FOCUS MEDIA NETWORK

iMediaHouse

Combining Venture Capital and Entrepreneurs

Focus Media Network Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8112

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INTERIM REPORT 2011

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This report, for which the directors (the "Directors") of Focus Media Network Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Focus Media Network Limited (the "Company"), I am pleased to present the un-audited Interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the period ended 30 June 2011.

LISTING ON THE STOCK EXCHANGE OF HONG KONG

The year of 2011 has so far been very meaningful for the development of our Group. After building our business, one brick at a time for the last seven years, on 28 July 2011 our Group was successfully listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. We are delighted that our placing was well-received by the investment community and at the top end of our indicative price range based on 20 times our historical FY2010 earnings. This demonstrates that we have won investors' faith and confidence in the power of our brand, the quality of our team, the track record of our growth, and the potential of our Group moving forward. With our listing behind us, we have embarked on our next phase of growth, armed with a new currency and a new set of valued-shareholders to run the next league of our journey with us.

Our successful listing not only reminds us of our humble beginning and recognizes our past achievements, it also marks the beginning of our company's next phase of growth. I would like to take this opportunity once again to thank all the professional parties and our management team for their joint efforts in making the listing of our Group a success. The listing of our Company on The Stock Exchange of Hong Kong marks a significant milestone for our Group and opens up another opportunity for investors to the fast growing digital Out-of-Home ("OOH") advertising sector. Looking ahead, as stated in our Prospectus dated 30 June 2011 (the "Prospectus"), we will utilize the resources as a publicly-traded company to expand our network coverage and to create new platforms and advertising opportunities for our customers. In the process, we will endeavor to create exciting career opportunities for our employees and generate greater returns for our shareholders.

BUSINESS OVERVIEW

Our Group is a well-established digital OOH media company in Hong Kong and Singapore, with an operating history since April 2004. We had pioneered the concept of creating a sizeable network of flat-panel displays in elevator lobbies of office and commercial buildings to sell advertisement. In terms of the number of venues, our Group is the largest digital OOH media company that has created a sizeable network in elevator lobbies of office and commercial buildings in Hong Kong and Singapore.

January–December 2010 Performance

As this is our Group's first-ever published results, I would like to first summarize the highlights of our Group's performance prior to our successful listing. As stated in our Prospectus, our Group's turnover grew from HK$33.6 million in 2009 to HK$48.5 million in 2010, representing a growth of 44%. Gross Profit was HK$38.8 million in 2010, an increase of 47% over 2009. Profit attributable to the owners of our Group was HK$11.7 million in 2010, an increase of 118.2% over 2009.

January–June 2011 Performance

For the six-month period ending 30 June 2011, we recorded revenue of approximately HK$20.8 million, representing an increase of 37%, Gross Profit was approximately HK$15.8 million, representing an increase of 27%, EBITDA was approximately HK$2.0 million, an increase of 21%, and Profits attributable to the owners of our Group was approximately HK$0.7 million, an increase of 11%, over the corresponding period ending 30 June of 2010, respectively.

April–June 2011 Performance

As for the three-month period ending 30 June 2011, we recorded revenue of approximately HK$15.3 million, representing an increase of 46%, Gross Profit was approximately HK$11.9 million, representing an increase of 65%, and Profits attributable to the owners of our Group was approximately HK$3.6 million, an increase of 1,862%, over the corresponding period ending 30 June of 2010, respectively.

FUTURE PROSPECTS

As highlighted in the earlier paragraph, looking ahead, we will utilize the resources as a publicly-traded company to expand our network coverage and to create new platforms and advertising opportunities for our customers. We will endeavor to continue to expand our business by the implementation of the various future plans and growth strategies as presented in our Prospectus. Our Group will also continue our practice of hiring and retaining only the best talents to work with our real-estate partners to expand our network and with our advertisers and their advertising agencies to develop new advertising opportunities. In addition, our Group will strive to increase the number of stores under our existing In-store digital media network at Mannings in Hong Kong and at Watsons in Singapore, as well as pursue the launch of new In-store digital media networks with owners of other retail outlets and chain-stores.

ACQUISITIONS

Our Group has commenced exploring potential synergistic acquisition opportunities that can leverage on our existing partnerships with our real-estate partners and our extensive advertiser base as well as our highly motivated advertising sales force.

