FOCUS MEDIA NETWORK

iMediaHouse

Combining Venture Capital and Entrepreneurs

FOCUS MEDIA NETWORK LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8112)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

HIGHLIGHTS

- The Group experienced continuous double-digit growth in terms of revenue and network expansion over the corresponding period of the previous year.
- Turnover for the second quarter ended 30 June 2012 was approximately HK$16.3 million, represented quarter-on-quarter growth of approximately 141%. Turnover for the first half of 2012 was approximately HK$23.1 million, represented year-on-year growth of approximately 11%.
- Gross profit for the second quarter ended 30 June 2012 was approximately HK$11.9 million, represented quarter-on-quarter growth of approximately 165%. Gross profit for the first half of 2012 was approximately HK$16.5 million, represented a year-on-year growth of approximately 4%. The Gross profit margin for the second quarter ended 30 June 2012 was approximately 73%, represented quarter-on-quarter growth of approximately 9%.
- EBITDA for the second quarter ended 30 June 2012 amounted to approximately HK$0.2 million, represented a quarter-on-quarter improvement from negative to positive EBITDA. Due to the results of the previous quarter ended 31 March 2012, the Group experienced a negative EBITDA of approximately HK$7.1 million for the first half of 2012 as compared to a positive EBITDA of approximately HK$2.0 million for the corresponding period of the previous year.
- The Group recorded a loss attributable to shareholders for the second quarter ended 30 June 2012 of approximately HK$2 million, represented a quarter-on-quarter improvement of approximately 76%. Due to the results of the previous quarter ended 31 March 2012, the Group recorded a loss attributable to shareholders for the first half of 2012 of approximately HK$10.7 million as compared to a net profit attributable to shareholders of approximately HK$0.7 million for the corresponding period of the previous year.
- Loss per share for the six months ended 30 June 2012 was HK$3.27 cents.
- 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 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 2012 together with comparative unaudited figures for the corresponding periods ended 30 June 2011, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Notes	**Three months ended 30 June**		**Six months ended 30 June**	
		2012	2011	**2012**	2011
		HK$	*HK$*	***HK$***	*HK$*
		(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Turnover	3	**16,298,583**	15,301,893	**23,057,274**	20,788,546
Cost of sales		**(4,349,981)**	(3,436,491)	**(6,602,691)**	(5,024,496)
Gross profit		**11,948,602**	11,865,402	**16,454,583**	15,764,050
Other income		**20,512**	3,729	**35,620**	150,317
Administrative expenses		**(13,344,745)**	(8,206,932)	**(27,238,650)**	(15,217,675)
Operating (loss)/profit		**(1,375,631)**	3,662,199	**(10,748,447)**	696,692
Finance costs		**(15,174)**	(8,778)	**(31,678)**	(18,534)
(Loss)/profit before income tax		**(1,390,805)**	3,653,421	**(10,780,125)**	678,158
Income tax expense	5	**(784,602)**	—	**(48,770)**	—
(Loss)/profit for the period		**(2,175,407)**	3,653,421	**(10,828,895)**	678,158
Other comprehensive (loss)/ income for the period, net of tax					
Currency translation differences		**(134,029)**	—	**179,597**	(106,449)
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		**(2,309,436)**	3,653,421	**(10,649,298)**	571,709
(Loss)/profit for the period attributable to:					
Owners of the Company		**(2,063,811)**	3,653,421	**(10,717,299)**	678,158
Non-controlling interests		**(111,596)**	—	**(111,596)**	—
		(2,175,407)	3,653,421	**(10,828,895)**	678,158
Total comprehensive (loss)/profit for the period attributable to:					
Owners of the Company		**(2,197,840)**	3,653,421	**(10,537,702)**	571,709
Non-controlling interests		**(111,596)**	—	**(111,596)**	—
		(2,309,436)	3,653,421	**(10,649,298)**	571,709
(Loss)/earnings per share attributable to owners of the Company					
— Basic and diluted	7	**(0.63) cents**	1.49 cents	**(3.27) cents**	0.28 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	**30 June 2012 HK$ (Unaudited)**	31 December 2011 HK$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	**8,706,718**	5,985,210
Prepayment for acquisition of plant and equipment	9	**—**	4,000,000
Intangible assets	8	**3,829,265**	3,355,670
Deferred tax assets		**516,543**	—
		13,052,526	13,340,880
Current assets			
Trade and other receivables	9	**31,908,613**	33,016,461
Pledged bank deposits		**244,184**	239,379
Cash and bank balances		**54,381,477**	61,191,578
		86,534,274	94,447,418
Total assets		**99,586,800**	107,788,298
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	12	**3,280,000**	3,280,000
Share premium	12	**274,344,873**	274,344,873
Other reserves		**(172,236,601)**	(174,112,428)
Accumulated losses		**(20,336,685)**	(9,634,289)
Equity attributable to owners of the Company		**85,051,587**	93,878,156
Non-controlling interests		**690,046**	—
Total equity		**85,741,633**	93,878,156

