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 2013

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

HIGHLIGHTS

- For the six months ended 30 June 2013, the Group experienced double-digit growth in both turnover and gross profit over the corresponding period of the previous year.
- The Group's turnover for the six months ended 30 June 2013 was approximately HK$30.5 million, representing increase of approximately 32% over the corresponding period of the previous year. The increase was due to higher revenue generated on the back of an expanded network as well as the Group's successful partnership with Mannings in Hong Kong and Youku Tudou Inc. in China.
- The Group's gross profit was approximately HK$22.0 million, representing an increase of approximately 34% over the corresponding period of the previous year.
- Gross profit margin increased to 72% from 71%, due to improved margins from our Group's partnership with Youku Tudou Inc.
- Total operating expenses were approximately HK$21.2 million, representing a decrease of approximately 22.1% over the corresponding period of the previous year. The decrease in total operating expenses was mainly due to the decrease in marketing expenses and equity-based compensation.
- The Group recorded a net profit attributable to shareholders of the Company of approximately HK$0.7 million for the six months ended 2013 as compared to a loss attributable to shareholders of the Company of approximately HK$10.7 million for the corresponding period in the previous year.
- Earnings per share for the six months ended 30 June 2013 was HK$0.22 cents compared to loss per share HK$3.27 cents for the corresponding period in the previous year.
- 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 six months ended 30 June 2013 together with comparative unaudited figures for the corresponding period ended 30 June 2012, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	Notes	**2013** *HK$*	2012 *HK$*	**2013** *HK$*	2012 *HK$*
Revenue	3	**15,495,888**	16,298,583	**30,504,135**	23,057,274
Cost of sales	4	**(4,771,889)**	(4,349,981)	**(8,499,647)**	(6,602,691)
Gross profit		**10,723,999**	11,948,602	**22,004,488**	16,454,583
Other income		**68,699**	20,512	**143,745**	35,620
Administrative expenses	4	**(11,085,484)**	(13,344,745)	**(21,177,647)**	(27,238,650)
Operating profit/(loss)		**(292,786)**	(1,375,631)	**970,586**	(10,748,447)
Finance costs	5	**(9,231)**	(15,174)	**(19,925)**	(31,678)
Share of loss of a joint venture		**(54,147)**	—	**(135,500)**	—
Profit/(loss) before income tax		**(356,164)**	(1,390,805)	**815,161**	(10,780,125)
Income tax expenses	6	**—**	(784,602)	**(99,799)**	(48,770)
Profit/(loss) for the period		**(356,164)**	(2,175,407)	**715,362**	(10,828,895)
Other comprehensive (loss)/ income for the period					
Item that may be reclassified to profit or loss					
Currency translation differences		**(293,110)**	(134,029)	**(419,916)**	179,597
Total comprehensive income/ (loss) for the period attributable to equity holders of the Company		**(649,274)**	(2,309,436)	**295,446**	(10,649,298)
Profit/(loss) for the period attributable to:					
Owners of the Company		**(356,164)**	(2,063,811)	**715,362**	(10,717,299)
Non-controlling interests		**—**	(111,596)	**—**	(111,596)
		(356,164)	(2,175,407)	**715,362**	(10,828,895)
Total comprehensive profit/(loss) for the period attributable to:					
Owners of the Company		**(649,274)**	(2,197,840)	**295,446**	(10,537,702)
Non-controlling interests		**—**	(111,596)	**—**	(111,596)
		(649,274)	(2,309,436)	**295,446**	(10,649,298)
Earnings/(loss) per share attributable to owners of the Company		**HK cents**	HK cents	**HK cents**	HK cents
— Basic and diluted	8	**(0.11)**	(0.63)	**0.22**	(3.27)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	**30 June 2013** **HK$** **(Unaudited)**	31 December 2012 *HK$* *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**7,403,240**	8,361,024
Intangible assets	*9*	**3,237,264**	3,502,019
Investment in a joint venture		**797,706**	—
		11,438,210	11,863,043
Current assets			
Trade and other receivables	*10*	**17,817,305**	21,126,963
Pledged bank deposits		**528,646**	233,290
Cash and bank balances		**56,989,826**	53,614,392
		75,335,777	74,974,645
Total assets		**86,773,987**	86,837,688
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*13*	**3,280,000**	3,280,000
Share premium	*13*	**274,344,873**	274,344,873
Other reserves		**(171,774,197)**	(171,524,358)
Accumulated losses		**(35,478,541)**	(36,225,527)
Equity attributable to owners of the Company		**70,372,135**	69,874,988
Non-controlling interests		**—**	523,046
Total equity		**70,372,135**	70,398,034

