CHINA RAILSMEDIA CORPORATION LIMITED
中國鐵聯傳媒有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 745)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The Board of Directors (the "Board") of China Railsmedia Corporation Limited (the "Company") now announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2011, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Turnover	*4*	**47,232**	147,684
Cost of sales		**(69,239)**	(160,982)
Gross loss		**(22,007)**	(13,298)
Other revenue	*4*	**6,546**	2,381
Other income	*5*	**886**	34
Administrative expenses		**(17,863)**	(34,369)
Gain on disposals of subsidiaries		**24,020**	–
Impairment loss in respect of goodwill		**(17,671)**	(4,000)
Impairment loss in respect of accounts receivables	*9*	**–**	(40,642)
Share of (loss)/profits of a jointly controlled entity		**(5)**	460
Impairment loss in respect of interest in a jointly controlled entity		**(288)**	–
Loss from operating activities	*5*	**(26,382)**	(89,434)
Finance costs		**(258)**	(1,997)
Loss before taxation		**(26,640)**	(91,431)
Taxation	*6*	**–**	(255)
Loss for the year		**(26,640)**	(91,686)

* *For identification purpose only*

	Notes	2011 HK$'000	2010 HK$'000
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		**4,323**	(2,433)
Net gain arising on revaluation of available-for-sale financial assets during the year		**–**	436
Released upon disposals of available-for-sale financial assets		**–**	837
Total comprehensive loss for the year, net of tax		**(22,317)**	(92,846)
Loss attributable to:			
– Owners of the Company		**(21,534)**	(87,310)
– Non-controlling interests		**(5,106)**	(4,376)
		(26,640)	(91,686)
Total comprehensive loss attributable to:			
– Owners of the Company		**(18,659)**	(88,470)
– Non-controlling interests		**(3,658)**	(4,376)
		(22,317)	(92,846)
Loss per share			
– Basic and diluted	*8*	**(HK1.39 cents)**	(HK5.65 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**3,904**	9,831
Goodwill		**13,329**	32,810
Interest in a jointly controlled entity		**7**	300
		17,240	42,941
Current assets			
Amount due from customers for contract work		**7,192**	26,788
Accounts receivable	9	**830**	26,489
Prepayments, deposits and other receivables		**34,031**	36,272
Amount due from a jointly controlled entity		**–**	160
Cash and cash equivalents		**16,190**	38,378
		58,243	128,087
Assets classified as held for sale		**14,151**	–
		72,394	128,087
Total assets		**89,634**	171,028
EQUITY			
Capital and reserves			
Share capital		**15,538**	15,538
Reserves		**(37,469)**	(18,810)
Equity attributable to owners of the Company		**(21,931)**	(3,272)
Non-controlling interests		**26,082**	29,740
Total equity		**4,151**	26,468

	Notes	2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Loan from shareholders		**45,778**	47,205
Current liabilities			
Loan from shareholders		**4,000**	4,161
Accounts payable	*10*	**9,013**	42,968
Amount due to customers for contract work		**–**	25,208
Other payables and accruals		**21,571**	24,816
Amount due to a jointly controlled entity		**3**	–
Tax payable		**7**	202
		34,594	97,355
Liabilities directly associated with assets classified as held for sale		**5,111**	–
		39,705	97,355
Total liabilities		**85,483**	144,560
Total equity and liabilities		**89,634**	171,028
Net current assets		**32,689**	30,732
Total assets less current liabilities		**49,929**	73,673

NOTES:

1. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2010. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 28 (as revised in 2008)	Investments in Associates
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKFRS 5 (Amendments as part of Improvements to HKFRSs issued in 2008)	Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners
HK – Int 4 (Amendments)	Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The impact of the application of the above new HKFRSs is discussed below.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 April 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

- HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

- HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

HKAS 28 (as revised in 2008) Investments in Associates

The principle adopted under HKAS 27 (as revised in 2008) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

HK – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities.

