One Media Group Interim Report 2011/12

万华媒体

二〇一一至一二年度中期報告

One Media Group Limited
萬 華 媒 體 集 團 有 限 公 司

Stock Code 股份代號：426

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER 2011

	Notes	(Unaudited) 30th September 2011 HK$'000	(Audited) 31st March 2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,724**	4,376
Intangible assets		**3,083**	2,719
Interest in an associate	5	**25,800**	—
Deferred income tax assets		**56**	51
Total non-current assets		**33,663**	7,146
Current assets			
Inventories		**11,655**	10,213
Trade and other receivables	6	**53,654**	50,268
Cash and cash equivalents		**81,652**	108,575
Total current assets		**146,961**	169,056
Total assets		**180,624**	176,202
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	7	**400**	400
Share premium	7	**456,073**	456,073
Other reserves		**(330,494)**	(331,668)
Retained earnings			
— Proposed dividends	13	**3,600**	8,000
— Others		**14,752**	11,166
Total equity		**144,331**	143,971
LIABILITIES			
Non-current liability			
Long service payment obligations		**28**	28
Total non-current liability		**28**	28
Current liabilities			
Trade and other payables	8	**28,573**	23,430
Amounts due to fellow subsidiaries	14	**3,281**	6,039
Current income tax liabilities		**4,411**	2,734
Total current liabilities		**36,265**	32,203
Total liabilities		**36,293**	32,231
Total equity and liabilities		**180,624**	176,202
Net current assets		**110,696**	136,853
Total assets less current liabilities		**144,359**	143,999

The notes on pages 6 to 14 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2011

		(Unaudited) Six months ended 30th September	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Turnover	*4*	**97,148**	89,318
Cost of goods sold		**(45,972)**	(45,314)
Gross profit		**51,176**	44,004
Other income	*10*	**1,900**	1,735
Selling and distribution costs		**(24,687)**	(22,295)
Administrative expenses		**(18,354)**	(15,323)
Operating profit		**10,035**	8,121
Share of loss of an associate	*5*	**—**	—
Profit before income tax		**10,035**	8,121
Income tax expense	*11*	**(2,849)**	(2,488)
Profit for the period		**7,186**	5,633
Profit attributable to:			
Equity holders of the Company		**7,186**	5,633
Earnings per share attributable to equity holders of the Company during the period (expressed in HK cents per share)			
— Basic and diluted	*12*	**1.80**	1.41
Dividends	*13*	**3,600**	3,000

The notes on pages 6 to 14 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2011

	(Unaudited) Six months ended 30th September	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period	**7,186**	5,633
Other comprehensive income		
Currency translation differences	**1,174**	581
Total comprehensive income for the period	**8,360**	6,214
Total comprehensive income attributable to:		
Equity holders of the Company	**8,360**	6,214

The notes on pages 6 to 14 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2011

		(Unaudited) Attributable to equity holders of the Company				
	Notes	**Share capital** *HK$'000*	**Share premium** *HK$'000*	**Other reserves** *HK$'000*	**Retained earnings** *HK$'000*	**Total equity** *HK$'000*
At 1st April 2010		400	456,073	(333,175)	43,760	167,058
Comprehensive income						
Profit for the period		–	–	–	5,633	5,633
Other comprehensive income:						
Currency translation differences		–	–	581	–	581
Total comprehensive income for the period		–	–	581	5,633	6,214
Transactions with shareholders						
Share compensation costs on share options granted		–	–	106	–	106
Dividend relating to 2010 paid during the period	*13*	–	–	–	(42,000)	(42,000)
Transactions with shareholders		–	–	106	(42,000)	(41,894)
At 30th September 2010		400	456,073	(332,488)	7,393	131,378
At 1st April 2011		**400**	**456,073**	**(331,668)**	**19,166**	**143,971**
Comprehensive income						
Profit for the period		**–**	**–**	**–**	**7,186**	**7,186**
Other comprehensive income:						
Currency translation differences		**–**	**–**	**1,174**	**–**	**1,174**
Total comprehensive income for the period		**–**	**–**	**1,174**	**7,186**	**8,360**
Transactions with shareholders						
Dividend relating to 2011 paid during the period	*13*	**–**	**–**	**–**	**(8,000)**	**(8,000)**
Transactions with shareholders		**–**	**–**	**–**	**(8,000)**	**(8,000)**
At 30th September 2011		**400**	**456,073**	**(330,494)**	**18,352**	**144,331**

