,000 for which the following collateral and security are provided by related parties:

a. Properties owned by a subsidiary's director; and

b. Properties owned by Players Pictures Company Limited, Metropolis Communications Limited, Brilliant Business Limited and Sunny Fancy Limited in which the subsidiary's directors have beneficial interest.

In addition to the above, there were other assets which had been pledged, details of which are set out in the next paragraph headed "Pledge of Assets".

The Group generally finances its operation with internally generated resources and banking facilities provided by its bankers in Hong Kong.

As at 31 March 2009, the Group had aggregated composite banking facilities of approximately HK$11,000,000, of which HK$6,339,000 had been utilized.

As at 31 March 2009, the Group's bank borrowings of approximately HK$4,520,000 are repayable on demand or within one year.

At the latest practical date, the Directors are of the opinion that, taking into account its internally generated fund and its current available banking facilities, the Group has sufficient working capital to meet its present requirements.

PLEDGE OF ASSETS

At 31 March 2009, the Group pledged time deposits of approximately HK$2,183,000 (2008: HK$2,155,000) and a film right with a carrying value of Nil (2008: HK$769,000) to banks to secure bank facilities granted to the Group.

FOREIGN CURRENCIES

The Group's assets and liabilities are measured using the currency that best reflects the economic substance of the underlying transactions, events and circumstances relevant to the entity. The functional currency of the Company is United State dollars ("US$") after the acquisition of First Pine Enterprises Limited ("First Pine") on 18 December 2008 as referred to in note 37, because the transactions, events and circumstances of the Company has been changed to and reflected in US$ from the date of acquisition of First Pine. The functional currencies of its major subsidiaries are US$ and HK$. In the opinion of the directors of the Company, there are no material effects on the financial statements of the Company arising from the change of the functional currency from HK$ to US$. The consolidated financial statements are presented in HK$, as the Company is listed in Hong Kong, the directors of the Company consider that it is more appropriate to present the consolidated financial statements in HK$, when most of its public investors are located in Hong Kong.

CONTINGENT LIABILITIES

As at 31 March 2009, the Company has given corporate guarantee of HK$2,000,000 (2008: Nil) to a financial institute for credit facilities granted to a subsidiary. As at 31 March 2009, none of the facilities has been drawn down by the subsidiary.

CORPORATE GOVERNANCE PRACTICES

The Company recognises that establishment and implementation of good corporate governance standards helps the Group to achieve its corporate objectives and fulfill the expectation of shareholders effectively. The Board of Directors (the "Board") of the Company, has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2009, except for a minor deviation in respect of the roles of chairman and chief executive officer of the Company being performed by the same individual. The current practices will be reviewed regularly so as to follow the latest practices in corporate governance.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results.

On 7 November, 2008, the Company was informed by Mr. Chin Wai Keung, Richard ("Mr. Chin"), a Director and the Chairman of the Company, that he had on 4 November, 2008 delivered to an independent third party signed but undated copies of the bought and sold notes and the instrument of transfer in relation to his proposed disposal of 50,000,000 shares in the Company to the independent third party, with the common intention that the proposed transfer should only take place after the release of the interim results of the Company and after Mr. Chin has given advance notice of his proposed transfer to the Board. The Company was further informed by Mr. Chin that, unexpectedly, the independent third party signed and dated the instrument of transfer and the bought and sold notes on 4 November, 2008. Mr. Chin has reported this incident to the Stock Exchange on 7 November 2008.

Save aforesaid, the Company confirms that, having made specific enquiry from all Directors, all Directors have confirmed that they complied with the required standards of dealing as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises four members of which one is a non-executive Director, Mr. Yin Mark Teh-min and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Chan Siu Wing, Raymond and Mr. Chu Hung Lin, Victor. The chairman of the Audit Committee is Mr. Chan Siu Wing, Raymond. The written terms of reference of the Audit Committee sets out the duties of the Audit Committee which includes reviewing and supervising the financial reporting and internal controls procedures of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board. The Audit Committee held 8 meetings during the financial year ended 31 March 2009. The attendance record of each member of the Committee is set out at Details of the attendance of each member of the Board and Committees.

The Audit Committee has reviewed the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2009 and also reviewed the system of internal control of the Group in accordance with provision C.2.1 of the CG Code. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group.

BOARD PRACTICES AND PROCEDURES

For the year ended 31 March, 2009, the Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 to 5.45 of the GEM Listing Rules.

By Order of the Board
Intelli-Media Group (Holdings) Limited
Wong Chung Yu. Denny
Chairman

29 June 2009, Hong Kong

As at the date of this announcement, the executive directors of the Company are Mr. Wong Chung Yu, Denny and Mr. Kwong Wai Ho, Richard; and non-executive director of the Company, Mr. Yin Mark Teh-min; and the independent non-executive directors of the Company are Mr. Lai Kai Jin, Michael, Mr. Ng Yat Cheung J.P., Mr. Chan Siu Wing, Raymond and Mr. Chu Hung Lin, Victor.