	Notes	**30 June 2012** *HK$* ***(Unaudited)***	31 December 2011 *HK$* *(Audited)*
LIABILITIES			
Non-current liability			
Finance lease liabilities	*11*	**299,390**	645,882
Long term payables		**555,775**	670,917
Deferred income tax liabilities		**—**	385,567
		855,165	1,702,366
Current liabilities			
Trade and other payables	*10*	**9,830,371**	11,057,011
Finance lease liabilities	*11*	**775,618**	752,923
Income tax payables		**950,882**	—
Deferred revenue		**1,433,131**	397,842
		12,990,002	12,207,776
Total liabilities		**13,845,167**	13,910,142
Total equity and liabilities		**99,586,800**	107,788,298
Net current assets		**73,544,272**	82,239,642
Total assets less current liabilities		**86,596,798**	95,580,522

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to equity holders of the Company									
	Share capital *HK$*	Share premium *HK$*	Capital reserve *HK$*	Exchange reserve *HK$*	Warrant reserve *HK$*	Share option reserve *HK$*	Accumulated losses *HK$*	Total *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
Balance at 31 December 2010 and 1 January 2011	—	—	55,778,953	(369,512)	—	—	(11,670,888)	43,738,553	—	43,738,553
Comprehensive income										
Profit for the period	—	—	—	—	—	—	678,158	678,158	—	678,158
Other comprehensive loss										
Currency translation differences	—	—	—	(106,449)	—	—	—	(106,449)	—	(106,449)
Total comprehensive income	—	—	—	(106,449)	—	—	678,158	571,709	—	571,709
Transactions with owners										
Contribution from equity owner	—	—	2,697,135	—	—	—	—	2,697,135	—	2,697,135
Balance at 30 June 2011	—	—	58,476,088	(475,961)	—	—	(10,992,730)	47,007,397	—	47,007,397
Balance at 31 December 2011 and 1 January 2012	3,280,000	274,344,873	(176,467,450)	(558,858)	—	2,913,880	(9,634,289)	93,878,156	—	93,878,156
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(10,717,299)	(10,717,299)	(111,596)	(10,828,895)
Other comprehensive loss										
Currency translation differences	—	—	—	179,597	—	—	—	179,597	—	179,597
Total comprehensive loss	—	—	—	179,597	—	—	(10,717,299)	(10,537,702)	(111,596)	(10,649,298)
Transactions with owners										
Share option scheme	—	—	—	—	—	1,610,634	14,903	1,625,537	—	1,625,537
Issuance of warrant *(Note a)*	—	—	—	—	85,596	—	—	85,596	—	85,596
Non-controlling interests	—	—	—	—	—	—	—	—	801,642	801,642
Total transactions with owners	—	—	—	—	85,596	1,610,634	14,903	1,711,133	801,642	2,512,775
Balance at 30 June 2012	3,280,000	274,344,873	(176,467,450)	(379,261)	85,596	4,524,514	(20,336,685)	85,051,587	690,046	85,741,633

Note:

(a) On 27 March 2012, the Company and MCL Brokerage Limited (“MCL”) entered into a placing agreement pursuant to which the Company had appointed MCL as its agent to place unlisted warrants conferring the right to subscribe up to 32,800,000 ordinary shares of the Company at an issue price of HK$0.01 per warrant. Each warrant will carry the right to subscribe for one ordinary share of the Company at an initial subscription price of HK$0.80 per share. The 32,800,000 warrants were issued to independent third parties on 2 April 2012 at a consideration of HK$328,000 net of issuance cost of HK$242,404. The subscription right will be exercisable during a period of 18 months from the date of issue of the warrants. As of 30 June 2012, no subscription right was exercised.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK$	*HK$*
	(unaudited)	*(unaudited)*
Net cash used in operating activities	**(6,451,914)**	4,344,391
Net cash used in investing activities	**(239,826)**	(835,435)
Net cash used in financing activities	**(254,705)**	(7,966,303)
Decrease in cash and cash equivalents	**(6,946,445)**	(4,457,347)
Cash and cash equivalents at beginning	**61,191,578**	23,491,230
Exchange gains on cash and cash equivalents	**136,344**	84,831
Cash and cash equivalents at end of the period	**54,381,477**	19,118,714
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**54,381,477**	19,118,714

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2012

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 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 Company has its primary listing on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2012 (the "Interim Financial Information") 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 on the Stock Exchange (the "GEM Listing Rules").

The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Interim Financial Information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The HKICPA has issued a number of new and revised HKFRSs. For those which are effective for accounting periods beginning on 1 January 2012, the adoption has no material impact on the reported results and the financial position of the Group for the current or prior accounting periods; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

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 segments information provided to the CODM for the reportable segments for the six months ended 30 June 2012 and 2011 is as follows:

	Hong Kong	**Singapore**	**Total**
	HK$	*HK$*	*HK$*
For the period ended 30 June 2012			
Segment revenue	15,774,679	8,085,195	23,859,874
Inter-segment revenue	(802,600)	—	(802,600)
Revenue (from external customers)	14,972,079	8,085,195	23,057,274
Segment results	10,387,863	6,066,720	16,454,583
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

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

	Unaudited	
	Six months ended 30 June	
	2012	2011
	HK$	*HK$*
Segment results	**16,454,583**	15,764,050
Other income	**35,620**	150,317
Administration expenses	**(27,238,650)**	(15,217,675)
Operating (loss)/profit	**(10,748,447)**	696,692
Finance cost	**(31,678)**	(18,534)
(Loss)/profit before tax	**(10,780,125)**	678,158

The Group is headquartered in Hong Kong. Revenue derived from external customers in Hong Kong are HK$14,972,079 and HK$13,930,777 for the six months ended 30 June 2012 and 2011 respectively. The total revenue from external customers in Singapore are HK$8,085,195 and HK$6,857,769 for the six months ended 30 June 2012 and 2011 respectively.

The total non-current assets located in Hong Kong are HK$11,382,901 and HK$11,322,296 as at 30 June 2012 and 31 December 2011 respectively. The total non-current assets located in Singapore are HK$1,669,625 and HK$2,018,584 as at 30 June 2012 and 31 December 2011 respectively.

Revenue of the Group is all derived from advertising fees during the six months ended 30 June 2012 and 2011.

4. EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2012	2011
	HK$	*HK$*
Revenue sharing with landlords of Office and Commercial Networks *(Note a)*	**2,020,564**	1,880,829
Revenue sharing with landlords of in-store Network *(Note a)*	**855,689**	518,595
Revenue sharing with Youku Inc.	**1,988,872**	—
Sales commission	**1,100,783**	1,504,367
Auditor's remuneration	**483,200**	—
Depreciation *(Note 8)*	**1,557,018**	1,023,357
Amortisation	**210,246**	117,000
Operating lease payments	**1,213,050**	1,287,460
Employees benefit expenses excluding equity-based compensation	**11,162,767**	8,722,342
Equity-based compensation	**1,625,537**	—
Marketing and promotion expenses	**5,315,632**	1,402,311
Travelling expenses	**993,061**	660,854
Professional parties fees	**2,133,424**	7,418
Other expenses	**3,181,498**	3,117,638
	33,841,341	20,242,171

Note:

(a) 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 recognized as cost of sales when the related advertisements are telecasted.

5. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2012	2011
	HK$	*HK$*
Current income tax		
— Hong Kong profits tax	**512,426**	—
— Singapore income tax	**438,456**	—
Deferred income tax	**(902,112)**	—
	48,770	—

Hong Kong profits tax and Singapore profits tax have been provided at the rate of 16.5% (2011: 16.5%) and 17% (2011: 17%) respectively on the estimated assessable profit for the six months ended 30 June 2012 and 2011.

6. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2012. (2011: Nil)

7. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share for the six months ended 30 June 2012 and 2011 are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the periods.

	For the six months ended	
	30 June 2012	30 June 2011
(Loss)/profit attributable to equity holders of the Company	**HK$(10,717,299)**	HK$678,158
Weight average number of ordinary share in issue	**328,000,000**	246,000,000
Basic (loss)/earnings per share (HK cents per share)	**(3.27)**	0.28

Diluted

Diluted (loss)/earnings per share for both periods is the same as the basic (loss)/earnings per share as the impact of the share options and warrant during the period had an anti-dilutive effect on the basic (loss)/earnings per share amounts presented.

8. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, Plant and equipment	Intangible assets
	HK$	*HK$*
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
Six months ended 30 June 2012		
Opening net book amount 1 January 2012	5,985,210	3,355,670
Additions	4,235,273	800,841 *(Note a)*
Depreciation and amortisation	(1,557,018)	(327,246)
Exchange difference on translation	43,253	—
Closing net book amount 30 June 2012	8,706,718	3,829,265

Note:

(a) On 1 April 2012, the Group acquired 19.9% of the shares of DOupons Limited and the right to acquire the remaining 80.1% of the shares at fair value for cash consideration of HK$1,000,000. The Group used the historical carrying values of DOupons Limited to consolidate the assets and liabilities acquired with the excess of the acquisition cost and these assets and liabilities being recorded as goodwill. The allocation of the purchase price to the acquired assets and liabilities is provisional and will be adjusted when the purchase price allocation is finalised in the Group's consolidated financial statements for the year ending 31 December 2012.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2012 HK$ (Unaudited)	At 31 December 2011 HK$ (Audited)
Trade receivables	**23,339,974**	29,005,610
Less: provision for impairment of trade receivables	**—**	(414,806)
Trade receivables — net	**23,339,974**	28,590,804
Prepayments, deposits and other receivables	**8,568,639**	8,425,657
	31,908,613	37,016,461
Less non-current portion: Prepayment for acquisition of plant and equipment	**—**	(4,000,000)
Current portion	**31,908,613**	33,016,461

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. As of 30 June 2012 and 31 December 2011, the Group's trade receivables of HK$12,681,514 and HK$8,750,273 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 2012 HK$ (Unaudited)	At 31 December 2011 HK$ (Audited)
Neither past due nor impaired	**10,658,460**	19,840,531
0 to 30 days past due	**2,609,799**	3,677,996
31 to 60 days past due	**1,954,623**	2,145,857
Over 61 days past due	**8,117,092**	2,926,420
Past due but not impaired *(Note 1)*	**12,681,514**	8,750,273
	23,339,974	28,590,804

Note 1: Past due but not impaired comprises of receivables from 58 customers with 124 campaign orders.

10. TRADE AND OTHER PAYABLES

	At 30 June 2012 *HK$* ***(Unaudited)***	At 31 December 2011 *HK$* *(Audited)*
Trade payables	**45,580**	46,500
License fee payable	**709,273**	587,219
Other payables	**1,748,370**	2,702,751
Accruals	**7,327,148**	7,720,541
	9,830,371	11,057,011

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

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

	At 30 June 2012 *HK$* ***(Unaudited)***	At 31 December 2011 *HK$* *(Audited)*
Current	**40,080**	2,250
0 to 30 days past due	**—**	8,750
31 to 60 days past due	**—**	—
Over 60 days	**5,500**	35,500
	45,580	46,500

11. FINANCE LEASE LIABILITIES

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

	At 30 June 2012 HK$ (Unaudited)	At 31 December 2011 HK$ (Audited)
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**807,489**	796,435
Later than 1 year and no later than 5 years	**326,502**	686,007
	1,133,991	1,482,442
Future finance charges on finance leases	**(58,983)**	(83,637)
Present value of finance lease liabilities	**1,075,008**	1,398,805

The present value of finance lease liabilities is as follow:

No later than 1 year	**775,618**	752,923
Later than 1 year	**299,390**	645,882
	1,075,008	1,398,805

12. SHARE CAPITAL

	Number of ordinary shares	Equivalent nominal value of ordinary share HK$	Share premium HK$	Total HK$
Authorised:				
Ordinary shares of HK$0.01 each				
At 31 December 2011 and 30 June 2012	**10,000,000,000**	**100,000,000**	**—**	**—**
Issued and fully paid:				
At 31 December 2011 and 30 June 2012	**328,000,000**	**3,280,000**	**274,344,873**	**277,624,873**

13. OPERATING LEASE COMMITMENTS

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

	At 30 June 2012 *HK$* ***(Unaudited)***	At 31 December 2011 *HK$* *(Audited)*
No later than 1 year	**1,908,692**	2,593,801
Later than 1 year and no later than 5 years	**—**	600,602
	1,908,692	3,194,403

14. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved for issue by the Board on 8 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Our Group is a well-established digital Out-of-Home ("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.

During the first half of 2012, including the pending upgrade of monitors at 28 wholly-owned buildings by a certain landlord partner, the size of our network actually grew by 10% over the corresponding period of the previous year.

Region	Network	**6 months ended 30 June 2012**	6 months ended 30 June 2011	**% Increase**
Hong Kong	Office and Commercial Network	**590**	529	12%
Hong Kong	In-store Network (Mannings)	**200**	200	N/A
Singapore	Office and Commercial Network	**352**	302	17%
Singapore	HDB Shopping Centres	**21**	21	N/A
Singapore	In-store Network (Watsons)	**50**	50	N/A
Total number of venues		**1,213**	1,102	10%

Financial Review

(Unaudited) in HK$	**Three months ended 30 June 2012**	Three months ended 31 March 2012	**% Change**
Turnover	**16,298,583**	6,758,691	141%
Gross Profit	**11,948,602**	4,505,981	165%
EBITDA *(Note 1)*	**173,965**	(7,301,015)	N/A
Net Loss	**(2,063,811)**	(8,653,488)	76%

(Unaudited) in HK$	**Six months ended 30 June 2012**	Six months ended 30 June 2011	% Change
Turnover	**23,057,274**	20,788,546	11%
Gross Profit	**16,454,583**	15,764,050	4%
EBITDA *(Note 1)*	**(7,127,050)**	1,981,170	N/A
Net (Loss)/Profit	**(10,717,299)**	678,158	N/A

Note 1: EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment, amortisation of equity-based compensation, amortisation of intangible assets and non-controlling interest. 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 three months ended 30 June 2012 was approximately HK$16.3 million, representing an increase of approximately 141% over the previous quarter ended 31 March 2012. The increase in the Group's turnover was due to higher revenue generated on the back of an expanded network. Turnover for the first half of 2012 was approximately HK$23.1 million, representing an increase of approximately 11% over the corresponding period of the previous year.

Gross profit for the three months ended 30 June 2012 was approximately HK$11.9 million, representing an increase of approximately 165% over the previous quarter ended 31 March 2012. Gross profit for the first half of 2012 was approximately HK$16.5 million, representing an increase of approximately 4% over the corresponding period of the previous year.

Gross profit margin for the three months ended 30 June 2012 increased by approximately 9% to approximately 73% from approximately 67% for the previous quarter ended 31 March 2012. Gross profit margin for the first half of 2012 decreased by approximately 7% to approximately 71% from approximately 76% for the corresponding period of the previous year, due to higher cost-of-sales associated the Group's media partnership with Youku Inc. and certain creative format media placements that took place during the previous quarter ended 31 March 2012.

The Group's total operating expenses for the three months ended 30 June 2012 were approximately HK$13.3 million compared to approximately HK$13.9 million for the previous quarter end 31 March 2012. Total operating expenses for the first half of 2012 were approximately HK$27.2 million compared to approximately HK$15.2 million for the corresponding period of the previous year when the Group was not yet a publicly-traded company.