	Notes	**30 June 2013** *HK$* ***(Unaudited)***	31 December 2012 *HK$* *(Audited)*
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	*12*	**196,610**	248,870
Licence fee payables		**315,024**	440,636
		511,634	689,506
Current liabilities			
Trade and other payables	*11*	**13,130,337**	12,812,779
Finance lease liabilities	*12*	**213,141**	496,433
Deferred revenue		**2,546,740**	2,440,936
		15,890,218	15,750,148
Total liabilities		**16,401,852**	16,439,654
Total equity and liabilities		**86,773,987**	86,837,688
Net current assets		**59,445,559**	59,224,497
Total assets less current liabilities		**70,883,769**	71,087,540

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	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 2011 and 1 January 2012, audited	3,280,000	274,344,873	(176,467,450)	(558,858)	—	2,913,880	(9,634,289)	93,878,156	—	93,878,156
Changes in equity for the six months ended 30 June 2012										
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(10,717,299)	(10,717,299)	(111,596)	(10,828,895)
Other comprehensive income										
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	—	—	—	—	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, unaudited	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
Balance at 31 December 2012 and 1 January 2013, audited	**3,280,000**	**274,344,873**	**(176,467,450)**	**92,102**	**153,496**	**4,697,494**	**(36,225,527)**	**69,874,988**	**523,046**	**70,398,034**
Changes in equity for the six months ended 30 June 2013										
Comprehensive income										
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**715,362**	**715,362**	**—**	**715,362**
Other comprehensive loss										
Currency translation differences	**—**	**—**	**—**	**(419,916)**	**—**	**—**	**—**	**(419,916)**	**—**	**(419,916)**
Total comprehensive income	**—**	**—**	**—**	**(419,916)**	**—**	**—**	**715,362**	**295,446**	**—**	**295,446**
Transactions with owners										
Share option scheme	**—**	**—**	**—**	**—**	**—**	**170,077**	**31,624**	**201,701**	**—**	**201,701**
Non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(523,046)**	**(523,046)**
Total transactions with owners	**—**	**—**	**—**	**—**	**—**	**170,077**	**31,624**	**201,701**	**(523,046)**	**(321,345)**
Balance at 30 June 2013, unaudited	**3,280,000**	**274,344,873**	**(176,467,450)**	**(327,814)**	**153,496**	**4,867,571**	**(35,478,541)**	**70,372,135**	**—**	**70,372,135**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK$	*HK$*
Net cash generated from/(used in) operating activities	**6,380,067**	(6,451,914)
Net cash used in investing activities	**(2,455,235)**	(239,826)
Net cash used in financing activities	**(343,876)**	(254,705)
Increase/(decrease) in cash and cash equivalents	**3,580,956**	(6,946,445)
Cash and cash equivalents at the beginning of the period	**53,614,392**	61,191,578
Exchange differences on cash and cash equivalents	**(205,522)**	136,344
Cash and cash equivalents at end of the period	**56,989,826**	54,381,477
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**57,518,472**	54,625,661
Less: Bank deposits held as collateral	**(528,646)**	(244,184)
Cash and cash equivalents per condensed consolidated statement of cash flows	**56,989,826**	54,381,477

NOTES TO FINANCIAL INFORMATION

For the six months ended 30 June 2013

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 been reviewed, not audited.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 (the "Interim Financial Information") has 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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

The HKICPA has issued a number of new and revised HKFRS. For those which are effective for accounting periods beginning on 1 January 2013, 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 reviewed 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 2013 and 2012 is as follows:

		Unaudited	
	Hong Kong	**Singapore**	**Total**
	HK$	*HK$*	*HK$*
For the six months ended 30 June 2013			
Segment revenue	18,621,896	12,216,989	30,838,885
Inter-segment revenue	(334,750)	—	(334,750)
Revenue (from external customers)	18,287,146	12,216,989	30,504,135
Segment results	13,030,668	8,973,820	22,004,488
For the six months 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

A reconciliation of segment results to profit/(loss) before income tax is provided as follows:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK$	*HK$*
Segment results	**22,004,488**	16,454,583
Other income	**143,745**	35,620
Administrative expenses	**(21,177,647)**	(27,238,650)
Operating profit/(loss)	**970,586**	(10,748,447)
Finance cost	**(19,925)**	(31,678)
Share of loss of a joint venture	**(135,500)**	—
Profit/(loss) before income tax	**815,161**	(10,780,125)

The Group is headquartered in Hong Kong. Revenue derived from external customers in Hong Kong are HK$18,287,146 and HK$14,972,079 for the six months ended 30 June 2013 and 2012 respectively. The total revenues from external customers in Singapore are HK$12,216,989 and HK$8,085,195 for the six months ended 30 June 2013 and 2012 respectively.

The total non-current assets located in Hong Kong are HK$9,517,573 and HK$9,738,793 as at 30 June 2013 and 31 December 2012 respectively. The total non-current assets located in Singapore are HK$1,920,637 and HK$2,124,250 as at 30 June 2013 and 31 December 2012 respectively.

Revenue of the Group is all derived from advertising fees during the six months ended 30 June 2013 and 2012.

4. EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK$	*HK$*
Revenue sharing with landlords of Office and Commercial Networks *(Note a)*	**2,143,053**	2,020,564
Revenue sharing with landlords of In-store Networks *(Note a)*	**1,967,708**	855,689
Revenue sharing with Youku Tudou Inc.	**2,230,321**	1,988,872
Revenue sharing with owners of Residential Network *(Note a)*	**3,224**	—
Sales commission	**1,479,008**	1,100,783
Production and installation	**286,087**	426,537
Auditor's remuneration	**459,800**	483,200
Depreciation *(Note 9)*	**1,526,187**	1,557,018
Amortisation *(Note 9)*	**388,914**	210,246
Operating lease payments		
— Outdoor billboards	**180,000**	—
— Land and Building	**1,217,205**	1,213,050
Employees benefit expenses excluding equity-based compensation	**10,754,687**	11,162,767
Equity-based compensation	**201,703**	1,625,537
Marketing and promotional expenses	**1,503,642**	5,315,632
Travelling expenses	**965,397**	993,061
Professional parties fees	**1,576,758**	2,133,424
Other expenses	**2,793,600**	2,754,961
Total cost of sales and administrative expenses	**29,677,294**	33,841,341

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

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2013	2012
	HK$	*HK$*
Interest expense		
— Finance lease liabilities wholly repayable within 5 years	**13,013**	24,766
— License fee liabilities wholly repayable within 5 years	**6,912**	6,912
	19,925	31,678

6. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2013	2012
	HK$	*HK$*
Current income tax		
— Hong Kong profits tax	**—**	512,426
— Under-provision in prior years	**99,799**	—
— Singapore income tax	**—**	438,456
Deferred income tax	**—**	(902,112)
	99,799	48,770

No provision for Hong Kong and Singapore profits tax has been made in these Interim Financial Information as the Group's tax losses brought forward from previous years exceed the estimated assessable profits for the six months ended 30 June 2013 (Hong Kong profits tax and Singapore profits tax have been provided at the rate of 16.5% and 17% respectively on the estimated assessable profit for the six months ended 30 June 2012).

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2013 (2012: Nil).

8. EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share for the six months ended 30 June 2013 and 2012 are calculated by dividing the results attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the periods.

