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)

INTERIM REPORT 2007/2008

For the six months ended
30 September, 2007

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the board of directors of
Intelli-Media Group (Holdings) Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 4 to 17, which comprise the condensed consolidated balance sheet of Intelli-Media Group (Holdings) Limited (the "Company") as of 30 September 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flows statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and fair presentation of this interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our conclusion, we draw attention to note 2 to the interim financial statements, which indicates that the Group incurred a loss attributable to equity holders of the Company of approximately HK$12,913,000 for the period from 1 April, 2007 to 30 September, 2007, and had current liabilities exceeded its current assets by approximately HK$7,561,000 as at 30 September, 2007. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 13 October 2007

Leung Chun Wa
Practising Certificate Number P04963

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2007

The board of Directors (the "Board") of Intelli-Media Group (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group" or "Intelli-Media") for the three and six months ended 30 September, 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the three and six months ended 30 September, 2007

		Three months ended 30 September,		**Six months ended 30 September,**	
		2007	2006	**2007**	2006
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	3	**10,777**	14,227	**21,113**	29,371
Cost of sales		**(8,785)**	(12,825)	**(18,286)**	(23,708)
Gross profit		**1,992**	1,402	**2,827**	5,663
Other revenue		**1,205**	–	**1,205**	–
Other operating income		**132**	212	**1,566**	332
Distribution costs		**(634)**	(214)	**(754)**	(351)
Administrative expenses		**(5,375)**	(3,851)	**(11,464)**	(7,886)
Other operating expenses		**(4,338)**	(596)	**(5,418)**	(987)
Loss from operations	5	**(7,018)**	(3,047)	**(12,038)**	(3,229)
Finance costs		**(362)**	(870)	**(881)**	(1,533)
Loss before taxation		**(7,380)**	(3,917)	**(12,919)**	(4,762)
Taxation	6	**–**	841	**–**	508
Loss for the period		**(7,380)**	(3,076)	**(12,919)**	(4,254)
Attributable to:					
Equity holders of the Company		**(7,374)**	(2,869)	**(12,913)**	(3,846)
Minority interests		**(6)**	(207)	**(6)**	(408)
		(7,380)	(3,076)	**(12,919)**	(4,254)
Loss per share – Basic	8	**1.37 cent**	0.71 cent	**2.29 cent**	0.96 cent
– Diluted	8	**n/a**	n/a	**n/a**	n/a

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September, 2007 *HK$'000* (Unaudited)	31 March, 2007 *HK$'000* (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**3,603**	4,007
Other intangible assets	10	**30,018**	17,118
Goodwill		**4,259**	4,259
Films in progress		**385**	385
Deposits for acquisition of film rights		**1,303**	1,608
		39,568	27,377
CURRENT ASSETS			
Inventories		**16,583**	17,641
Trade and other receivables	11	**23,239**	33,584
Amounts due from related companies	12	**5,352**	2,106
Pledged bank deposits		**2,118**	5,136
Bank balance and cash		**800**	2,340
		48,092	60,807
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**40,128**	38,985
Amount due to a director	12	**486**	7,593
Taxation payable		**6**	6
Obligations under finance leases			
– due within one year	14	**405**	380
Bank and other borrowings			
– due within one year	15	**14,628**	24,969
		55,653	71,933
NET CURRENT LIABILITIES		**(7,561)**	(11,126)
TOTAL ASSETS LESS CURRENT LIABILITIES		**32,007**	16,251
NON-CURRENT LIABILITIES			
Obligations under finance leases			
– due after one year	14	**465**	679
Bank and other borrowings			
– due after one year	15	**3,918**	6,061
Deferred tax liabilities		**4,177**	4,177
		8,560	10,917
NET ASSETS		**23,447**	5,334
CAPITAL AND RESERVES			
Share capital	16	**5,962**	4,849
Reserves		**11,172**	(5,834)
		17,134	(985)
MINORITY INTERESTS		**6,313**	6,319
TOTAL EQUITY		**23,447**	5,334