The increase in total operating expenses was due to:

(1) increase in payroll costs by 28%; including increase in headcounts of 22%, and equity-based compensation of approximately HK$1.6 million as the Group invests to hire and retain the best talents (headcounts and related payroll costs constitute approximately 47% of the Group's total operating expenses as compared to approximately 57% for the corresponding period of the previous year);
(2) costs associated with the Group's network expansion and increased capital expenditure as the Group invests to expand it's digital networks by 10%;
(3) increase in operating costs as a publicly-traded company, including professional parties fees; and
(4) marketing expenses as the Group ramps up investments in marketing to advertisers, real-estate developers and investors.

The Group's EBITDA for the three months ended 30 June 2012 amounted to approximately HK$0.2 million, representing an improvement from negative to positive EBITDA over the previous quarter ended 31 March 2012. Due to the results of the previous quarter ended 31 March 2012, the Group experienced a negative EBITDA of approximately HK$7.1 million for the first half of 2012 as compared to a positive EBITDA of approximately HK$2.0 million for the corresponding period of the previous year.

The Group recorded a loss attributable to shareholders of approximately HK$2 million for the three months ended 30 June 2012 as compared to a loss attributable to shareholders of approximately HK$8.7 million for the previous quarter ended 31 March 2012, representing an improvement of approximately 76%. Due to the results of the previous quarter ended 31 March 2012, the Group recorded a loss attributable to shareholders of approximately HK$10.7 million for the first half of 2012 as compared to a net profit attributable to shareholders of approximately HK$0.7 million for the corresponding period of the previous year.

Liquidity and financial resources

The Group has adopted a prudent financial management strategy and maintained a healthy liquidity position as at 30 June 2012. The Group had cash and cash equivalents of HK$54,381,477 as at 30 June 2012 (31 March 2012: HK$57,884,073). 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 1.3% as at 30 June 2012 (31 December 2011: approximately 1.5%).

Foreign exchange

For the first half of 2012, 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 first half of 2012, 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 2012, the Group did not have any significant capital commitments (31 December 2011: Nil).

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

Information on employees

As at 30 June 2012, the Group had 73 employees (30 June 2011: 60), including the executive Directors. Approximately one-third of the Group's existing employees had served more than four years with the Group over the eight years that the Group had operated. Total staff costs (including Directors' emoluments and equity-based compensation) were approximately HK$12.8 million for the first half of 2012 as compared to approximately HK$8.7 million for the corresponding period of the previous year when the Group was not yet a publicly-traded company. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonuses may 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 investments in subsidiaries, during the first half of 2012, 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 dated 30 June 2011 (the "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 first half of 2012, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies. The Company however had on 13 April 2012 made a voluntary announcement of a non-legally binding memorandum of understanding in respect of a potentially very substantial acquisition of a target, conditional upon the Company assembling the required funds for the proposed acquisition.

Charges of assets

As at 30 June 2012, the Group did not have any charges on its assets (31 December 2011: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2012 (31 December 2011: Nil).

OTHER INFORMATION

Purchase, Sale or Redemption of The Company's Listed Securities

During the six months ended 30 June 2012, the Company did not redeem any of its listed securities, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities.

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 2012.

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.

Competition and Conflict of Interests

During the six months ended 30 June 2012, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Code of Conduct for 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 2012.

Company Secretary

Ms. Lee Yuen Han Hope is currently the company secretary of the Company, who is an external service provider. Ms. Ngan Toi Yuk, executive Director, is the primary corporate contact person to Ms. Lee at the Company.

Corporate Governance Practices

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that leads to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices. The Board also acknowledged the responsibility for preparing the accounts.

For six months ended 30 June 2012 up to the date hereof, the Company had complied with the code provisions ("Code Provisions") set out in the Code of Corporate Governance Practices (taking effect before 1 April 2012) and the Corporate Governance Code (taking effect from 1 April 2012) as contained in Appendix 15 to the GEM Listing Rules, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by Mr. WONG Hong Gay Patrick Jonathan. The Board considers that the structure currently operated by the Company does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

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 C.3.3 of the Corporate Governance Code as set out in Appendix 15 (taking effect from 1 April 2012) 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 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 financial information of the Group for the six months ended 30 June 2012 have not been audited by the Company's auditor, PricewaterhouseCoopers, but have been reviewed by the audit committee, who is of the opinion that the interim financial information 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, 8 August 2012

As at the date of this announcement, 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.