APPRECIATION

Last but not least, I would like to take this opportunity to extend my sincere gratitude to all fellow directors, management and our staff for their unwavering dedication and contribution to our Group's development. I would also like to thank all of our shareholders, real-estate partners and advertisers and their advertising agencies for their trust and continuous support over the years.

Focus Media Network Limited
Wong Hong Gay Patrick Jonathan
Chairman, CEO and Executive Director

Hong Kong, 9 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company's shares were successfully listed on GEM of the Stock Exchange on 28 July 2011.

The Group is principally engaged in the provision of out-of-home advertising services in Hong Kong and Singapore.

FINANCIAL REVIEW

(Unaudited)	Six months ended 30 June 2011 (in HK$)	Six months ended 30 June 2010 (in HK$)	% Increase
Turnover	20,788,546	15,178,059	37%
Gross Profit	15,764,050	12,416,782	27%
EBITDA[1]	1,981,170	1,632,341	21%
Net Profit	678,158	608,527	11%

Note 1: EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment, and amortization of intangible assets. While EBITDA is commonly used in the advertising and media industry worldwide as an indicator of operating performance, leverage and liquidity, it is not presented as a measure of operating performance in accordance with Hong Kong Financial Reporting Standards and should not be considered as representing net cash flows from operating activities. The computation of the Group's EBITDA may not be comparable to similarly titled measures of other companies.

The Group's turnover for the first half of 2011 was approximately HK$20.8 million, representing an increase of approximately 37% over the corresponding period of the previous year. The increase in the Group's turnover was due to higher revenue generated on the back of an expanded network and sponsorship events during the period.

Gross profit for the six months ended 30 June 2011 increased by approximately HK$3.4 million to approximately HK$15.8 million from approximately HK$12.4 million for the six months ended 30 June 2010, representing an increase of approximately 27% over the corresponding period of the previous year. Gross profit margin decreased by 6% to 75.8% from 81.8%, due to higher cost-of-sales associated with sponsorship events.

The Group's total operating expenses for the six months ended 30 June 2011 were approximately HK$15.2 million, representing an increase of approximately 28% from approximately HK$11.9 million for the corresponding period of the previous year. Operating costs were higher because of increase in headcounts as well as increase in rental expenses as the Group has relocated to bigger offices in both Hong Kong and Singapore as a result of increased headcounts.

Overall EBITDA increased by approximately 21% to approximately HK$2.0 million for the six months ended 30 June 2011 over the corresponding period of the previous year.

FINANCIAL REVIEW (CONTINUED)

For the reporting period, the Group recorded net profit attributable to shareholders of the Company of approximately HK$0.7 million compared to approximately HK$0.6 million for the six months ended 30 June 2010, representing an increase of approximately 11%.

Liquidity and financial resources

The Group has adopted a prudent financial management strategy and maintained a healthy liquidity position as at 30 June 2011. The Group had cash and cash equivalents of HK$19,370,249 as at 30 June 2011 (31 December 2010: HK$23,733,182). Apart from providing working capital to support its media sales and business development, the Group maintains a strong cash position to meet potential needs for business expansion and development.

Gearing ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 2.7% as at 30 June 2011 (31 December 2010: approximately 9.5%).

Foreign exchange

For the six months ended 30 June 2011, the Group was exposed to foreign currency risk with respect to its operations in Singapore where most of the business transactions, assets and liabilities were denominated in Singapore dollars. The Group will monitor its foreign currency exposure closely. During the six months ended 30 June 2011, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

Capital structure

The shares of the Company were listed on GEM of the Stock Exchange on 28 July 2011. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises ordinary shares and capital reserves.

Capital commitments

As at 30 June 2011, the Group did not have any significant capital commitments (31 December 2010: Nil).

FINANCIAL REVIEW (CONTINUED)

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

Information on employees

As at 30 June 2011, the Group had 60 employees (31 December 2010: 53), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately HK$8.5 million for the six months ended 30 June 2011 as compared to approximately HK$6.6 million for the six months ended 30 June 2010. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses will be paid by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and Central Provident Fund in Singapore as well as share options.

Significant investments held

Except for investment in subsidiaries, during the six months ended 30 June 2011, the Group did not hold any significant investment in equity interest in any company.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Company's Prospectus, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the six months ended 30 June 2011, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges of assets

As at 30 June 2011, the Group did not have any charges on its assets (31 December 2010: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2011 (31 December 2010: Nil).

HIGHLIGHTS

- The Company's shares were successfully listed on GEM of the Stock Exchange on 28 July 2011.