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	Six months ended 30 September, 2007 HK$'000	2006 HK$'000
Net cash (used in)/generated from operating activities	**(18,927)**	10,332
Net cash used in investing activities	**(2,789)**	(16,976)
Net cash generated from financing activities	**23,593**	5,366
Net increase/(decrease) in cash and cash equivalents	**1,877**	(1,278)
Cash and cash equivalents at beginning of period	**(8,798)**	(11,072)
Effect of foreign exchange rates change	**(35)**	–
Cash and cash equivalents at end of period	**(6,956)**	(12,350)
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	**800**	1,268
Bank overdrafts	**(7,756)**	(13,618)
	(6,956)	(12,350)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to equity holders of the Company									
	Share capital	Share premium	Special reserve	Translation reserve	Share option reserve	Equity component of convertible notes	Retained profits/ (Accumulated losses)	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April, 2006	4,023	12,953	10,440	67	–	–	32,713	60,196	6,745	66,941
Issue of share on exercise of share options	21	48	–	–	–	–	–	69	–	69
Loss for the period	–	–	–	–	–	–	(3,846)	(3,846)	(408)	(4,254)
At 30 September, 2006	4,044	13,001	10,440	67	–	–	28,867	56,419	6,337	62,756
At 1 April, 2007	4,849	17,697	10,440	68	3,055	–	(37,094)	(985)	6,319	5,334
Issue of new shares on exercise of share options	144	5,252	–	–	(2,698)	–	–	2,698	–	2,698
Issue of convertible notes	–	–	–	–	–	212	–	212	–	212
Issue of new shares upon conversion of convertible notes	183	5,821	–	–	–	(212)	–	5,792	–	5,792
Issue of share under placement	786	21,579	–	–	–	–	–	22,365	–	22,365
Exchange difference on translation of the financial statements of foreign subsidiaries	–	–	–	(35)	–	–	–	(35)	–	(35)
Loss for the period	–	–	–	–	–	–	(12,913)	(12,913)	(6)	(12,919)
At 30 September, 2007	5,962	50,349	10,440	33	357	–	(50,007)	17,134	6,313	23,447

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim financial statements (the "interim financial statements") have been reviewed by the Company's auditor, CCIF CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial statements have also been reviewed by the Company's audit committee.

This interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA. This interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2007.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2007, as described in the annual financial statements for the year ended 31 March 2007.

The following new standards, amendments to standards and interpretations are relevant to the Group and are mandatory for financial year ending 31 March 2008:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new standards, amendments to standards and interpretations has no significant impact on the Group interim results and financial position.

The following new standards and interpretations, which are relevant to the Group, have been issued but are not effective for 2008 and have not been early adopted by the Group:

HKAS 13 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 12	Service Concession Arrangement
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new standards or interpretations will have no material impact on the financial statements of the Group and will not result in substantial changes to the Group's accounting policies.

2. GOING CONCERN CONCEPT

The financial statements have been prepared on a going concern basis. The Group had loss attributable to equity holders of the Company for the period from 1 April, 2007 to 30 September, 2007 of approximately HK$12,913,000 and net current liabilities of approximately HK$7,561,000 as at 30 September, 2007. The interim financial statements have been prepared on a going concern basis after having taken due care and consideration of the following:

– Net funds of approximately HK$15,000,000 (net of expenses) raised from subsequent open offer in November 2007, as referred to Note 21 below, to provide additional capital for the Company while further broadening the shareholder base and the capital base of the Company. Upon completion of the open offer, the net current assets and net assets of the Group would have been of approximately HK$7,439,000 and HK$38,447,000, respectively; and

– Written financial support letters provided by the two controlling shareholders of the Company, who have confirmed their willingness to provide adequate funds to the Group to meet its debts as and when they fall due, both present and future.