The notes on pages 6 to 14 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2011

	(Unaudited) Six months ended 30th September	
	2011	2010
	HK$'000	*HK$'000*
Net cash generated from operating activities	**7,744**	10,784
Net cash used in investing activities	**(27,110)**	(283)
Net cash used in financing activities	**(8,000)**	(42,000)
Net decrease in cash and cash equivalents	**(27,366)**	(31,499)
Net cash and cash equivalents at the beginning of the period	**108,575**	125,365
Exchange gain on cash and cash equivalents	**443**	76
Cash and cash equivalents at the end of the period	**81,652**	93,942
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	**81,652**	93,942
	81,652	93,942

The notes on pages 6 to 14 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

One Media Group Limited (the "Company") was incorporated in the Cayman Islands on 11th March 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

This unaudited condensed consolidated interim financial information ("Financial Information") is presented in Hong Kong dollars, unless otherwise stated, and has been approved for issue by the Board of Directors on 25th November 2011.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30th September 2011 is unaudited and has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

This Financial Information should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2011 and the accompanying explanatory notes attached to this Financial Information.

3 ACCOUNTING POLICIES

The preparation of this Financial Information in conformity with International Financial Reporting Standards ("IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has adopted the following revised standards and amendments to standard, which are mandatory for the financial year beginning 1st April 2011 and are relevant to its operations:

— IAS 24 (Revised), "Related Party Disclosures" is effective for annual periods beginning on or after 1st January 2011. It introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. The amendment does not have a material impact on this unaudited Financial Information.

— Amendment to IAS 34, "Interim Financial Reporting" is effective for annual periods beginning on or after 1st January 2011. It emphasises the existing disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The amendment does not have a material impact on this unaudited Financial Information.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1st April 2011. The Group is in the process of making an assessment of the impact of those new or revised standards and amendments to standards on the Group's results and financial position in the period of initial application.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

4 SEGMENT INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified based on internal reporting that is regularly reviewed by the chief operating decision maker. The Group regards the Executive Committee as the chief operating decision maker in order to allocate resources to segments and assess their performance.

The Executive Committee considers the business from geographical perspective. Geographically, management considers the performance of the media business in Hong Kong and Mainland China.

The Executive Committee assesses the performance of the operating segments based on a measure of operating profit/loss before tax but excludes corporate expenses. Other information provided is measured in a manner consistent with that in the internal financial reports.

The Group's turnover and results provided to the Executive Committee for the reporting segments for the period ended 30th September 2011 were as follows:

	(Unaudited) Six months ended 30th September Media business					
	Hong Kong		**Mainland China**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**77,706**	73,165	**19,442**	16,153	**97,148**	89,318
Segment profit/(loss) before income tax	**21,950**	19,573	**(7,234)**	(7,399)	**14,716**	12,174
Unallocated expenses					**(4,681)**	(4,053)
Profit before income tax					**10,035**	8,121
Income tax expense	**(2,849)**	(2,488)	**–**	–	**(2,849)**	(2,488)
Profit for the period					**7,186**	5,633
Other information:						
Interest income	**201**	166	**160**	20	**361**	186
Depreciation of property, plant and equipment	**411**	669	**437**	386	**848**	1,055
Amortisation of intangible assets	**26**	15	**210**	6	**236**	21

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

4 SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 30th September 2011 were as follows:

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**Elimination** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Total assets	**263,478**	**70,230**	**(153,140)**	**56**	**180,624**
Total assets include:					
Interest in an associate	**—**	**25,800**	**—**	**—**	**25,800**
Additions to non-current assets (other than deferred income tax assets and interest in an associate)	**386**	**1,284**	**—**	**—**	**1,670**
Total liabilities	**(22,081)**	**(162,941)**	**153,140**	**(4,411)**	**(36,293)**

The segment assets and liabilities as at 31st March 2011 were as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Elimination *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Total assets	249,145	58,347	(131,341)	51	176,202
Total assets include:					
Additions to non-current assets (other than deferred income tax assets)	470	1,530	—	—	2,000
Total liabilities	(16,537)	(144,273)	131,341	(2,762)	(32,231)

Segment assets consist primarily of property, plant and equipment, intangible assets, interest in an associate, inventories, trade and other receivables and operating cash. They exclude deferred income tax assets.