- The Group's turnover for the first half of 2011 was approximately HK$20.8 million, representing increase of approximately 37% over the corresponding period of the previous year, because of higher revenue generated on the back of an expanded network and sponsorship events during the period.

- The Group recorded a profit attributable to shareholders of Company of approximately HK$0.7 million for the six months ended 30 June 2011, representing an increase of approximately 11% over the corresponding period of the previous year.

- Earnings per share for the six months ended 30 June 2011 was HK$0.28 cents compared to HK$0.25 cents for the corresponding period in the previous year, representing an increase of approximately 12%.

- The Board does not recommend the payment of an interim dividend for the period.

UNAUDITED INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Focus Media Network Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 June 2011 together with comparative unaudited figures for the corresponding periods ended 30 June 2010, as follows.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Three months ended 30 June 2011 HK$ (Unaudited)	Three months ended 30 June 2010 HK$ (Unaudited)	Six months ended 30 June 2011 HK$ (Unaudited)	Six months ended 30 June 2010 HK$ (Unaudited)
Turnover	3	**15,301,893**	10,530,913	**20,788,546**	15,178,059
Cost of sales		**(3,436,491)**	(3,357,159)	**(5,024,496)**	(2,761,277)
Gross profit		**11,865,402**	7,173,754	**15,764,050**	12,416,782
Other income	4	**3,729**	6,247	**150,317**	120,782
Administrative expenses		**(8,206,932)**	(6,990,489)	**(15,217,675)**	(11,915,865)
Operating profit		**3,662,199**	189,512	**696,692**	621,699
Finance costs	5	**(8,778)**	(3,293)	**(18,534)**	(13,172)
Profit before income tax		**3,653,421**	186,219	**678,158**	608,527
Income tax expenses	7	**—**	—	**—**	—
Profit for the period		**3,653,421**	186,219	**678,158**	608,527
Other comprehensive (loss)/income for the period, net of tax					
Currency translation differences		**—**	—	**(106,449)**	173,423
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		**3,653,421**	186,219	**571,709**	781,950
Earnings per share attributable to owners of the Company					
— Basic and diluted	9	**1.49 cents**	0.08 cents	**0.28 cents**	0.25 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2011 HK$ (Unaudited)	31 December 2010 HK$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	**5,775,943**	6,137,318
Intangible assets	10	**1,790,750**	1,907,750
		7,566,693	8,045,068
Current assets			
Trade and other receivables	11	**32,173,725**	24,538,433
Cash and bank balances		**19,370,249**	23,733,182
		51,543,974	48,271,615
Total assets		**59,110,667**	56,316,683
EQUITY			
Capital and reserves attributable to owners of the Company			
Reserves		**58,000,127**	55,409,441
Accumulated losses		**(10,992,730)**	(11,670,888)
Equity attributable to owners of the Company		**47,007,397**	43,738,553
LIABILITIES			
Non-current liability			
Borrowings	13	**654,341**	888,163
Current liabilities			
Trade and other payables	12	**10,053,520**	8,397,100
Borrowings	13	**600,282**	567,158
Deferred revenue		**795,127**	28,574
Derivative liability		**—**	2,697,135
		11,448,929	11,689,967
Total liabilities		**12,103,270**	12,578,130
Total equity and liabilities		**59,110,667**	56,316,683
Net current assets		**40,095,045**	36,581,648
Total assets less current liabilities		**47,661,738**	44,626,716

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			
	Capital reserves	Exchange reserves	Accumulated losses	Total
	HK$	HK$	HK$	HK$
Balance at 1 January 2010	**35,633,564**	**(1,194,519)**	**(23,418,065)**	**11,020,980**
Profit for the period	**—**	**—**	**608,527**	**608,527**
Other comprehensive income				
— Currency translation differences	**—**	**173,423**	**—**	**173,423**
Contribution from equity holders	**20,145,389**	**—**	**—**	**20,145,389**
Balance at 30 June 2010 and 1 July 2010	**55,778,953**	**(1,021,096)**	**(22,809,538)**	**31,948,319**
Balance at 31 December 2010 and 1 January 2011	55,778,953	(369,512)	(11,670,888)	43,738,553
Changes in equity for the six months ended 30 June 2011				
Profit for the period	—	—	678,158	678,158
Contribution by equity owner to settle derivative liability	2,697,135	—	—	2,697,135
Other comprehensive loss				
— Currency translation differences	—	(106,449)	—	(106,449)
Balance at 30 June 2011	58,476,088	(475,961)	(10,992,730)	47,007,397