The application of these new HKFRSs has no material impact on the results and the financial information of the Group.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (2011)	Separate Financial Statements[6]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[6]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 – Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HK(IFRIC)–Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

HK(IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) – Int 19 will affect the required accounting. In particular, under HK(IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

HKFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC)-12 *Consolidation—Special Purpose Entities* and replaces parts of HKAS 27 *Consolidated and Separate Financial Statements*.

HKFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 *Interests in Joint Ventures* and HK(SIC)-13 *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

HKFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believe to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in the Company's Annual Report for the year ended 31 March 2011.

Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the Annual Report of the Company for the year ended 31 March 2011.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The Group incurred a net loss of approximately HK$26,640,000 for the year ended 31 March 2011 and accumulated losses of approximately HK$164,243,000 as at 31 March 2011. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the outcome of the arbitration and recoverability of the other receivables as stated in Note 24 to the consolidated financial statements and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The consolidated financial statements do not include any adjustments that would result from the Group failing to recover the other receivables and or the failure in the measures undertaken by the Group in satisfying the working capital needs and improving the liquidity position. If the other receivables were not to be recovered or there was a failure as to the successful outcome of aforementioned measures, adjustments would have to be made to the consolidated financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The measures undertaken by the Group include entering into an agreement with the major shareholder, Rich Place Investment Limited ("Rich Place"), who has confirmed that it will not demand repayment of the amount due of approximately 42,998,000 within the next twelve months from the end of the reporting period. In addition, Rich Place has also agreed to provide continuing financial support to the Group. As such, the directors are confident that the Group's future operations will be successful and able to generate sufficient cash flows in order to meet its obligations as they fall due over the next twelve months. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. Segment information

For the purposes of resources allocation and performance assessment, information reported to the chief operating decision maker of the Company, specifically focuses on the performance of building construction, renovation, repairs and maintenance and advertising services. The Group's operating and reportable segments are therefore as follows:

(a) the building construction segment engages in construction and foundation contract works as a main contractor or subcontractor for building construction in the private and public sectors;

(b) the renovation, repairs and maintenance segment engages in site formation, civil engineering works, repairs, maintenance, renovation and fitting out works in the private and public sectors; and

(c) the advertising segment engages in advertising services together with the provision of rail transit value-added services through LCD displays located at the ticketing offices of each station in the PRC.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

	Building construction		Renovation, repairs and maintenance		Advertising		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Contract revenue from external customers	**16,781**	52,894	**28,255**	92,641	**2,196**	2,149	**47,232**	147,684
Segment results	**(8,233)**	(65,433)	**(10,759)**	3,219	**(11,838)**	(10,271)	**(30,830)**	(72,485)
Interest income							**104**	2,031
Unallocated gains							**7,328**	384
Share of (loss)/profits of a jointly controlled entity							**(5)**	460
Gain on disposals of subsidiaries							**24,020**	–
Impairment loss in respect of interest in a jointly controlled entity							**(288)**	–
Central administration costs							**(26,711)**	(19,824)
Loss from operating activities							**(26,382)**	(89,434)
Finance costs							**(258)**	(1,997)
Loss before taxation							**(26,640)**	(91,431)
Taxation							**–**	(255)
Loss for the year							**(26,640)**	(91,686)

There were no inter-segment sales during the year (2010: Nil). Segment profit represents the profit earned without allocation of central administration costs including directors' salaries, investment and other income, gain on disposals of subsidiaries, share of results of a jointly controlled entity, impairment loss in respect of interest in a jointly controlled entity, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	Building construction		Renovation, repairs and maintenance		Advertising		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**6,641**	68,415	**15,051**	19,819	**39,326**	51,167	**61,018**	139,401
Unallocated assets							**28,616**	31,627
Total assets							**89,634**	171,028
Segment liabilities	**3,388**	67,658	**13,107**	13,332	**4,454**	3,459	**20,949**	84,449
Unallocated liabilities							**64,534**	60,111
Total liabilities							**85,483**	144,560

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than the item of unallocated assets.
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other financial liabilities and loan from shareholders.

