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 2014

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

- The Group's turnover for the six months ended 30 June 2014 was approximately HK$27.7 million, representing a decrease of approximately 9% over the corresponding period of the previous year.
- The Group's gross profit for the six months ended 30 June 2014 was approximately HK$12.8 million, representing a decrease of approximately 42% over the corresponding period of the previous year. Gross profit margin decreased to 46% from 72%.
- Excluding the amount of impairment of property, plant and equipment of HK$2.1 million, our total operating expenses for the six months ended 30 June 2014 were approximately HK$24.7 million, representing an increase of approximately 17% over the corresponding period of the previous year.
- The Group recorded a loss attributable to shareholders of the Company of approximately HK$13.2 million for the six months ended 30 June 2014 as compared to a net profit attributable to shareholders of the Company of approximately HK$0.7 million for the six months ended 30 June 2013.
- Loss per share for the six months ended 30 June 2014 was HK cents 4.02 compared to earnings per share of HK cents 0.22 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 2014 together with comparative unaudited figures for the corresponding period ended 30 June 2013, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2014	2013	**2014**	2013
	Notes	***HK$***	*HK$*	***HK$***	*HK$*
Revenue	*3*	**15,266,671**	15,495,888	**27,669,559**	30,504,135
Cost of sales	*4*	**(8,183,485)**	(4,771,889)	**(14,827,050)**	(8,499,647)
Gross profit		**7,083,186**	10,723,999	**12,842,509**	22,004,488
Other income		**304,508**	68,699	**728,837**	143,745
Administrative expenses	*4*	**(14,939,679)**	(11,085,484)	**(26,752,388)**	(21,177,647)
Operating (loss)/profit		**(7,551,985)**	(292,786)	**(13,181,042)**	970,586
Finance costs	*5*	**(6,789)**	(9,231)	**(14,596)**	(19,925)
Share of loss of joint ventures		**(18,647)**	(54,147)	**(1,227)**	(135,500)
(Loss)/profit before income tax		**(7,577,421)**	(356,164)	**(13,196,865)**	815,161
Income tax expenses	*6*	**—**	—	**—**	(99,799)
(Loss)/profit for the period		**(7,577,421)**	(356,164)	**(13,196,865)**	715,362
Other comprehensive income/ (loss) for the period					
Item that may be reclassified to profit or loss					
Currency translation differences		**181,397**	(293,110)	**230,603**	(419,916)
Total comprehensive (loss)/ income for the period attributable to equity holders of the Company		**(7,396,024)**	(649,274)	**(12,966,262)**	295,446
(Loss)/earnings per share attributable to owners of the Company					
		HK cents	HK cents	**HK cents**	HK cents
— Basic and diluted	*8*	**(2.31)**	(0.11)	**(4.02)**	0.22

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	30 June 2014 HK$ (Unaudited)	31 December 2013 HK$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	**8,662,530**	7,021,878
Intangible assets	9	**2,397,768**	2,817,516
Other receivables	10	**3,900,475**	5,082,215
Pledged bank deposits		**929,792**	—
Interest in joint ventures	16	**1,835,481**	674,371
		17,726,046	15,595,980
Current assets			
Trade and other receivables	10	**20,500,494**	23,909,339
Pledged bank deposits		**—**	304,814
Cash and bank balances		**40,963,058**	50,692,047
		61,463,552	74,906,200
Total assets		**79,189,598**	90,502,180
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		**(172,069,359)**	(172,373,428)
Accumulated losses		**(44,592,823)**	(31,395,958)
Total equity		**60,962,691**	73,855,487

	Notes	30 June 2014 HK$ (Unaudited)	31 December 2013 HK$ (Audited)
LIABILITIES			
Non-current liabilities			
Finance lease liabilities	*12*	**86,871**	142,611
Licence fee payables		**108,531**	217,062
		195,402	359,673
Current liabilities			
Trade and other payables	*11*	**12,182,979**	14,422,417
Finance lease liabilities	*12*	**110,368**	106,307
Deferred revenue		**5,738,158**	1,758,296
		18,031,505	16,287,020
Total liabilities		**18,226,907**	16,646,693
Total equity and liabilities		**79,189,598**	90,502,180
Net current assets		**43,432,047**	58,619,180
Total assets less current liabilities		**61,158,093**	74,215,160