	Unaudited Six months ended 30 June	
	2013	2012
Earnings/(loss) attributable to equity holders of the Company (HK$)	**715,362**	(10,717,299)
Weighted average number of shares in issue	**328,000,000**	328,000,000
Basic earnings/(loss) per share	**HK cents 0.22**	HK cents (3.27)

Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as the potential dilutive ordinary shares outstanding did not have any dilutive effect on the earnings/(loss) per shares during the six month ended 30 June 2013 (2012: Same).

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment *HK$*	**Intangible assets** *HK$*
Year ended 31 December 2012		
Opening net book amount at 1 January 2012, audited	5,985,210	3,355,670
Additions	5,430,996	800,841
Depreciation and amortisation	(3,157,623)	(654,492)
Exchange difference on translation	102,441	—
Closing net book amount at 31 December 2012, audited	8,361,024	3,502,019
Six months ended 30 June 2013		
Opening net book amount at 1 January 2013, audited	8,361,024	3,502,019
Additions	669,143	925,000
Disposal a subsidiary	(33,471)	(800,841)
Depreciation and amortisation	(1,526,187)	(388,914)
Exchange difference on translation	(67,269)	—
Closing net book amount at 30 June 2013, unaudited	7,403,240	3,237,264

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2013 HK$ (Unaudited)	At 31 December 2012 HK$ (Audited)
Trade receivables — third parties	**16,429,755**	19,792,940
Less: provision for impairment of trade receivables	**(1,333,839)**	(1,328,900)
Trade receivables — net	**15,095,916**	18,464,040
Prepayments, deposits and other receivables	**2,721,389**	2,662,923
Current portion	**17,817,305**	21,126,963

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. As of 30 June 2013 and 31 December 2012, the Group's trade receivables of HK$9,123,461 and HK$11,657,661 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Provision for impairment of receivables has been provided for the remaining balance of HK$1,333,839 (2012: HK$1,328,900). The aging analysis of these trade receivables is as follows:

	At 30 June 2013 HK$ (Unaudited)	At 31 December 2012 HK$ (Audited)
Neither past due nor impaired	**5,972,455**	6,806,379
0-30 days past due	**3,158,103**	6,193,912
31-60 days past due	**3,504,982**	2,190,944
Over 61 days past due	**2,460,376**	3,272,805
Past due but not impaired *(Note a)*	**9,123,461**	11,657,661
	15,095,916	18,464,040

Note a: Past due but not impaired comprises of receivables from 55 customers with 126 campaign orders.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral over these balances.

Movements on the Group provision for impairment of trade receivables are as follows:

	At 30 June 2013 *HK$* ***(Unaudited)***	At 31 December 2012 *HK$* *(Audited)*
At 1 January	**1,328,900**	414,806
Provision for receivables impairment	**6,581**	1,038,747
Recovery of impaired receivable	**—**	(125,000)
Exchange difference	**(1,642)**	347
	1,333,839	1,328,900

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

	At 30 June 2013 *HK$* ***(Unaudited)***	At 31 December 2012 *HK$* *(Audited)*
HK$	**11,675,657**	11,299,351
SG$	**6,141,648**	9,827,612
	17,817,305	21,126,963

11. TRADE AND OTHER PAYABLES

	At 30 June 2013 *HK$* ***(Unaudited)***	At 31 December 2012 *HK$* *(Audited)*
Trade payables	**23,875**	49,191
Licence fee payable	**963,848**	831,324
Other payables	**1,591,220**	2,721,945
Accruals	**10,551,394**	9,210,319
	13,130,337	12,812,779

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	At
	30 June	31 December
	2013	2012
	HK$	*HK$*
	(Unaudited)	*(Audited)*
Current	**—**	48,141
0 to 30 days past due	**23,270**	—
Over 60 days past due	**605**	1,050
	23,875	49,191

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

	At	At
	30 June	31 December
	2013	2012
	HK$	*HK$*
	(Unaudited)	*(Audited)*
HK$	**9,223,707**	7,585,501
SG$	**3,122,370**	4,054,283
US$	**784,260**	1,172,995
	13,130,337	12,812,779