Other segment information

	Building construction		Renovation, repairs and maintenance		Advertising		Unallocated		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation	**–**	1	**22**	33	**8,824**	3,504	**86**	50	**8,932**	3,588
Additions to non-current assets	**–**	–	**78**	–	**2,679**	965	**38**	305	**2,795**	1,270
Impairment loss in respect of accounts receivable	**–**	40,642	**–**	–	**–**	–	**–**	–	**–**	40,642
Impairment loss in respect of other receivable	**–**	675	**–**	–	**–**	–	**–**	–	**–**	675
Impairment loss in respect of goodwill	**–**	–	**–**	–	**17,671**	4,000	**–**	–	**17,671**	4,000
Impairment loss in respect of investment in a jointly controlled entity	**–**	–	**–**	–	**–**	–	**288**	–	**288**	–

Geographical segments

The Group operates in two principal geographical areas – Hong Kong and the PRC.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Hong Kong		The PRC		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**31,468**	118,810	**15,764**	28,874	**47,232**	147,684
Non-current assets*	**13,676**	33,461	**3,564**	9,480	**17,240**	42,941

* Non-current assets excluding financial instruments.

Revenue from its major services

The Group's revenue from its major services was as follows:

	2011	2010
	HK$'000	HK$'000
Building construction	**16,781**	52,894
Renovation, repairs and maintenance	**28,255**	92,641
Advertising	**2,196**	2,149
	47,232	147,684

Information about major customer

Includes in revenues arising renovation, repairs and maintenance of approximately HK$28,255,000 (2010: HK$92,641,000) are revenues of approximately HK$8,000,000 (2010: HK$55,410,000) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2011 and 2010.

4. **Turnover and other revenue**

Turnover represents the appropriate proportion of contract revenue of construction contracts, renovation, repairs and maintenance and advertising income.

An analysis of turnover and other revenue is as follows:

	2011	2010
	HK$'000	HK$'000
Turnover:		
Contract revenue	**45,036**	145,535
Advertising income	**2,196**	2,149
	47,232	147,684
Other revenue:		
Bank interest income	**85**	83
Other interest income	**19**	1,948
Rental income	**30**	15
Refund of legal and professional fees	**5,993**	–
Sundry income	**419**	335
	6,546	2,381

5. Loss from operating activities

The Group's loss from operating activities is arrived at after charging/(crediting):

	2011	2010
	HK$'000	HK$'000
Auditors' remuneration	**580**	580
Depreciation	**8,932**	3,588
Amounts classified as cost of sales	**(8,665)**	(3,165)
	267	423
Impairment loss in respect of accounts receivable	**–**	40,642
Impairment loss in respect of other receivables	**–**	675
Impairment loss in respect of goodwill	**17,671**	4,000
Impairment loss in respect of interest in a jointly controlled entity	**288**	–
Staff costs (excluding directors' remuneration)		
– wages and salaries	**6,479**	16,211
– pension scheme contributions	**166**	481
	6,645	16,692
Less: Amount of staff costs classified as costs	**(2,754)**	(8,961)
	3,891	7,731
Minimum lease payments under operating leases:		
– Land and buildings	**490**	2,116
Legal and professional fees	**5,074**	13,353
Loss on disposal of property, plant and equipment	**–**	292
Transfer from equity on disposals of available-for-sale financial assets	**–**	851
and after crediting:		
Other income:		
Dividend income	**–**	23
Bad debts recovered	**–**	11
Gain on disposal of property, plant and equipment	**5**	–
Waiver of loan interest payable to a shareholder	**881**	–
	886	34

6. Taxation

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the year ended 31 March 2011 (2010: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2011	2010
	HK$'000	HK$'000
Current taxation:		
Provision for taxation	**–**	–
Under provision in prior years – Hong Kong	**–**	286
Deferred taxation:		
Reversal during the year	**–**	(31)
	–	255

7. Dividends

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2011 (2010: Nil).