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	HK$	HK$
Net cash generated from operating activities	**4,344,391**	1,649,274
Net Cash used in investing activities	**(835,435)**	(2,227,984)
Net cash (used in)/generated from financing activities	**(7,966,303)**	22,706,020
(Decrease)/increase in cash and cash equivalents	**(4,457,347)**	22,127,310
Cash and cash equivalents at the beginning	**23,491,230**	2,309,212
Exchange gains/(losses) on cash and cash equivalents	**84,831**	(388,972)
Cash and cash equivalents at end of the period	**19,118,714**	24,047,550
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**19,370,249**	24,267,144
Less: Bank deposits held as collateral	**(251,535)**	(219,594)
Cash and cash equivalents per statement of cash flow	**19,118,714**	24,047,550

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 28 January 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited since 28 July 2011.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of out-of-home advertising services in Hong Kong and Singapore. The ultimate holding company of the Company is iMediaHouse.com Limited ("IMH") and the intermediate holding company is iMediaHouse Asia Limited ("iMHA"). The ultimate controlling party of the Group is Mr. Wong Hong Gay Patrick Jonathan ("Mr. Wong").

Reorganisation

The Company was incorporated on 28 January 2011 with authorised share capital of USD50,000 divided into 50,000 shares of a par value of USD1 each, one of which was allotted and issued to the subscriber to the Memorandum of the Company and transferred to Mr. Wong on 24 March 2011.

- In March 2011, the intermediate holding company underwent a group reorganisation (the "Reorganisation"), pursuant to which the companies engaged in the Advertising Business were transferred to the Company. The Reorganisation involved the followings:

    - On 24 March 2011, the share capital of the Company was increased from USD50,000 comprising 50,000 shares of USD1 each to HK$100,000,000 comprising of 10,000,000,000 shares of HK$0.01 each. The USD50,000 unissued share capital was then cancelled and 780 shares of HK$0.01 each were issued to Mr. Wong.

    - On 25 March 2011, Mr. Wong transferred the 780 shares in the Company to iMHA.

    - On 25 March 2011, 6,091, 587, 2,500 and 42 shares were allotted and issued to iMHA, Chevalier International Holdings Limited ("CIH"), Trade Grand International Limited ("TGI") and Access Financial Services Holdings Limited ("AFSH"), respectively at par value.

    - On 10 June 2011, to carry out the share swap, each of iMHA, CIH, TGI and AFSH transferred their interest in Focus Media Network Limited, the investment holding company of the Advertising Business, to the Company in consideration of the Company allotting and issuing 6,871, 587, 2,500 and 42 shares to each of iMHA, CIH, TGI and AFSH respectively credited as fully paid.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the accountants' report included in the prospectus of the Company dated 30 June 2011 (the "Prospectus"), except for adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). The Interim Financial Statements do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's accountants' report included in the Prospectus for the year ended 31 December 2010.

The Reorganisation involved reorganisation of entities under common control with no change in the management and ultimate owners of the Group's underlying business. On this basis, the Interim Financial Statements, including comparative figures, are presented as if the current group structure had been in existence throughout the relevant periods, or since their respective dates of incorporation, where there is a shorter period. The condensed consolidated statement of financial position as at 31 December 2010 and 30 June 2011 have been prepared to present the assets and liabilities of the Group as at the respective dates as if the current group structure had been in existence at those dates.

All significant intra-group transactions and balances have been eliminated on consolidation.

The Interim Financial Statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair values. The Interim Financial Statements are presented in Hong Kong dollars ("HK$") except when otherwise indicated.

Adoption of new or amended HKFRSs

In the current period, the Group applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2011.

HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 — Disclosures for First-time Adopters
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new and revised HKFRSs has had no material effect on the Interim Financial Statements.

3. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified collectively as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

Management regularly reviews the operating results from geographical perspective. The reportable operating segments derive their revenue primarily from the advertising. Management assesses the performance of the following segments:

— Hong Kong

— Singapore

Management assesses the performance of the operating segments based on a measure of gross profits.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2011 and 2010 is as follows:

	Hong Kong HK$	**Singapore** HK$	**Total** HK$
For the period ended 30 June 2011			
Segment revenue	**13,930,777**	**6,857,769**	**20,788,546**
Inter-segment revenue	**—**	**—**	**—**
Revenue (from external customers)	**13,930,777**	**6,857,769**	**20,788,546**
Segment results	**10,294,651**	**5,469,399**	**15,764,050**
For the period ended 30 June 2010			
Segment revenue	9,747,026	5,431,033	15,178,059
Inter-segment revenue	—	—	—
Revenue (from external customers)	9,747,026	5,431,033	15,178,059
Segment results	7,768,494	4,648,288	12,416,782

3. SEGMENT INFORMATION (CONTINUED)

A reconciliation of gross profit to profit before tax is provided as follows:

	Period ended 30 June	
	2011	2010
	HK$	HK$
Segment results	**15,764,050**	12,416,782
Other income	**150,317**	120,782
Administrative expenses	**(15,217,675)**	(11,915,865)
Operating profit	**696,692**	621,699
Finance cost	**(18,534)**	(13,172)
Profit before tax	**678,158**	608,527

The Group is headquartered in Hong Kong. Revenue derived from external customers in Hong Kong are HK$13,930,777 and HK$9,747,026 for the six months ended 30 June 2011 and 2010 respectively. The total revenue from external customers in Singapore are HK$6,857,769 and HK$5,431,033 for the six months ended 30 June 2011 and 2010 respectively.

The total non-current assets located in Hong Kong are HK$5,624,705 and HK$6,168,013 as at 30 June 2011 and 31 December 2010 respectively. The total non-current assets located in Singapore are HK$1,941,988 and HK$1,877,055 as at 30 June 2011 and 31 December 2010 respectively.

Revenue of the Group is all derived from advertising fees during the six months ended 30 June 2011 and 2010.

4. OTHER INCOME

	Unaudited Six months ended 30 June	
	2011	2010
	HK$	HK$
Exchange gain, net	**106,570**	—
Interest income	**4,163**	78
Production revenue	**37,815**	2,929
Government grants	**1,769**	117,775
	150,317	120,782

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2011	2010
	HK$	HK$
Bank interest expenses	**—**	13,172
Finance lease charges	**18,534**	—
	18,534	13,172

6. PROFIT FROM OPERATIONS

	Unaudited Six months ended 30 June	
	2011	2010
	HK$	HK$
Operating profit of the Group was determined after charging the following:		
Directors' emoluments	**1,116,540**	1,070,640
Depreciation *(Note 10)*	**1,023,357**	804,642
Amortisation *(Note 10)*	**117,000**	117,000
Operating lease payments	**1,287,460**	879,866
Employees benefit expenses (excluding Directors' emoluments)	**7,336,742**	5,569,268
Revenue sharing with landlords of Office and Commercial Networks *(Note)*	**1,880,829**	1,532,455
Revenue sharing with landlords of In-store Networks *(Note)*	**518,595**	435,295
	13,280,523	10,409,166

Note: There is no minimum lease payment to landlords of Office and Commercial Networks and In-store Networks. Revenue sharing with landlords of Office and Commercial Networks and In-store Networks was calculated based on the rates agreed between the Group and landlords and is recognised as cost of sales when the related advertisements are telecasted.

7. TAXATION

	Unaudited Six months ended 30 June	
	2011	2010
	HK$	HK$
Current tax	**—**	—

No provision for Hong Kong and Singapore profits tax has been made as the Group's tax losses brought forward from previous years exceed the estimated assessable profits for the six months ended 30 June 2011 and 2010. The profit tax rates for Hong Kong and Singapore are 16.5% (2010: 16.5%) and 17% (2010: 17%) respectively.

8. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the period (2010: Nil).

9. EARNINGS PER SHARE

Basic

Basic earnings per share for the period ended 30 June 2011 and 2010 are calculated by dividing the profit attributable to the shareholders of the Company by the deemed weighted average number of ordinary shares in issue during the periods.

The number of ordinary shares used for the calculation of earnings per share for the period ended 30 June 2010 is the aggregate number of shares which included the ordinary shares issued as part of the Reorganisation of the Group as disclosed in Note 1.

On 28 July 2011, the Company completed the placing of 82,000,000 ordinary shares for cash consideration of HK$0.72 per share. The weighted average number of ordinary shares used to calculate basic earnings per share is not adjusted to include the 82,000,000 ordinary shares issued upon this placing.

9. EARNINGS PER SHARE (CONTINUED)

There were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2011.