12. 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 2013 HK$ (Unaudited)	At 31 December 2012 HK$ (Audited)
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**229,089**	518,952
Later than 1 year and no later than 5 years	**207,774**	267,138
	436,863	785,090
Future finance charges on finance leases	**(27,112)**	(40,787)
Present value of finance lease liabilities	**409,751**	745,303

The present value of finance lease liabilities is as follows:

	At 30 June 2013 HK$ (Unaudited)	At 31 December 2012 HK$ (Audited)
No later than 1 year	**213,141**	496,433
Later than 1 year and no later than 5 years	**196,610**	248,870
	409,751	745,303

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

The carrying amount of the finance lease liabilities is denominated in HK$.

13. SHARE CAPTIAL AND PREMIUM

	Number of ordinary share	Equivalent nominal value of ordinary shares HK$	Share premium HK$	Total HK$
Authorised:				
Ordinary share of HK$0.01 each				
At 31 December 2012 and 30 June 2013	**10,000,000,000**	**100,000,000**	**—**	**—**
Issued and fully paid:				
At 31 December 2012 and 30 June 2013	**328,000,000**	**3,280,000**	**274,344,873**	**277,624,873**

14. OPERATING LEASE COMMITMENTS

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

	At 30 June 2013 *HK$* ***(Unaudited)***	At 31 December 2012 *HK$* *(Audited)*
Group		
No later than 1 year	**3,704,751**	617,265
Later than 1 year and no later than 5 years	**5,070,920**	—
	8,775,671	617,265

15. CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 30 June 2013 and 31 December 2012.

16. 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.

As of 30 June 2013 and 31 December 2012 the Group has no other non-trade receivable from or payable to related parties.

17. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial information was approved for issue by the Board on 12 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a well-established digital Out-of-Home ("OOH") media company in Hong Kong and Singapore, with an operating history since April 2004. The Group 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 in which the Group deploy its digital flat-panel displays, the Group is the largest digital OOH media company in Hong Kong and Singapore. As of 30 June 2013, the Group has deployed our flat-panel displays at over 1,000 buildings under its **Office and Commercial Building digital OOH media network**, at 250 retail chain-stores under its **In-store digital OOH media network**, and at over 50 buildings under its newly launched **Residential digital OOH media network**.

During the six months ended 30 June 2013, the number of venues in which the Group deployed its flat-panel displays continued to experience double-digit growth over the corresponding period of the previous year.

Region	Network	**6 months ended 30 June 2013**	6 months ended 30 June 2012	**% Change**
Hong Kong	Office and Commercial Network	**608**	590	3%
Hong Kong	In-store Network (Mannings)	**200**	200	0%
Hong Kong	Residential Network	**51**	NIL	N/A
Singapore	Office and Commercial Network	**410**	352	16%
Singapore	HDB Shopping Centres	**21**	21	0%
Singapore	In-store Network (Watsons)	**50**	50	0%
Total number of venues		**1,340**	1,213	10%

As previously reported in the 2012 Annual Report, the Group has laid a solid foundation and established an infrastructure to leverage on its core assets and resources of the Group's relationships with its partners and advertisers to continue the Group's endeavours to expand its business by the implementation of the various future plans and growth strategies as presented in the prospectus of the Company dated 30 June 2011 (the "Prospectus") and in its 2011 and 2012 Annual Report.

During the period under review, the Group launched its **Residential digital OOH media network** at major private residential complexes in Hong Kong as well as launched its **Static OOH billboard media solutions** in Hong Kong. Both of these two new business segments have started to generate revenue for the Group. As well, the Group has commenced its In-store digital media network expansion to the rest of Mannings 300+ retail chain-stores in Hong Kong, with completion targeted by end September this year.

At the same time and as previously reported in our 2012 Annual Report, the Group will continue to seek out viable collaborations and partnerships with leading media enterprises in mainland China as part of the Group's low-cost and low-risk market entry strategy to meet advertisers' growing demand for quality media and advertising assets in mainland China. These include the Group's partnerships with Youku Tudou Inc. (NYSE:YOKU), China's largest Internet television company; Tulip Media, China's largest OOH LED media network; Focus Media Holdings, China's largest lifestyle targeted OOH interactive digital media network; Douban, China's biggest spontaneous social network, and the Group's representation of Baidu (NASDAQ:BIDU), China's largest search engine.