8. Loss per share attributable to owners of the Company

The calculation of basic loss per share amount is based on the loss for the year attributable to owners of the Company of approximately HK$21,534,000 (2010: HK$87,310,000) and the weighted average number of ordinary shares in issue during the year of 1,553,830,000 (2010: 1,545,501,233).

Diluted loss per share for the year ended 31 March 2011 and 2010 was not presented as there was no dilutive potential ordinary share.

9. Accounts receivable

	2011	2010
	HK$'000	HK$'000
Within 30 days	**830**	5,220
31 – 90 days	**–**	44
91 – 180 days	**–**	305
Over 180 days	**–**	20,944
	830	26,513
Less: Impairment loss in respect of accounts receivable	**–**	(24)
	830	26,489

Notes:

(a) The carrying amount of accounts receivable is reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated.

(b) The movements in impairment loss in respect of accounts receivable were as follows:

	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**24**	24
Impairment loss in respect of accounts receivable	**–**	40,642
Amounts written off as uncollectible	**(24)**	(40,642)
At the end of the year	**–**	24

(c) The aged analysis of the Group's accounts receivable balances which are past due but not impaired is presented as follows:

	2011	2010
	HK$'000	HK$'000
91 – 180 days	**–**	305
Over 180 days	**–**	20,944
Total	**–**	21,249

Interim applications for progress payments for contract works are normally made on a monthly basis. The Group allows an average credit period of 60 days to its contract customers. For retention money receivables in respect of contract works, the due dates are usually not more than three months after the issue of statements of the final accounts of the contract works. As at 31 March 2011, no retentions held by customers for contract work were included in accounts receivable (2010: Nil).

For the year ended 31 March 2010:

Included in the Group's accounts receivables balance were amounts of approximately HK$120,459,000 (the "Receivable under Dispute") owed by a major customer (the "Respondent"), recorded based on certificates issued by the architects of a residential development project carried out in Kowloon Tong (the "Residential Project"). The Respondent withheld the Receivable under Dispute with respect to disputes on claims arising from liquidated damages and alleged environmental related damages in relation to the Residential Project and the claim made by the Group on extension of time entitlement. The Respondent also made a counter claim against the Group on the alleged liquidated damages arising from delay in completion of the Residential Project and the alleged environmental related damages in relation to main contract work of the Residential Project. The amount of such counter claim was approximately HK$122,000,000, and was further revised to approximately HK$142,000,000 by the Respondent. The Group and the Respondent agreed to resolve the disputes by way of arbitration (the "Arbitration") in 2005.

The Group and the Respondent agreed to divide the Arbitration hearings into tranches in 2007. Interim awards were issued on three tranches during the year ended 31 March 2010. The Group partially succeeded in the claims in the interim awards issued while the Respondent also partially succeeded in their counter claims. The Group will recover approximately HK$79,815,000 of the Receivable under Disputes from the Respondent. As a result, written off of accounts receivables of approximately HK$40,642,000 has been recognised during the year ended 31 March 2010.

The final tranche of the Arbitration had not been issued. The remaining issues in the final tranche are related to some defect works of the Residential Project and the award of interest on the Receivables under Disputes and the award of certain legal costs incurred by the Group, which are to be determined by the arbitrator. In the opinion of the directors, based on legal advice, the Group has a very good prospect of recovering the interest on Receivable under Dispute and legal cost incurred by the Group.

10. Accounts payable

An aged analysis of the accounts payable as at the end of the reporting period, is as follows:

	2011	2010
	HK$'000	HK$'000
Within 30 days	**5,462**	4,228
31 – 90 days	**40**	–
91 – 180 days	**2,847**	17
Over 180 days	**664**	38,723
	9,013	42,968

As at 31 March 2011, no retentions payable are included in accounts payable under current liabilities (2010: Nil).