	For the six months ended	
	30 June 2011	30 June 2010
Profit attributable to equity holders of the Company	**HK$678,158**	HK$608,527
Weight average number of shares in issue	**246,000,000**	246,000,000
Basic earnings per share	**HK$ 0.28 cents**	HK$ 0.25 cents

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of the share options, the dilutive potential ordinary shares of the Company. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares over the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The conversion of all potential ordinary shares arising from share options granted by the Company would not have a dilutive effect on the earnings for the periods ended 30 June 2011 and 2010. As a result, basic and diluted earnings per share are the same.

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment HK$	**Intangible assets** HK$
Six months ended 30 June 2010		
Opening net book amount 1 January 2010	2,797,025	2,141,750
Additions	2,228,062	—
Depreciation and amortisation	(804,642)	(117,000)
Exchange difference on translation	(6,715)	—
Closing net book amount 30 June 2010	4,213,730	2,024,750
Six months ended 30 June 2011		
Opening net book amount 1 January 2011	**6,137,318**	**1,907,750**
Additions	**835,439**	**—**
Depreciation and amortisation	**(1,023,357)**	**(117,000)**
Exchange difference on translation	**(173,457)**	**—**
Closing net book amount 30 June 2011	**5,775,943**	**1,790,750**

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Trade receivables	**21,571,659**	20,993,049
Prepayments, deposits and other receivables *(Note)*	**10,602,066**	1,595,384
Amount due from a related company	**—**	1,950,000
	32,173,725	24,538,433

Note: As at 30 June 2011, the Company has made prepayments of approximately HK$8 million for professional expenses incurred in relation to the placing of the Company's shares which will be charged to equity to offset with the gross proceeds from the placing.

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. As of 30 June 2011 and 31 December 2010, the Group's trade receivables of HK$13,317,760 and HK$10,490,974 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Neither past due nor impaired	**8,253,899**	10,502,075
0 to 30 days	**2,383,981**	6,311,175
31 to 60 days	**2,347,689**	2,657,884
61 to 90 days	**1,651,026**	701,671
Over 90 days	**6,935,064**	820,244
	13,317,760	10,490,974
	21,571,659	20,993,049

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Hong Kong dollars	**24,833,603**	17,462,110
Singapore dollars	**7,340,122**	7,076,323
	32,173,725	24,538,433

12. TRADE AND OTHER PAYABLES

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Trade payables	**98,720**	120,320
Other payables	**4,009,712**	2,015,939
Accruals	**5,945,088**	6,260,841
	10,053,520	8,397,100

Payment terms granted by suppliers ranged from 60 to 90 days after end of the month in which the relevant purchase occurred.

12. TRADE AND OTHER PAYABLES (CONTINUED)

The aging analysis of trade payables based on the due date is as follows:

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Current	**40,690**	57,580
0 to 30 days	**35,630**	12,200
31 to 60 days	**13,400**	21,200
Over 60 days	**9,000**	29,340
	98,720	120,320

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Hong Kong dollars	**6,064,755**	4,803,052
Singapore dollars	**2,038,765**	1,644,048
United States dollars	**1,950,000**	1,950,000
	10,053,520	8,397,100

13. BORROWINGS

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Finance lease liabilities:		
— current	**600,282**	567,158
— non-current	**654,341**	888,163
	1,254,623	1,455,321

The Group's borrowings are all denominated in Hong Kong dollars. The weighted average effective interest rate of finance lease liabilities was 2.8% per annum as at 30 June 2011 (31 December 2010: 2.8% per annum).

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**600,282**	600,282
Later than 1 year and no later than 5 years	**688,486**	900,424
	1,288,768	1,500,706
Future finance charges on finance leases	**(34,145)**	(45,385)
Present value of finance lease liabilities	**1,254,623**	1,455,321
The present value of finance lease liabilities are as follows:		
No later than 1 year	**575,101**	567,158
Later than 1 year and no later than 5 years	**679,522**	888,163
	1,254,623	1,455,321

The finance lease obligations are secured by certain plant and equipment of the Group.