Segment liabilities comprise operating liabilities. They exclude current income tax liabilities.

The eliminations between the reportable segments were intercompany receivables and payables between the operating segments.

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in Hong Kong and Mainland China. The breakdown of the total of revenue from external customers from these two places was disclosed above.

The total of non-current assets located in Hong Kong is HK$4,994,000 (31st March 2011: HK$4,976,000) and the total of these non-current assets located in Mainland China is HK$28,613,000 (31st March 2011: HK$2,119,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

5 INTEREST IN AN ASSOCIATE

	(Unaudited) 30th September 2011 ***HK$'000***	(Audited) 31st March 2011 *HK$'000*
Acquisition of an associate	**25,800**	—

On 30th September 2011, the Group acquired all the shares in Media Connect Investment Limited from a fellow subsidiary, which in turn holds approximately 24.97% interest in ByRead Inc., for a cash consideration of HK$25,800,000.

As at 30th September 2011, interest in an associate included goodwill, trademark and customer list identified from the acquisition of ByRead Inc. of HK$20,822,000, HK$3,986,000 and HK$1,053,000 respectively. The useful lives for trademark and customer list are 30 years and 5 years respectively.

Particulars of the Group's associate are as follows:

Name of associate	**Place of incorporation**	**Effective equity interest**	**Principal activities**
ByRead Inc.	Cayman Islands	24.97%	Investment holding

The principal activities of the subsidiaries of ByRead Inc. are engaged in the research and development of mobile software and the operation and provision of mobile reading solution and social networking solution in Mainland China.

The Group's share of the post-acquisition results of the associate and its aggregated assets and liabilities (excluding goodwill, trademark and customer list) at gross amounts as at and for the six months ended 30th September 2011 are as follows:

	Assets *HK$'000*	**Liabilities** *HK$'000*	**Revenues** *HK$'000*	**Loss** *HK$'000*
ByRead Inc.	5,861	1,063	—	—

6 TRADE AND OTHER RECEIVABLES

The Group allows in general a credit period ranging from 60 days to 120 days to its trade customers. As at 30th September 2011, the ageing analysis of the Group's trade receivables by invoice date, net of impairment provision was as follows:

	(Unaudited) 30th September 2011 ***HK$'000***	(Audited) 31st March 2011 *HK$'000*
0 to 60 days	**29,441**	25,571
61 to 120 days	**12,979**	11,890
121 to 180 days	**3,734**	4,942
Over 180 days	**1,843**	3,015
	47,997	45,418

There is no concentration of credit risk with respect to trade receivables, as the Group has large customer base. As at 30th September 2011 and 31st March 2011, the fair values of trade and other receivables approximated their carrying values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

7 SHARE CAPITAL

	Number of issued shares *(in thousands)*	Ordinary shares *HK$'000*	Share premium *HK$'000*	Total *HK$'000*
Balance at 30th September 2010, 31st March 2011, 1st April 2011 and 30th September 2011	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2010: 4,000 million shares) with a par value of HK$0.001 per share (2010: HK$0.001). All issued shares are fully paid.

8 TRADE AND OTHER PAYABLES

As at 30th September 2011, the ageing analysis of trade payables by invoice date was as follows:

	(Unaudited) 30th September 2011 ***HK$'000***	(Audited) 31st March 2011 *HK$'000*
0 to 60 days	**11,101**	5,927
61 to 120 days	**121**	413
121 to 180 days	**107**	14
Over 180 days	**8**	21
	11,337	6,375

As at 30th September 2011 and 31st March 2011, the fair values of trade and other payables approximated their carrying values.

9 EXPENSES BY NATURE

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

	(Unaudited) Six months ended 30th September	
	2011 ***HK$'000***	2010 *HK$'000*
Depreciation of property, plant and equipment	**848**	1,055
Amortisation of intangible assets	**236**	21
Employee benefit expense (including directors' emoluments)	**31,072**	29,677
Paper consumed	**9,387**	8,821
Occupancy costs	**2,125**	1,760

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

10 OTHER INCOME

	(Unaudited) Six months ended 30th September	
	2011	2010
	HK$'000	*HK$'000*
Bank interest income	**361**	186
License fee income	**280**	325
Others	**1,259**	1,224
	1,900	1,735

11 INCOME TAX EXPENSE

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period.

No provision for the People's Republic of China ("PRC") enterprise income tax has been made as the Group has no assessable profits generated in PRC during the six months ended 30th September 2011 (2010: Nil).