11. Contingent liabilities

(a) On 7 August 2002, a High Court action had commenced by a subcontractor against a subsidiary of the Group in respect of (i) a claim of subcontracting fees and material costs of approximately HK$31,300,000; and (ii) a compensation claim of approximately HK$191,200,000 for the improper termination of a subcontracting contract. On 13 September 2002, an agreement was reached between the subsidiary of the Group and the subcontractor that the High Court action was withdrawn and all the disputes between the parties relating to this action were referred to arbitration. In the statement of claim for the arbitration, the subcontractor revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$42,600,000 and HK$84,400,000, respectively. On 9 July 2005, a writ of summons was issued and the proceedings were transferred to the Court of First Instance. The subcontractor further revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$56,000,000 and HK$278,100,000 respectively.

As at the date of approval of these consolidated financial statements, no decision had been made in the arbitration and court proceedings. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

(b) On 26 July 2005, a High Court action was commenced by a subcontracted party of a subcontractor of the Group (the "Subcontracted Party") against a subsidiary of the Group and the subcontractor, which is in liquidation, in respect of a claim of subcontracting fees and material costs of approximately HK$20,500,000 relating to a maintenance term contract. On 25 April 2006, the Subcontracted Party substantially revised its statement of claim and the total amount of claim was revised to approximately HK$14,241,000.

In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

(c) On 26 October 2010, a subsidiary of the Group received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project at No. 60 Victoria Road project. The amount of claim was approximately HK$204,000.

As at the date of approval of these consolidated financial statements, no decision has been made in the arbitration. In the opinion of the directors, based on legal advices, since the arbitration proceedings are at a very early stage and the amount of the ultimate liability cannot be measured with sufficient reliability, therefore, no provision in respect of such claims was made in the consolidated financial statements.

(d) On 2 June 2011, a subsidiary of the Group received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project at Tsing Yi, Hong Kong. The amount of claim was approximately HK$1,602,000.

As at the date of approval of these consolidated financial statements, no decision has been made in the arbitration. In the opinion of the directors, based on legal advices, since the arbitration proceedings are at a very early stage and the amount of the ultimate liability cannot be measured with sufficient reliability, therefore, no provision in respect of such claims was made in the consolidated financial statements.

Save as disclosed above and elsewhere in the consolidated financial statements, as at 31 March 2011, the Group and the Company had no other material contingent liabilities.

EXTRACT FROM AUDITORS' REPORT

Basis for Disclaimer of Opinion

Material uncertainty and inability to obtain sufficient appropriate audit evidence relating to recoverability of other receivable and arbitration

As described in Note 24 to the consolidated financial statements, the Group commenced arbitration against a subcontractor (the "Case") to recover the other receivables of the Group in the amount of approximately HK$10,400,000 (the "Receivable"). The Case is in respect of costs incurred on behalf of the subcontractor arising from execution of a civil engineering works contract in Hong Kong. Although the directors of the Company, after consultation with their legal advisors, are of the view that the Group has valid grounds to recover the Receivable, the outcome of such arbitration cannot be determined as at the date of approval of these consolidated financial statements.

As a result of the uncertainty of the timing and the outcome of the Case, we are unable to ascertain as to how much and when the Receivable would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the Receivable. Any adjustments to the carrying value of the Receivable that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2011 and the loss of the Group for the year then ended.

Material uncertainties relating to the going concern basis of the Group

In forming our opinion we have considered the adequacy of the disclosures made in Note 3 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As explained in Note 3 to the consolidated financial statements, the directors are currently undertaking measures to satisfy its working capital needs and improve the liquidity position of the Group.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the Case and the recoverability of the Receivable and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The consolidated financial statements do not include any adjustments that would result from the Group failure to recover the Receivable as stated above and a failure as to the successful outcome of the measures undertaken by the Group on satisfying its working capital needs and improving the liquidity position of the Group. If the Receivable was not to be recovered or there was a failure as to the successful outcome of the aforementioned measures on the working capital and liquidity position of the Group, adjustments would have to be made to the consolidated financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. We are uncertain whether the consolidated financial statements of the Group should be prepared under the going concern basis due to the matters as mentioned in preceding paragraph.