14. SHARE CAPITAL

	Number of shares	Nominal value HK$
Authorised:		
Upon incorporation	50,000	390,000
Increase in authorised share capital	10,000,000,000	100,000,000
Cancellation of share capital	(50,000)	(390,000)
At 30 June 2011	10,000,000,000	100,000,000
Issued:		
Upon incorporation	1	8
Issue of shares	10,000	100
Repurchase of issues share	(1)	(8)
Issuance of shares on Reorganisation	10,000	100
Capitalisation issue	245,980,000	2,459,800
At 30 June 2011	246,000,000	2,460,000

15. COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases in respects of the factory are payable as follows:

	At 30 June 2011 HK$ (Unaudited)	At 31 December 2010 HK$ (Audited)
Group		
No later than 1 year	**2,579,939**	2,413,692
Later than 1 year and no later than 5 years	**1,934,953**	2,662,879
	4,514,892	5,076,571

16. CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 30 June 2011 (31 December 2010: Nil).

17. RELATED PARTY TRANSACTIONS

The ultimate holding company of the Company is iMediaHouse.com Limited, a company incorporated in the British Virgins Island. The intermediate holding company of the Company is iMediaHouse Asia Limited , a company incorporated in Hong Kong.

During the year ended 31 December 2010, the Group has provided an interest free advance to a related company, iMediaHouse Ventures HK Limited, in the amount of HK$1,950,000. This amount is unsecured, interest free and repayable on demand. As of 31 December 2010, except for the advance receivable from iMediaHouse Ventures HK Limited, the group had no other no-trade receivable from or payable to related parties. The receivable from iMediaHouse Ventures HK Limited was fully settled in cash in February 2011.

On 1 February 2011, the intermediate holding company has agreed to transfer ordinary shares of Focus Media Network Limited (BVI) ("FMNBVI") that it held to TGI to settle the obligation of FMNBVI to issue shares to TGI pursuant to a subscription agreement between FMNBVI and TGI dated 13 January 2010. For accounting purpose, this settlement was considered as a contribution from the intermediate holding company to settle the derivative liability on behalf of the Group.

18. SUBSEQUENT EVENTS

The Company completed the placing of 82,000,000 new shares of the Company at HK$0.72 per share and raised net proceeds of approximately HK$43.5 million on 28 July 2011. On the same date, the Company's shares become listed on GEM of the Stock Exchange.

19. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved by the Board on 9 August 2011.

COMPARISON BETWEEN FUTURE PLANS AND PROSPECTS AND ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

The net proceeds from the Placing were approximately HK$43.5 million. As the Company's shares were listed on GEM of the Stock Exchange on 28 July 2011, no proceeds raised from the placing of the shares were applied up to 30 June 2011. The future plans and prospects as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. As of the date of this report, the Directors are not aware of material change to the planned use of the proceeds from the plan as stated in the Prospectus.

SHARE OPTION SCHEMES

The Company has adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme") on 26 March 2011. The principal terms of the two schemes were summarised in the sections headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in Appendix V to the Prospectus.

The purpose of the Pre-IPO Share Option Scheme is to aid the Company in retaining key and senior employees of the Group who have assisted in the development and growth of the Group and for their contribution in connection with the Listing, whilst the purpose of the Share Option Scheme is to enable the Company to grant options to selected persons as incentives or rewards for their contribution or future contribution to the Group.

Pre-IPO Share Option Scheme

Options to subscribe for an aggregate of 12,300,000 shares at an exercise price of HK$0.72 were granted to 10 participants by the Company, each at a consideration of HK$1 under the Pre-IPO Share Option Scheme. All the available options under the Pre-IPO Share Option Scheme were approved by the Board on 26 March 2011 and the details of grants were communicated to the individual employees on 30 June 2011. No further options could be granted under the Pre-IPO Share Option Scheme thereafter.

As at 30 June 2011, details of the options granted under the Pre-IPO Share Option Scheme were as follows:

Grantee	Number of shares under options granted
Directors	
— Ngan Toi Yuk	3,280,000
— Tam Kai Kwong Eric	1,804,000
— Lee Sze Leong	1,640,000
Senior management of the Group	5,576,000
Total	12,300,000

The options granted under the Pre-IPO Share Option Scheme shall vest in the relevant option holder in tranches in the following manner:

(i) 50% of the option shall vest on 28 January 2012

(ii) 8% of the option shall vest on 28 February 2012

(iii) 8% of the option shall vest on 28 March 2012

(iv) 8% of the option shall vest on 28 April 2012

(v) 8% of the option shall vest on 28 May 2012

(vi) 8% of the option shall vest on 28 June 2012

(vii) 10% of the option shall vest on 28 July 2012

It is impracticable to disclose the value of the above options as at 30 June 2011 as the Company's shares were listed on GEM of the Stock Exchange on 28 July 2011. None of the options granted under the Pre-IPO Share Option Scheme had been exercised, cancelled nor lapsed during the six months ended as at 30 June 2011.