	(Unaudited) Six months ended 30th September	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong profits tax		
— Current income tax	**2,854**	2,554
Deferred income tax		
— Current deferred income tax credit	**(5)**	(66)
	2,849	2,488

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's unaudited consolidated profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited) Six months ended 30th September	
	2011	2010
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**7,186**	5,633
Weighted average number of ordinary shares in issue (in thousands)	**400,000**	400,000
Basic earnings per share (HK cents per share)	**1.80**	1.41

There was no dilutive effect arising from the share options granted by the Company.

13 DIVIDENDS

The directors (the "Directors") of the Company have declared an interim dividend for the six months ended 30th September 2011 of HK0.9 cent (2010: HK0.75 cent) per ordinary share, totalling HK$3,600,000 (2010: HK$3,000,000) payable on 28th December 2011 to shareholders whose names appear on the register of members of the Company on 16th December 2011.

During the period ended 30th September 2011, no special dividend was paid (2010: HK$40,000,000) and a final dividend of HK2 cents (2010: HK0.5 cent) per ordinary share, totalling HK$8,000,000 for the year ended 31st March 2011 was paid on 9th September 2011 (2010: HK$2,000,000).

14 RELATED PARTY TRANSACTIONS

The ultimate parent of the Company is Media Chinese International Limited ("MCI"), a company incorporated in Bermuda.

The following transactions were carried out with related parties:

(i) During the period ended 30th September 2011, the Group had entered into the following significant transactions with fellow subsidiaries:

		2011	2010
	Notes	***HK$'000***	*HK$'000*
License fees	*a*	**5,057**	4,849
Circulation support services	*b*	**604**	694
Library support fee	*c*	**109**	127
Administrative support services	*d*	**2,631**	2,207
Leasing of office space, storage space and parking spaces	*e*	**832**	835
Ticketing and accommodation expenses	*f*	**230**	225
Barter advertising expenses	*g*	**558**	715
Barter advertising income	*h*	**(479)**	(486)
Type-setting, colour separation and film making expenses	*i*	**38**	41
Printing costs	*j*	**1,047**	4,880
Pension costs — defined contribution plan	*k*	**702**	798
Sundry income	*l*	**(311)**	—
Acquisition of the trademark	*m*	**400**	—
Acquisition of an associate	*n*	**25,800**	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

14 RELATED PARTY TRANSACTIONS *(Continued)*

(i) During the period ended 30th September 2011, the Group had entered into the following significant transactions with fellow subsidiaries: *(Continued)*

Notes:

(a) This represented license fees of the right to use the trademark for the printing of "*Ming Pao Weekly明報周刊*" and its past contents by a fellow subsidiary. It is charged at a pre-determined rate calculated by reference to the license fees charged by third party licensors to the Group.

(b) This represented recharge of circulation support services relating to the distribution, sale and promotion of the publications of the Group by a fellow subsidiary. It is charged on a cost reimbursement basis.

(c) This represented recharge by a fellow subsidiary relating to provision of library support services including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping. It is charged on a cost reimbursement basis.

(d) This represented recharge of administrative support services, human resources, corporate communications, legal services, information system support services and depreciation on certain computers and office equipment leased from a fellow subsidiary. It is charged on a cost reimbursement basis.

(e) This represented the rental to a fellow subsidiary for leasing of office space, storage space and parking spaces. The rentals are charged at a pre-determined rate calculated by reference to the prevailing market rates.

(f) This represented the ticketing and accommodation expenses paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(g) This represented the advertising expenses on barter basis in accordance with barter advertising agreement entered into with MCI. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(h) This represented the advertising income on barter basis in accordance with barter advertising agreement entered into with MCI. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(i) This represented the type-setting, colour separation and film making expenses charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the costs incurred.

(j) This represented the printing costs charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(k) This represented defined contribution cost made to a fellow subsidiary for the Group's pension obligation. There is no stated policy or contractual agreement between the Group and MCI and its subsidiaries (the "MCI Group"). It is charged based on a pre-determined rate of its employees' salaries.

(l) This represented the rental income in accordance with a sub-lease agreement entered into with a related company of controlling party of MCI. It is charged at a pre-determined rate calculated by references to the prevailing market rates.

(m) This represented the consideration paid for the acquisition of trademark from a fellow subsidiary. It was charged on a cost reimbursement basis.