Disclaimer of Opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, 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 of the Group as at 31 March 2011 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our work relating to the matters described above, we have not obtained all the information and explanations that we considered necessary for the purposes of our audit.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2011, the Group recorded a turnover of approximately HK$47,232,000, compared with the corresponding turnover of approximately HK$147,684,000 in 2010. We incurred a gross loss of approximately HK$22,007,000 while there was a gross loss of approximately HK$13,298,000 in 2010. The gross loss in the current year was mainly due to the increase in service costs in providing advertising, building renovation and construction businesses. Besides, we find that the profit margin of our existing projects have been undermined by the rising material costs in general.

Our loss attributable to shareholders amounted to approximately HK$21,534,000 (2010: approximately HK$87,310,000). This is mainly due to the impairment loss in respect of goodwill and the substantial amounts of legal fee incurred for various litigation of our Group. The management of the Group recognised an impairment loss in respect to goodwill of approximately HK$17,671,000 arising from the advertising segment. Nevertheless, there was a one-off special gain of approximately HK$24,020,000 on the disposals of subsidiaries for the year ended 31 March 2011.

Turnover from our building and construction segment was approximately HK$16,781,000 (2010: approximately HK$52,894,000). Such turnover was contributed by uncompleted projects in last year. Due to keen competition and the squeezing of contract price by both the private and public sector, we have to scale down this business segment gradually.

The renovation, repairs and maintenance segment reported a turnover of approximately HK$28,255,000 (2010: approximately HK$92,641,000). This was also contributed mainly from uncompleted projects in last year. There were lots of small scale renovation works in Hong Kong and the PRC, however, many of them are not cost effective for us to bid. Yet, we will continue to explore on this business segment should there is any profitable renovation works arise.

For advertising segment, turnover amounted to approximately HK$2,196,000 (2010: approximately HK$2,149,000). This business segment is now running at a loss, but we are confident of its future due to the general prosperity of the Peoples' Republic of China (the "PRC"). Based on the present market trend and consumption pattern in PRC, we have decided to adopt a more competitive business strategy and with the change in management policy we expect to have an increase in our market share of the advertising business.

FINANCIAL REVIEW

Liquidity and financing

There were no bank borrowings as at 31 March 2011 and 2010. The Group's cash and bank deposits were approximately HK$16.2 million (2010: HK$38.4 million).

The Group's gearing ratio, calculated by aggregate of amounts due to related parties and, loans from shareholders over total assets, increase to 66.33% at 31 March 2011 from 34.27% at 31 March 2010.

Treasury policies

Cash and bank deposits of the Group are mainly in Hong Kong dollars or Renminbi. The Group conducts its core business transaction mainly in Hong Kong dollars and Renminbi such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Pledge of assets

As at 31 March 2011 and 2010, no asset was being pledged since there is no external financing for the Group.

Employee information

On 31 March 2011, the Group had 50 (2010: 61) full time employees, whom are employed in Hong Kong and Mainland China. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2011, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions in the Code of Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2011 except for the following deviations:

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Hui Chi Yung currently holds both positions. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee comprises three members and all of whom are independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters. It has also reviewed the annual results for the year ended 31 March 2011.

On behalf of the Board
China Railsmedia Corporation Limited
Hui Chi Yung
Chairman

Hong Kong, 27 June 2011

As at the date of this announcement, the Board of Directors comprises Mr. Hui Chi Yung and Mr. Hui Kau Mo as Executive Directors and Mr. Liu Kwong Sang, Mr. Sit Hing Wah and Dr. Hu Chung Kuen, David as Independent Non-Executive Directors.