3. TURNOVER

Turnover represents the net amounts received and receivable for sales of goods by the Group to outside customers, less returns and allowances, and revenue received and receivable from sub-licensing of film rights, film exhibition and film distribution, and is analysed as follows:

	Three months ended 30 September,		**Six months ended 30 September,**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Sales of goods	**7,799**	11,355	**15,341**	21,563
Sub-licensing of film rights	**1,475**	950	**2,113**	4,905
Film exhibition and film distribution income	**1,503**	1,922	**3,659**	2,903
	10,777	14,227	**21,113**	29,371

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Turnover and contribution to operating results and assets and liabilities by business segment has not been prepared as the Group has only one business segment which is the distribution of film rights by different audio-visual programmes and sub-licensing.

As the Group's turnover for the six months ended 30 September, 2007 and 30 September, 2006 are substantially made to customers based in Hong Kong and the operations of the Group are substantially located in Hong Kong, no analysis for the geographical segment information is provided accordingly.

5. LOSS FROM OPERATIONS

	Three months ended 30 September,		Six months ended 30 September,	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss from operations has been arrived at:				
Amortisation of film rights included in cost of sales	**2,885**	7,722	**5,992**	15,134
Amortisation of trademark included in administrative expenses	**–**	3	**–**	7
Amortisation of programme rights included in cost of sales	**64**	–	**129**	–
Amortisation of intellectual property rights included in cost of sales	**140**	–	**281**	–
Amortisation of copyright included in other operating expenses	**–**	–	**1,375**	–
Cost of inventories included in cost of sales	**3,803**	2,574	**6,705**	4,507
Depreciation				
– Owned assets	**181**	188	**367**	407
– Assets under finance leases	**196**	170	**415**	354
Impairment loss on trade receivables included in other operating expenses	**1,690**	–	**1,690**	–
Impairment loss on inventories included in other operating expenses	**1,539**	–	**1,539**	–
Interest income	**34**	74	**81**	150

6. TAXATION

	Three months ended 30 September,		Six months ended 30 September,	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
The taxation comprises:				
Deferred tax credit	**–**	841	**–**	508

No Hong Kong Profits Tax has been provided in the interim financial statements as the companies within the Group did not have any assessable profits for the period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdiction.

The charge for the People's Republic of China (the "PRC") enterprise income tax is calculated at the statutory rate 33% (six months ended 30 September 2006: 33%) on the estimated assessable profits of the PRC subsidiaries for the six months ended 30 September, 2007.

The new PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March, 2007 introduces various changes which include the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%. The new tax law will be effective from 1 January, 2008. The impact of the new tax law on the Group's consolidated financial statements will depend on the detailed implementation rules and regulations that have not been issued as of the date of the approval of these condensed consolidated financial statements. Therefore, the Group cannot reasonably estimate the financial impact of the new tax law to the Group at this stage.

7. DIVIDENDS

The Board do not recommend the payment of any interim dividend for the six months ended 30 September 2007 (six months ended 30 September 2006: HK$Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the unaudited net loss for the three months and six months ended 30 September, 2007 of approximately HK$7,374,000 and HK$12,913,000 respectively (three months and six months ended 30 September, 2006: approximately HK$2,869,000 and HK$3,846,000 respectively) and the weighted average number of approximately 538,369,000 and 565,040,000 ordinary shares respectively for the three months and six months ended 30 September, 2007 (three months and six months ended 30 September, 2006: approximately 402,391,000 and 402,346,000 ordinary shares).

For the three months and six months ended 30 September, 2007 and 30 September 2006, no diluted loss per share is presented as it is anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost					
At 1 April, 2007	2,608	1,917	4,105	3,008	11,638
Addition	–	77	301	–	378
At 30 September, 2007	2,608	1,994	4,406	3,008	12,016
Accumulated Depreciation					
At 1 April, 2007	493	1,280	3,635	2,223	7,631
Provided for the period	130	185	148	319	782
At 30 September, 2007	623	1,465	3,783	2,542	8,413
Net Book Values					
At 30 September, 2007	1,985	529	623	466	3,603
At 31 March, 2007	2,115	637	470	785	4,007