Financial Review

(Unaudited) in HK$	**Six months ended 30 June 2013**	Six months ended 30 June 2012	**% Change**
Turnover	**30,504,135**	23,057,274	32%
Gross Profit	**22,004,488**	16,454,583	34%
EBITDA *(Note 1)*	**3,087,390**	(7,127,050)	N/A
Net Profit/(Loss)	**715,362**	(10,717,299)	N/A

Note 1: EBITDA represents earnings before finance costs, income tax, depreciation of property, plant and equipment, amortisation of equity-based compensation, share of loss of a joint venture 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.

For the six months ended 30 June 2013, the Group experienced double-digit growth in both turnover and gross profit over the corresponding period of the previous year.

The Group's turnover was approximately HK$30.5 million, representing an increase of approximately 32%. The increase in the Group's turnover was due to higher revenue generated on the back of an expanded network as well as the Group's successful partnerships with Mannings in Hong Kong and Youku Tudou Inc. in China.

Gross profit was approximately HK$22.0 million, representing an increase of approximately 34%. Gross profit margin increased to 72% from 71%, due to improved margins from the Group's partnership with Youku Tudou Inc.

Besides growing the Group's turnover and gross profit margin, the Group has adopted a prudent approach in operating expenses control and as a result, our total operating expenses for the first half of 2013 were approximately HK$21.2 million, representing a decrease of approximately 22.1% over the corresponding period of the previous year. The decrease in total operating expenses was mainly due to the decrease in marketing expenses and equity-based compensation.

As a result, the Group's EBITDA amounted to approximately HK$3.1 million for the reporting period as compared to negative EBITDA of approximately HK$7.1 million for the corresponding period of the previous year.

For the six months ended 30 June 2013, the Group recorded a net profit attributable to shareholders of the Company of approximately HK$0.7 million as compared to a loss attributable to shareholders of the Company of approximately HK$10.7 million for the six months ended 30 June 2012.

Liquidity and financial resources

The Group has adopted a prudent financial management strategy and maintained a healthy liquidity position as at 30 June 2013. The Group had cash and cash equivalents of HK$56,989,826 as at 30 June 2013 (30 June 2012: HK$54,381,477). 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 0.6% as at 30 June 2013 (31 December 2012: approximately 1.1%).

Foreign exchange

For the six months ended 30 June 2013, 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 period under review, 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 2013, the Group did not have any significant capital commitments (2012: Nil).

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2013 (2012: Nil).

Information on employees

As at 30 June 2013, the Group had 65 employees (30 June 2012: 73), including the executive Directors. Total staff costs (including Directors' emoluments) for the six months ended 30 June 2013 were approximately HK$11 million, including equity-based compensation, as compared to approximately HK$12.8 million for the corresponding period of the previous year. 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. For the six months ended 30 June 2013, no bonuses were paid to any employees or directors. 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 and a joint venture, during the six months ended 30 June 2013, 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 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 period under review, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Charges on assets

As at 30 June 2013, the Group did not have any charges on its assets (2012: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2013 (2012: Nil).

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

During the six months ended 30 June 2013, 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 Cinda International Capital Limited ("CICL"), the compliance adviser of the Company, neither CICL 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 2013. Pursuant to the agreement dated 25 October 2012 entered into between CICL and the Company, CICL received fees for acting as the compliance adviser of the Company.

Competition and Conflict of Interests

During the six months ended 30 June 2013, 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 2013.

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.

During the six months ended 30 June 2013, the Company had complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code 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 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 2013 have not been audited by the Company's auditor, PricewaterhouseCoopers, but have been reviewed by the audit committee of the Company, which 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, 12 August 2013

As at the date of this announcement, the executive Directors are Mr. Wong Hong Gay Patrick Jonathan, Ms. Ngan Toi Yuk, Ms. Chee Huiling Audrey 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.