(n) This represented the consideration paid for the acquisition of an associate from a fellow subsidiary at arm's length basis. Details are set out in Note 5.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

14 RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Period/year end balance arising from the related parties transactions as disclosed in Note 14(i) was as follows:

	(Unaudited) 30th September 2011	(Audited) 31st March 2011
	HK$'000	*HK$'000*
Amounts due to fellow subsidiaries	**3,281**	6,039

The outstanding balances with fellow subsidiaries were aged, by invoice dates, within 180 days and are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

(iii) Key management compensation

	(Unaudited) Six months ended 30th September	
	2011	2010
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**2,670**	2,640
Contributions to pension scheme	**51**	95
Share compensation costs on share options granted	**—**	52
	2,721	2,787

15 CONTINGENT LIABILITIES

As at 30th September 2011, the Group did not have any material contingent liabilities or guarantees (31st March 2011: Nil).

MANAGEMENT DISCUSSION & ANALYSIS

Results Summary

Amidst the volatile market condition worldwide, Hong Kong and Mainland China recorded steady economic growth during the period under review. A satisfactory performance of the Group's publishing operations in these territories was reflected in its operating results for the six months ended 30th September 2011.

Turnover of the Group for the six-month period increased by 9% year-on-year to HK$97,148,000, with improvement in the results of both Hong Kong and Mainland China operations. Gross profit of the Group rose to HK$51,176,000. Gross profit margin increased to 53% compared to that of 49% in the same period of the previous financial year. Profit attributable to equity holders of the Company for the interim period under review amounted to HK$7,186,000, representing a 28% increase from that of the same period of the previous financial year. The satisfactory growth in the profit was mainly attributable to the improved results of the Group's automobile magazines.

Review of Operations

Hong Kong

The Hong Kong operations remained the dominant contributor to the Group's turnover, generating HK$77,706,000 or 80% of the Group's total turnover for the six months ended 30th September 2011. Segment profit from the Hong Kong operations amounted to HK$21,950,000, up by 12% from that of the same period of the previous financial year.

The advertising revenue of "*Ming Pao Weekly 明報周刊*" ("MP Weekly") and "*Top Gear 極速誌*" ("Top Gear Hong Kong") under the Group continued to rise steadily during the period under review. While the results of the two magazines partly reflected the strong advertising demand driven by robust retail sales in Hong Kong, they also evidenced a strong position of each of the two magazines in their respective markets — MP Weekly is a lifestyle and entertainment magazine targeting the high-income group, while Top Gear Hong Kong is a high-end automobile magazine with international editorial backing. Despite its focus on the automobile sector, the car magazine continued to garner advertisers of not only motor-related products but also luxury goods, leveraging its unique positioning.

During the period under review, the Group broadened its revenue source by offering contract publishing services to premium brands. Under contract publishing, the Group produces publications covering specific topics meeting the requirements of its clients.

Mainland China

Turnover from the Mainland China operations for the first half-year rose by 20% year-on-year to HK$19,442,000, while segment loss was narrowed by 2% to HK$7,234,000.

Through "*MING 明日風尚*", "*Top Gear 汽車測試報告*" ("Top Gear China") and "*Popular Science 科技新時代*", the Group catered the Mainland China market with infotainment, automobile news and trends, as well as science news and latest technology respectively. During the six-month period, the automobile industry in Mainland China continued to flourish, bolstering the advertising revenue of Top Gear China.

MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

Review of Operations *(Continued)*

Digital Media Investment

On 30th September 2011, the Group acquired a 24.97% equity interest in ByRead group of companies ("ByRead Group") for HK$25.8 million from its fellow subsidiary which is wholly-owned by the Group's ultimate holding company, MCI. Currently with 40 million registered users, ByRead Group is one of the leading mobile reading platform providers in the PRC. ByRead Group has been granted various awards including "The Best Application Service EnfoNet Award" under Mobile Reading Category in ANALYSIS (易觀國際), the seventh ranking in "2010 SPForum Mobile Software Award" and the tenth ranking in "2011 China Mobile Internet of the Year Awards" hosted by Sohu.com Inc. These achievements represent the recognition of the technologies and services of ByRead Group among the industry and the public.

During the period, the Group has also acquired *hihoku*, an online platform that focuses on providing quality entertainment content in multimedia channels to Chinese communities principally in Mainland China, from MCI. This acquisition will enable the Group to utilise its contents to develop a multimedia entertainment platform in the Greater China region.