10. OTHER INTANGIBLE ASSETS

	Film rights	Trademark	Programme rights	Intellectual property rights	Copyright	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost						
At 1 April, 2007	208,255	75	2,791	1,312	–	212,433
Additions	5,677	–	–	–	15,000	20,677
At 30 September, 2007	213,932	75	2,791	1,312	15,000	233,110
Amortisation and Impairment						
At 1 April, 2007	194,936	75	140	164	–	195,315
Provided for the year	5,992	–	129	281	1,375	7,777
At 30 September, 2007	200,928	75	269	445	1,375	203,092
Net book values						
At 30 September, 2007	13,004	–	2,522	867	13,625	30,018
At 31 March, 2007	13,319	–	2,651	1,148	–	17,118

11. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period of 30 to 90 days to its trade customers. The aged analysis of trade receivables at the balance sheet date is as follows:

	30 September, 2007 *HK$'000* **(Unaudited)**	31 March, 2007 *HK$'000* (Audited)
Trade receivables:		
0 – 30 days	**4,377**	3,966
31 – 60 days	**1,960**	3,267
61 – 90 days	**669**	2,228
91 – 180 days	**1,911**	2,498
Over 180 days	**7,468**	10,258
	16,385	22,217
Other receivables	**6,854**	11,367
	23,239	33,584

12. AMOUNTS DUE FROM RELATED COMPANIES/ TO A DIRECTOR

The amounts are unsecured, interest-free and have no fixed terms of repayment.

13. TRADE AND OTHER PAYABLES

The aged analysis of trade payables at the balance sheet date is as follows:

	30 September, 2007 *HK$'000* **(Unaudited)**	31 March, 2007 *HK$'000* (Audited)
Trade payables:		
0 – 30 days	**1,359**	1,429
31 – 60 days	**196**	627
61 – 180 days	**5,026**	5,267
Over 180 days	**28,024**	11,283
	34,605	18,606
Other payables	**5,523**	20,379
	40,128	38,985

14. OBLIGATIONS UNDER FINANCE LEASES

	Present value of minimum lease payments		Minimum lease payments	
	30 September, 2007	31 March, 2007	**30 September, 2007**	31 March, 2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Amounts payable under finance leases are as follows				
Within one year	**405**	380	**412**	429
In the second to fifth years inclusive	**465**	679	**514**	751
	870	1,059	**926**	1,180
Less: Future finance charges	**–**	–	**(96)**	(121)
Present value of lease obligations	**870**	1,059	**830**	1,059
Less: Amount due within one year shown under current liabilities	**(405)**	(380)		
Amount due after one year	**465**	679		

15. BANK AND OTHER BORROWINGS

	30 September, 2007	31 March, 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank overdrafts	**7,756**	11,138
Bank borrowings	**10,790**	19,572
Other borrowings	**–**	320
	18,546	31,030
Analysed as:		
Secured	**18,546**	31,030
Unsecured	**–**	–
	18,546	31,030
The maturity profile of the above loans and overdrafts is as follows:		
On demand or within one year	**14,628**	24,969
More than one year, but not exceeding two years	**3,918**	6,061
	18,546	31,030
Less: Amounts due within one year shown under current liabilities	**(14,628)**	(24,969)
Amount due after one year	**3,918**	6,061

16. SHARE CAPITAL

	Number of shares	Nominal Value
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 1 April, 2007 and at 30 September, 2007	1,500,000,000	15,000
Issued and fully paid:		
At 1 April, 2007	484,860,000	4,849
Exercise of share options	14,400,000	144
Issue of shares on share placement	78,670,000	786
Issue of shares on conversion of convertible notes	18,292,682	183
As 30 September, 2007	596,222,682	5,962

17. OPERATING LEASE ARRANGEMENTS

	30 September, 2007	31 March, 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Minimum lease payments under operating leases during the period		
Premises	**1,131**	2,195
Office equipment	**79**	164
	1,210	2,359

As at 30 September, 2007, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises and office equipment which fall due as follows:

	30 September, 2007 *HK$'000* **(Unaudited)**	31 March, 2007 *HK$'000* (Audited)
Premises		
Within one year	**1,091**	470
In the second to fifth years inclusive	**459**	460
	1,550	930
Office equipment		
Within one year	**154**	164
In the second to fifth years inclusive	**307**	395
	461	559
	2,011	1,489

18. OTHER COMMITMENTS

	30 September, 2007 *HK$'000* **(Unaudited)**	31 March, 2007 *HK$'000* (Audited)
Contracted for but not provided for in the financial statements		
– license fees for film master materials	**6,599**	8,412
– capital injection in the PRC subsidiary	**8,000**	–
	14,599	8,412

19. CONTINGENT LIABILITIES

At 30 September, 2007, the Company has given corporate guarantees with the amount of approximately HK$984,000 (31 March, 2007: HK$4,124,000) to a bank for banking facilities granted to the Group.

20. RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2007, the Group had the following transactions with related parties:

			Six months ended 30 September	
Note	**Name of related party**	**Nature of transactions**	**2007**	**2006**
			HK$'000	*HK$'000*
a	Golden Scene Company Limited	Acquisitions of film rights	2,452	3,758
		Film exhibition expenses	185	248
		Management fee	1,000	1,000
b	Players Pictures Company Limited	Office rental paid	163	163
b	Metropolis Communications Limited	Office rental paid	163	163
c	Brilliant Business Limited	Office rental paid	109	109
c	Sunny Fancy Limited	Office rental paid	153	153

Notes:

(a) One of directors of Golden Scene Company Limited is also a director of a subsidiary of the Company.

(b) Players Pictures Company Limited and Metropolis Communications Limited are the companies beneficially owned by the directors of a subsidiary of the Company.

(c) Brillant Business Limited and Sunny Fancy Limited are the companies wholly owned by the previous director of a subsidiary of the Company.

(d) These transactions were entered in accordance with the terms of the relevant agreements.

During the period, certain directors of a subsidiary provided personal guarantees and security to banks and financial institution to the extent of HK$31,800,000 (31 March, 2007: HK$31,800,000) to secure credit facilities granted to the subsidiaries of the Company as follows:

(i) Properties owned by Ms. Leung Siu Kuen, Janet, an executive director of the subsidiary of the Company.

(ii) Properties owned by Players Pictures Company Limited, Metropolis Communications Limited, Brilliant Business Limited and Sunny Fancy Limited in which the directors of the subsidiary of the Company have interest.

In addition, the Group had certain balances with related companies, details of which are set out in the condensed consolidated balance sheet.

21. POST BALANCE SHEET EVENT

On 6 November 2007, the Company raised approximately HK$15 million by way of an open offer of 300,511,341 new shares of the Company ("Offer Shares") at a subscription price of HK$0.05 per Offer Share, payable in full on application, on the basis of one Offer Share for every two existing shares of the Company held on 16 October 2007.

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 September, 2007 (2006: Nil).

BUSINESS AND FINANCIAL REVIEW

During the six months period ended 30 September 2007 (the " Period"), the Group is still facing ongoing challenges from unresolved issues on intellectual property infringement, especially the prevalence of pirated DVDs and the changing tastes of consumers, who increasingly prefer foreign blockbuster movies to domestic ones.

Consumers sometimes tend to choose cheap pirated products and this has eroded the DVD market, despite great efforts being made by many governments to curb the piracy problem. The Group shifted from locally-produced features film decimating local film distribution business.

The Group's turnover during the Period amounted to approximately HK$21,113,000 (2006: 29,371,000), representing approximately a 28.12% decrease as compared to that of the same period last year mainly due to the prevailing piracy problem in the region. Sales of goods for the Period was approximately HK$15,341,000 (2006: HK$21,563,000) representing a decrease of approximately 28.9% as compared to that of the same period last year. Sales of goods for the Period accounted for approximately 72.6% of the total turnover of the Group which was largely hit by the dangling intellectual infringement problem. Sub-licensing of film rights for the Period was approximately HK$2,113,000 (2006: HK$4,905,000) down by approximately 56.9% as compared to that of the same period last year. Film exhibition and film distribution was approximately HK$3,659,000 (2006: HK$2,903,000), up by approximately 26%, thanks to the contribution of "Rogue Assassin". Loss for the Period was approximately HK$12,919,000 as compared to HK$4,254,000 of the same period last year.