Share Option Scheme

During the six months ended 30 June 2011, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

The Company's shares were listed on GEM of the Stock Exchange on 28 July 2011. As at the date of this report, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Company

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares pursuant to share option	Aggregate interests	Approximate percentage of shareholding in the Company
Wong Hong Gay Patrick Jonathan	Interest of controlled corporation	169,026,600 *(Note)*	—	169,026,600	51.53%
Ngan Toi Yuk	Beneficial owner	—	3,280,000	3,280,000	1%
Tam Kai Kwong Eric	Beneficial owner	—	1,804,000	1,804,000	0.55%
Lee Sze Leong	Beneficial owner	—	1,640,000	1,604,000	0.5%

Note: These shares are registered in the name of iMHA, the issued share capital of which is controlled directly by iMH as to 65.1%. iMHA is controlled indirectly by Mr. Wong through AdSociety.com Limited (which is wholly owned by Mr. Wong) as to 29.8% and iMediaHouse Ventures HK Limited (which is a wholly owned subsidiary of AdSociety.com Limited) as to 3.1%. iMH is a company controlled by Mr. Wong as to 75.3%. Mr. Wong is therefore deemed to be interested in all the shares in which iMHA is interested by virtue of the SFO.

Save as disclosed above, as at the date of this report, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this report, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group were as follows:

Long positions in the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholdingin the Company
iMHA[1]	Beneficial owner	169,026,600	51.53%
TGI[2]	Beneficial owner	61,500,000	18.75%

Notes:

1. iMHA is a company directly controlled as to 65.1% by iMH, which is directly owned as to 75.3% by Mr. Wong. iMHA is also indirectly controlled by Mr. Wong through AdSociety.com Limited (which is wholly owned by Mr. Wong) as to 29.8% and iMediaHouse Ventures HK Limited (which is a wholly owned subsidiary of AdSociety.com Limited) as to 3.1%. Mr. Wong and iMH are therefore deemed to be interested in all the shares in which iMHA is interested by virtue of the SFO.

2. These shares are registered in the name of TGI, the entire issued share capital of which is owned by Wong's International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 0099). Wong's International Holdings Limited is therefore deemed to be interested in all the shares in which TGI is interested by virtue of the SFO.

Save as disclosed above, as at the date of this report, the Directors were not aware of any other persons/ entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company's shares were listed on GEM of the Stock Exchange on 28 July 2011. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by CIMB Securities (HK) Limited ("CIMB"), the compliance adviser of the Company, neither CIMB nor its directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 30 June 2011.

Pursuant to the agreement dated 29 June 2011 entered into between CIMB and the Company, CIMB received and will receive fees for acting as the compliance adviser of the Company.

COMPETING INTERESTS

Save and except for interests in the Group, none of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 30 June 2011 which may, directly or indirectly, compete with the Group's business.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all the Directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 30 June 2011.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Code of Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2011, except code provision A.2.1 which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Wong to assume both roles as the chief executive officer and executive chairman of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group's continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles. With the strong business experience of the Directors, they do not expect any issues would arise due to the combined role of Mr. Wong. The Group also has in place an internal control system to perform the check and balance function.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C3.3 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and provide material advice in respect of financial reporting; and oversee internal control procedures of the Company. The audit committee comprises one non-executive Director, namely Mr. Chan Tsze Wah, and three independent non-executive Directors, namely Mr. Lien Jown Jing Vincent (chairman of the audit committee), Mr. Rosenkranz Eric Jon and Mr. Chan Chi Keung Alan.

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2011 have not been audited by the Company's auditors, but have been reviewed by the audit committee, who is of the opinion that the interim financial statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
Focus Media Network Limited
Wong Hong Gay Patrick Jonathan
Chairman, CEO and Executive Director

Hong Kong, 9 August 2011

As at the date of this report, the executive Directors are Mr. Wong Hong Gay Patrick Jonathan, Ms. Ngan Toi Yuk, Mr. Tam Kai Kwong Eric, and Mr. Lee Sze Leong; the non-executive Director is Mr. Chan Tsze Wah; and the independent non-executive Directors are Mr. Lien Jown Jing Vincent, Mr. Rosenkranz Eric Jon and Mr. Chan Chi Keung Alan.