Outlook

Rising inflation and economic uncertainties remain a challenge for the Group. We will continue to exercise stringent cost control, while creating new revenue streams to improve its bottom line.

The Group has been broadening the variety of the contents being offered through a spectrum of specialised media. By doing so, the Group is further entrenching its market position through the offering of diversified contents on multimedia platforms.

Starting from this year, "*Hong Kong Voyage 優遊香港*" has been distributed independently in Mainland China and Hong Kong. Meanwhile, it continues to target the high-end market. In addition, the Group intends to publish a new travel guide magazine in both digital and printed format to cater for mass market. The Group expects this new travel guide magazine will generate additional advertising revenue from a wide spectrum of advertisers to the Group.

The Group has launched a new product targeting mobile communications devices — *Partyline*, a social networking application, powered by MP Weekly in November 2011. *Partyline* provides the live coverage of the hottest events in town, including fashion show parties of illustrious brands and private parties of well-known celebrities etc. Its precious party hunters are the most renowned group of fashion designers, stylists, make up artists and celebrities. Through *Partyline*, party hunters would share their first-hand news of video and photos via mobile communications devices. It is expected that *Partyline* will become an additional revenue source for the Group.

The Group is in the process of repositioning as a multimedia group in Greater China region that aims at providing news, lifestyle and infotainment content across multimedia platforms. To achieve this, the Group will continue to strengthen its operations, and identify acquisition targets that will create synergy with its existing businesses.

CAPITAL EXPENDITURE

The Group's total capital expenditure for property, plant and equipment for the six months ended 30th September 2011 amounted to HK$1,670,000.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. Since Hong Kong dollars remain pegged to United States dollars, the Group does not foresee substantial risks from exposure to United States dollars. For subsidiaries in the PRC, most of the sales and purchases are denominated in Renminbi, the exposure to foreign exchange risk is expected to be minimal.

SHARE OPTIONS

The Company has two share option schemes. A pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was approved and adopted by shareholders on 26th September 2005. Another share option scheme, a post-IPO share option scheme ("Post-IPO Share Option Scheme"), was also approved on the same date, 26th September 2005 by the shareholders of the Company. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms: (a) the subscription price per share was the final Hong Kong dollar price per share at which shares were to be sold in an offer for sale in Hong Kong on 18th October 2005 (the "Listing Date"), being the date of the shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); and (b) no options would be offered or granted upon the commencement of dealings in the shares of the Stock Exchange.

Under the Post-IPO Share Option Scheme, the subscription price per share is a price to be determined by the Board of Directors which shall be the highest of the closing price of the shares on the Stock Exchange on the relevant offer date, the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the relevant offer date or the nominal value of the shares. The Board of Directors may grant options to subscribe the shares of the Company to any full time employee, executive and non-executive directors (including the independent non-executive directors) of the Group or MCI Group. No share option was granted under the Post-IPO Share Option Scheme during the six months ended 30th September 2011.

SHARE OPTIONS *(Continued)*

Details of the share options outstanding and movements during the six months ended 30th September 2011 are as follows:

		Number of shares involved in share options								
Grantee		Balance at 1st April 2011	Granted during the period *(Note 3)*	Exercised during the period *(Note 3)*	Lapsed during the period *(Note 4)*	Balance at 30th September 2011	Percentage of issued ordinary shares at 30th September 2011	Exercise price per share HK$	Date of grant	Exercisable period
Directors:										
Mr. TIONG Kiu King	*(Note 1)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TIONG Kiew Chiong	*(Note 1)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TUNG Siu Ho, Terence *	*(Note 1)*	1,000,000	–	–	(1,000,000)	–	–	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. LAM Pak Cheong*	*(Note 1)*	1,000,000	–	–	–	1,000,000	0.25%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. YU Hon To, David	*(Note 1)*	150,000	–	–	–	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. SIT Kien Ping, Peter	*(Note 1)*	150,000	–	–	–	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TAN Hock Seng, Peter	*(Note 1)*	150,000	–	–	–	150,000	0.04%	1.200	27/9/2005	18/10/2005-25/9/2015
		4,950,000	–	–	(1,000,000)	3,950,000	0.99%			
MCI's directors:										
Tan Sri Datuk Sir TIONG Hiew King	*(Note 1)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/9/2005	18/10/2005-25/9/2015
Dato' Sri Dr. TIONG Ik King	*(Note 1)*	1,000,000	–	–	–	1,000,000	0.25%	1.200	27/9/2005	18/10/2005-25/9/2015
		2,250,000	–	–	–	2,250,000	0.56%			
Full time employees	*(Note 1)*	2,200,000	–	–	–	2,200,000	0.55%	1.200	27/9/2005	18/10/2005-25/9/2015
Full time employees	*(Note 2)*	808,000	–	–	(8,000)	800,000	0.20%	1.200	27/9/2005	18/10/2005-25/9/2015
Total		10,208,000	–	–	(1,008,000)	9,200,000	2.30%			