In view of the adverse ongoing intellectual property infringement problem, the Group has acutely acquired the Datewell group at the end of 2006 which has taken a long term strategic view to develop in the animation business. The acquisition of the copyrights of the 150 episodes of the "PLEASANT GOAT AND BIG BIG WOLF" from our strategic partner promoted our brand's popularity where the episodes were being broadcasted in over 20 provinces in China.

The capability of the Group to facilitate trade in properties from the co-production business has brought the Group huge opportunities for various worldwide partners to leverage the cheap labor cost in China as a world animation factory.

FUTURE PROSPECTS

The Company strives to be Asia's leading animation company and will increase our copyrights in our animation film library and bolster our distribution network. Having the existing brands and with more brands to be added, the Company will put its focus on the children's consumer market without being limited to China, where the Company's capability to license, merchandize and co-produce will gradually grow at a low base.

The Group is shifting its focus to the children's market where the potential in China is vast. The One-Child Policy in China and the growing economy means that the average spending on one child's education and personal development increases. With our strong co-operation efforts with various strategic partners, the Group's strong position and popularity of the animated characters will create unique opportunity in the animation business in China. The nation-wide-developed brand of the "PLEASANT GOAT AND BIG BIG WOLF" in China will facilitate a strong position for our licensing and merchandizing business.

The Group's strong foothold in China creates a resourceful opportunity for the Group to continue to develop its co-production expertise and to identify a resourceful platform for our worldwide partners to capture the creativity of a talented pool of producers to and from China.

The Board is committed to bringing the best to the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

Regarding the Group's liquidity position, its current ratio as at 30 September, 2007 was approximately 57% representing an increase of approximately 3% when compared to that of the previous financial year. Gearing ratio, calculated based on non-current liabilities of approximately HK$8,560,000 (as at 31 March, 2007 of approximately HK$10,917,000) and shareholders' funds of approximately HK$17,134,000 (as at 31 March, 2007 shareholder deficit of approximately HK$985,000), was approximately 26% as at 30 September, 2007, representing a decrease of 41% as compared to the last year end figure.

PLEDGE OF ASSETS

As at 30 September, 2007, the Group pledged time deposits of approximately HK$2,118,000 and a film right with carrying value of approximately HK$1,281,000 to banks to secure banking facilities granted to the Group.

EXCHANGE RATE RISK

The Group conducts its business mainly in the denomination of Hong Kong dollars. For transactions in other foreign currencies, the Group has not made any arrangement to hedge the Group's exchange rate risks. Besides, as the majority of the Group's assets are situated in Hong Kong, our exposure to exchange rate fluctuations is minimal.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CONTINGENT LIABILITIES

As at 30 September, 2007, the Company's contingent liabilities were corporate guarantees given to banks of approximately HK$984,000 for banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

The Directors believe that the quality of its employees is the most important single factor in sustaining the Group's reputation and improving its profitability. The staff are remunerated according to their work performance and experience. In addition to basic salaries, pension fund and medical schemes, discretionary bonuses and share options are awarded to some staff based on the assessment of individual performance.

SIGNIFICANT INVESTMENT AND ACQUISITIONS

During the period under review, the Group made no significant investments and had no material acquisitions or disposals of subsidiaries or associates.

RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the subsidiary in Singapore are members of a state-managed retirement benefits scheme operated by the government of Singapore. The subsidiary is required to contribute certain percentage of their payroll costs, depending on the age of individual employee and its nationality, to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September, 2007, the interests of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance ("SFO")) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO), or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein, or which required, pursuant to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares

Name of Directors	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate percentage of issued shares
Chin Wai Keung, Richard	–	–	234,515,000 *(Note)*	–	234,515,000	39.33%
So Wing Lok Jonathan	18,034,600	–	–	–	18,034,600	3.02%
Lo Wing Keung	14,425,000	–	–	–	14,425,000	2.42%
Chow Alvin Chiyiu	10,000	–	–	–	10,000	0.0%

Note: These 234,515,000 Shares are beneficially owned by and registered in the name of Nice Hill Investments Limited, which is beneficially owned as to 100% by Mr. Chin Wai Keung, Richard. Accordingly, Mr. Chin Wai Keung, Richard is deemed to be interested in the 234,515,000 Shares held by Nice Hill Investments Limited under the SFO.

Long positions in underlying Shares

Name of Director	Underlying Shares	Approximate percentage of issued shares
Wong Hoi Yan, Audrey	4,800,000 *(Note)*	0.81%

Note: These interests represents the interests in the underlying Shares in respect of the share options granted by the Company to Ms. Wong Hoi Yan, Audrey as beneficial owner.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 September, 2007, the following persons had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

Long positions in Shares

Name	Beneficial interests	Family interests	Corporate interests	Total interests	Approximate percentage of issued Shares
Nice Hill Investments Limited	–	–	234,515,000 *(Note 1)*	234,515,000	39.33%
Chin Wai Keung, Richard	–	–	234,515,000 *(Note 1)*	234,515,000	39.33%
Kwan Yuet Wah, Rosanna	–	234,515,000 *(Note 2)*	–	234,515,000	39.33%

Notes:

1. These 234,515,000 shares are beneficially owned by and registered in the name of Nice Hill Investments Limited, which is beneficially owned as to 100% by Mr. Chin Wai Keung, Richard. Accordingly, Mr. Chin Wai Keung, Richard is deemed to be interested in the 234,515,000 shares held by Nice Hill Investments Limited under SFO.

2. As Ms. Kwan Yuet Wah, Rosanna is the wife of Mr. Chin Wai Keung, Richard, Ms. Kwan is deemed to be interested in the 234,515,000 shares in which Mr. Chin is deemed to be interested under the SFO.

COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group during the six months ended 30 September, 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the six months ended 30 September, 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September, 2007.

CORPORATE GOVERNANCE

Save and except the following deviation from the code of provision set out in the Code on Corporate Governance Practice as contained in Appendix 15 to the GEM Listing Rules (the "CCGP"), the Company had, during the period under review, complied with the CCGP:

Code provisions set out in the CCGP	Reason for deviations
A.2 The Chairman and Chief Executive Officer of the Company were performed by the same individual	The Company's size is still relatively small and thus not justified in separating the role of Chairman and Chief Executive Officer; The Group has in place internal control system to perform the check and balance function.

The Company is also in the progress of accessing the effect of the implementation of CCGP on the Company's operation. Save as disclosed, the Company has met the code provisions set out in the CCGP throughout the six months ended 30 September, 2007.

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 Directors. The Company confirms that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the six months ended 30 September, 2007.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee has three members comprising Mr. Chow Shiu Ki, Mr. Hung Tik and Mr. Shum Man Ching.

The primary duties of the audit committee are to review the Company's annual report and account, interim reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee has met four times a year to review with management the accounting principles and practices adopted by the Group and to discuss auditing, internal control procedures and financial reporting matters.

The Group's financial statements for the six months ended 30 September, 2007 have been reviewed by the audit committee, who was of the opinion that such financial statements complied with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures had been made.

By Order of the Board
Intelli-Media Group (Holdings) Limited
Chin Wai Keung, Richard
Chairman

Hong Kong, 13 November, 2007

As at the date of this report, the executive directors of the Company are Mr. Chin Wai Keung, Richard, Mr. So Wing Lok, Jonathan, Ms. Wong Hoi Yan Audrey, Mr. Lo Wing Keung and Mr. Chow Alvin Chiyiu; and the independent non-executive directors of the Company are Mr. Chow Shiu Ki, Mr. Hung Tik and Mr. Shum Man Ching.

This report, for which the directors of the Company (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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.