* *Mr. TUNG Siu Ho, Terence resigned as an executive Director and Chief Executive Officer of the Company with effect from 1st April 2011 and his share options have been lapsed upon his resignation. Mr. LAM Pak Cheong was appointed as an executive Director and Chief Executive Officer of the Company with effect from 1st April 2011.*

Notes:

In relation to the options granted to the grantees, either of the following two vesting scales has been applied:

1. 20% of the Company's shares comprised in the option will vest on each of the five anniversaries of the Listing Date from the first anniversary of the Listing Date to the fifth anniversary of the Listing Date; or

2. 100% of the Company's shares comprised in each of the option will fully vest on the first anniversary of the Listing Date,

as the case may be, which has been specified in the offer letters to the grantees. Subject to the relevant vesting period, each option has a 10-year exercisable period from the date of the offer of the option. As evidenced by the vesting periods of the options granted under the Pre-IPO Share Option Scheme, no option granted under the Pre-IPO Share Option Scheme was exercisable within six months from the Listing Date.

3. No share option was granted, exercised or cancelled during the period.

4. During the period, 1,008,000 share options have been lapsed by reason of the grantees ceased to be a Director and a full time employee of the Group.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30th September 2011, the interests and short positions of the directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules are as follows:

(a) Interests in the Company's shares

	Number of shares/underlying shares held						
Name of Director	**Personal interest**	**Family interest**	**Corporate interest**	**Total interests in shares**	**Interests in underlying shares pursuant to share options** *(Note)*	**Aggregate interests**	**Percentage of issued ordinary shares as at 30th September 2011**
Mr. TIONG Kiu King	–	–	–	–	1,250,000	1,250,000	0.31%
Mr. TIONG Kiew Chiong	4,000,000	–	–	4,000,000	1,250,000	5,250,000	1.31%
Mr. LAM Pak Cheong	–	–	3,000,000	3,000,000	1,000,000	4,000,000	1.00%
Mr. YU Hon To, David	–	–	–	–	150,000	150,000	0.04%
Mr. SIT Kien Ping, Peter	–	–	–	–	150,000	150,000	0.04%
Mr. TAN Hock Seng, Peter	200,000	–	–	200,000	150,000	350,000	0.09%

Note: For further details on the share options, please refer to the paragraph "Share Options".

(b) Interests in shares of MCI

	Number of shares/underlying shares held				
Name of Director	**Personal interest**	**Family interest**	**Corporate interest**	**Total interests in shares**	**Approximate percentage of issued ordinary shares in MCI as at 30th September 2011**
Mr. TIONG Kiu King	3,140,559	147,000	–	3,287,559	0.19%
Mr. TIONG Kiew Chiong	4,007,783	–	–	4,007,783	0.24%

Save as disclosed above and those disclosed under the paragraph "Share Options", as at 30th September 2011, none of the Directors, chief executives and their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WHO HAVE AN INTEREST OR SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that as at 30th September 2011, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of issued ordinary shares as at 30th September 2011
Comwell Investment Limited *(Note)*	292,700,000	Beneficial owner	73.18%

All the interests stated above represent long positions in the shares of the Company.

Note:

Comwell Investment Limited is an indirect wholly-owned subsidiary of MCI. Tan Sri Datuk Sir TIONG Hiew King, a director of MCI, is deemed interested in MCI in an aggregate of 52.40% by virtue of his personal interests, family interests and corporate interests. Dato' Sri Dr. TIONG Ik King, a director of MCI, is deemed interested in MCI in an aggregate of 15.63% by virtue of his personal interests and corporate interests.

In addition, MCI is directly held as to 9.14% by Zaman Pemimpin Sdn Bhd ("Zaman"). 49% of interest in Zaman is held by Globegate Alliance Sdn Bhd, a company jointly owned by Ms. LU Mee Bing and Salmiah Binti SANI.

Save as disclosed above, the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 30th September 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its share during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Monday, 12th December 2011 to Friday, 16th December 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend of HK0.9 cent per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 9th December 2011.

EMPLOYEES

As at 30th September 2011, the Group had approximately 230 employees (31st March 2011: approximately 226 employees), of which 124 and 106 were stationed in Hong Kong and in Mainland China, respectively. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee regularly. The Company has implemented share option schemes as an incentive to the Directors and eligible employees.

In Hong Kong, the Group participates in the hybrid retirement benefit scheme operated by the Company's fellow subsidiary and the Mandatory Provident Fund scheme for its employees. In Mainland China, the Group provides to its employees social security plans in relation to retirement, medical care and unemployment and has made the required contributions to the local social insurance authorities in accordance with relevant laws and regulations in Mainland China.

CORPORATE GOVERNANCE

For the six months ended 30th September 2011, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules and complied with the CG Code throughout the period, except for the deviation from code provision E.1.2 of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Due to other commitment, Mr. TIONG Kiu King, the Chairman of the Board of Directors, was unable to attend the annual general meeting of the Company held on 23rd August 2011. In his absence, Mr. TIONG Kiew Chiong, the executive Director and Deputy Chairman of the Company attended and took the chair of the said annual general meeting and ensured that proceedings of the meeting were conducted in order. The Company considers that sufficient measures have been taken to ensure that Company's corporate governance practices are no less exacting than those in the CG Code.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code for securities transactions by the Directors. The Directors have confirmed, following specific enquiries by the Company, their compliance with the required standard as set out in the Model Code for the six months ended 30th September 2011.

The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for senior management and specific individual who may have access to price sensitive information in relation to the securities of the Company.

AUDIT COMMITTEE

The Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter.

This unaudited condensed consolidated interim financial information for the six months ended 30th September 2011 has been reviewed by PricewaterhouseCoopers, Hong Kong, the auditors of the Company, in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board, and by the Audit Committee.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 26th September 2005 with written terms of reference. The Remuneration Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter and one executive Director, Mr. TIONG Kiew Chiong.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 26th September 2005 with written terms of reference. The Nomination Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter and one executive Director, Mr. TIONG Kiew Chiong.

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule13.51B(1) of the Listing Rules, set out below is the change in information of director since the date of the 2010/11 Annual Report:

Mr. YU Hon To, David, an independent non-executive Director of the Company, currently serves as an independent non-executive director of Hong Kong Energy (Holdings) Limited (stock code: 987), a company listed in Hong Kong. The company name of Hong Kong Energy (Holdings) Limited has changed to China Renewable Energy Investment Limited with effect from 1st June 2011.

By Order of the Board
One Media Group Limited

TIONG Kiu King
Director

Hong Kong, 25th November 2011

As at the date of this report, the Board of Directors comprises Mr. TIONG Kiu King, Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong, being executive directors; and Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter being independent non-executive directors.

HONG KONG 香港

16/F, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong
香港柴灣嘉業街18號明報工業中心A座16樓
Tel: (852) 3605 3705 Fax: (852) 2898 2527

BEIJING 北京

Suites 0905-11, Tower 3, China Overseas Plaza, 8 Guang Hua Dong Li, Jianguo Menwai Ave., Chaoyang District, Beijing, China 100020
北京市朝陽區建國門外大街光華東里8號中海廣場3號樓0905-11室(郵編：100020)
Tel: (86 10) 5281 3888 Fax: (86 10) 5281 3800

SHANGHAI 上海

Rooms G-H, 7/F, Jing Cai Century Building, 567 Wei Hai Road, Jingan District, Shanghai, China 200041
上海市靜安區威海路567號晶采世紀大廈7樓G-H室(郵編：200041) Tel: (86 21) 6141 9111
Fax: (86 21) 6141 9100

GUANGZHOU 廣州

Unit C, 30/F, Zhongqiao Mansion, 76 Xianlie Zhonglu, Guangzhou, China 510095
廣州市先烈中路76號中僑大廈30樓C單元(郵編：510095) Tel: (86 20) 2237 0256
Fax: (86 20) 2237 0258

万华媒体
ONEMEDIAGROUP
www.omghk.com

世界華文媒體集團成員
A member of **MEDIA CHINESE GROUP**