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	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 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
Disposal of a subsidiary	—	—	—	—	—	—	—	—	(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
Balance at 31 December 2013 and 1 January 2014, audited	**3,280,000**	**274,344,873**	**(176,467,450)**	**(293,925)**	**67,900**	**4,320,047**	**(31,395,958)**	**73,855,487**	**—**	**73,855,487**
Changes in equity for the six months ended 30 June 2014										
Comprehensive loss										
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**(13,196,865)**	**(13,196,865)**	**—**	**(13,196,865)**
Other comprehensive income										
Currency translation differences	**—**	**—**	**—**	**230,603**	**—**	**—**	**—**	**230,603**	**—**	**230,603**
Total comprehensive income/(loss)	**—**	**—**	**—**	**230,603**	**—**	**—**	**(13,196,865)**	**(12,966,262)**	**—**	**(12,966,262)**
Transactions with owners										
Share option scheme	**—**	**—**	**—**	**—**	**—**	**73,466**	**—**	**73,466**	**—**	**73,466**
Total transactions with owners	**—**	**—**	**—**	**—**	**—**	**73,466**	**—**	**73,466**	**—**	**73,466**
Balance at 30 June 2014, unaudited	**3,280,000**	**274,344,873**	**(176,467,450)**	**(63,322)**	**67,900**	**4,393,513**	**(44,592,823)**	**60,962,691**	**—**	**60,962,691**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK$	*HK$*
	(unaudited)	*(unaudited)*
Net cash (used in)/generated from operating activities	**(4,141,200)**	6,380,067
Net cash used in investing activities	**(5,663,538)**	(2,455,235)
Net cash used in financing activities	**(59,363)**	(343,876)
(Decrease)/increase in cash and cash equivalents	**(9,864,101)**	3,580,956
Cash and cash equivalents at the beginning of the period	**50,692,047**	53,614,392
Exchange gains/(losses) on cash and cash equivalents	**135,112**	(205,522)
Cash and cash equivalents at end of the period	**40,963,058**	56,989,826
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**41,892,850**	57,518,472
Less: Pledged bank deposits	**(929,792)**	(528,646)
Cash and cash equivalents per condensed consolidated statement of cash flows	**40,963,058**	56,989,826

NOTES TO FINANCIAL INFORMATION

For the six months ended 30 June 2014

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Island 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 2014 (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 2013, 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.

(a) The following new HKFRSs are mandatory for the first time for the financial period on 1 January 2014. The adoption of the standards have no material effect on the Group's results and financial position:

HKAS 32 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement — Novation of derivatives and hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities
HK (IFRIC) Interpretation 21	Levies

(b) The following new or revised standards, amendments and interpretations to existing standards have been published but are not yet effective for the period ended 30 June 2014 and which the Group has not early adopted:

		Effective for the accounting period beginning on or after
HKAS 16 (Amendment)	Property, plant and equipment	1 January 2016
HKAS 38 (Amendment)	Intangible assets	1 January 2016
HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contribution	1 July 2014
HKFRS 9	Financial instruments	To be determined
HKFRS 11 (Amendment)	Joint arrangements	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
Annual improvements 2012	Annual improvements 2010–2012 cycle	1 July 2014
Annual improvements 2013	Annual improvements 2011–2013 cycle	1 July 2014

Apart from above, a number of improvements and minor amendments to HKFRS have also been issued by the HKICPA but they are not yet effective for the accounting period ended 30 June 2014 and have not been adopted in these condensed consolidated interim financial information.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretation would be in the period of initial application, but not yet in a position to state whether they would have a significant impact to 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 segment information provided to the CODM for the reportable segments for the six months ended 30 June 2014 and 2013 is as follows:

	Hong Kong	Singapore	Total
	HK$	*HK$*	*HK$*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
For the six months ended 30 June 2014			
Segment revenue	**20,374,807**	**8,232,398**	**28,607,205**
Inter-segment revenue	**(937,646)**	**—**	**(937,646)**
Revenue (from external customers)	**19,437,161**	**8,232,398**	**27,669,559**
Segment results	**7,457,026**	**5,385,483**	**12,842,509**
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

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

	Unaudited Six months ended 30 June	
	2014	2013
	HK$	*HK$*
Segment results	**12,842,509**	22,004,488
Other income	**728,837**	143,745
Administrative expenses	**(26,752,388)**	(21,177,647)
Operating (loss)/profit	**(13,181,042)**	970,586
Finance cost	**(14,596)**	(19,925)
Share of loss of joint ventures	**(1,227)**	(135,500)
(Loss)/profit before tax	**(13,196,865)**	815,161

The Group is headquartered in Hong Kong. Revenue derived from external customers in Hong Kong are HK$19,437,161 and HK$18,287,146 for the six months ended 30 June 2014 and 2013 respectively. The total revenues from external customers in Singapore are HK$8,232,398 and HK$12,216,989 for the six months ended 30 June 2014 and 2013 respectively.

The total non-current assets located in Hong Kong are HK$9,772,172 and HK$11,278,085 as at 30 June 2014 and 31 December 2013 respectively. The total non-current assets located in Singapore are HK$7,953,874 and HK$4,317,895 as at 30 June 2014 and 31 December 2013 respectively.

Revenue of the Group is all derived from advertising fees during the six months ended 30 June 2014 and 2013.

4. EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2014	2013
	HK$	*HK$*
Revenue sharing with landlords of Office and Commercial Networks *(Note)*	**2,542,165**	2,143,053
Revenue sharing with landlords of In-store Networks *(Note)*	**1,158,958**	1,967,708
Revenue sharing with Youku Tudou Inc.	**3,116,547**	2,230,321
Revenue sharing with owners of Residential Networks *(Note)*	**23,712**	3,224
Sales commission	**1,696,191**	1,479,008
Production and installation	**1,101,383**	286,087
Auditor's remuneration	**486,500**	459,800
Depreciation *(Note 9)*	**1,739,747**	1,526,187
Amortisation *(Note 9)*	**419,748**	388,914
Operating lease payments		
— Outdoor billboards and LED television	**4,885,573**	180,000
— In-store Network	**92,275**	—
— Land and building	**2,059,256**	1,217,205
Employees benefit expenses excluding equity-based compensation	**12,712,548**	10,754,687
Equity-based compensation	**73,466**	201,703
Marketing and promotional expenses	**1,520,439**	1,503,642
Travelling expenses	**1,069,115**	965,397
Professional fees	**878,625**	1,576,758
Provision for impairment of trade receivables	**100,639**	6,581
Impairment of property, plant and equipment	**2,066,667**	—
Other expenses	**3,835,884**	2,787,019
Total cost of sales and administrative expenses	**41,579,438**	29,677,294

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

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2014	2013
	HK$	*HK$*
Interest expense		
— Finance lease liabilities wholly repayable within 5 years	**7,684**	13,013
— License fee liabilities wholly repayable within 5 years	**6,912**	6,912
	14,596	19,925

6. INCOME TAX EXPENSES

	Unaudited Six months ended 30 June	
	2014	2013
	HK$	*HK$*
Current income tax		
— Hong Kong profits tax	**—**	—
— Under-provision in prior years	**—**	99,799
— Singapore income tax	**—**	—
Deferred income tax	**—**	—
	—	99,799

No provision for Hong Kong and Singapore profits tax has been made in these interim financial information as the Group has no assessable profits for the six months ended 30 June 2014 (2013: Group's tax losses brought forward from previous years exceed the estimated assessable profits for the six months ended 30 June 2013). The profits tax rates for Hong Kong and Singapore are 16.5% (2013: 16.5%) and 17% (2013: 17%) respectively.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2014 (2013: Nil).

8. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share for the six months ended 30 June 2014 and 2013 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	
	2014	2013
	HK$	*HK$*
(Loss)/earnings attributable to equity holders of the Company (HK$)	**(13,196,865)**	715,362
Weighted average number of shares in issue	**328,000,000**	328,000,000
Basic (loss)/earnings per share	**HK cents (4.02)**	HK cents 0.22

Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the six month ended 30 June 2014 (2013: Same).

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment	**Intangible assets**
	HK$	*HK$*
Year ended 31 December 2013		
Opening net book amount at 1 January 2013, audited	8,361,024	3,502,019
Additions	1,747,628	925,000
Disposal of a subsidiary	(33,471)	(800,841)
Depreciation and amortisation	(2,992,893)	(808,662)
Exchange difference on translation	(60,410)	—
Closing net book amount at 31 December 2013, audited	7,021,878	2,817,516
Six months ended 30 June 2014		
Opening net book amount at 1 January 2014, audited	7,021,878	2,817,516
Additions	5,426,270	—
Impairment of property, plant and equipment	(2,066,667)	—
Depreciation and amortisation	(1,739,747)	(419,748)
Exchange difference on translation	20,796	—
Closing net book amount at 30 June 2014, unaudited	8,662,530	2,397,768

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2014 HK$ (Unaudited)	At 31 December 2013 HK$ (Audited)
Trade receivables — third parties	**19,435,584**	22,840,408
Less: provision for impairment of trade receivables	**(1,435,280)**	(1,333,998)
Trade receivables — net	**18,000,304**	21,506,410
Prepayments, deposits and other receivables	**6,400,665**	7,485,144
	24,400,969	28,991,554
Less non-current portion:		
Rental deposits	**(2,902,727)**	(2,778,755)
Prepayment for acquisition of plant and equipment	**(997,748)**	(2,303,460)
Current portion	**20,500,494**	23,909,339

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. As of 30 June 2014 and 31 December 2013, the Group's trade receivables of HK$12,186,729 and HK$12,013,466 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$1,435,280 (2013: HK$1,333,998). The aging analysis of these trade receivables is as follows:

	At 30 June 2014 HK$ (Unaudited)	At 31 December 2013 HK$ (Audited)
Neither past due nor impaired	**5,813,575**	9,492,944
0–30 days past due	**3,349,196**	4,800,630
31–60 days past due	**1,897,156**	2,513,936
Over 61 days past due	**6,940,377**	4,698,900
Past due but not impaired *(Note 1)*	**12,186,729**	12,013,466
	18,000,304	21,506,410

Note 1: Past due but not impaired comprises receivables from 59 customers with 134 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 2014 *HK$* ***(Unaudited)***	At 31 December 2013 *HK$* *(Audited)*
At 1 January	**1,333,998**	1,328,900
Provision for receivables impairment	**100,639**	6,581
Exchange difference	**643**	(1,483)
	1,435,280	1,333,998

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

	At 30 June 2014 *HK$* ***(Unaudited)***	At 31 December 2013 *HK$* *(Audited)*
HK$	**19,851,854**	20,757,233
Singapore dollars ("SG$")	**4,549,115**	8,234,321
	24,400,969	28,991,554

11. TRADE AND OTHER PAYABLES

	At 30 June 2014 *HK$* ***(Unaudited)***	At 31 December 2013 *HK$* *(Audited)*
Trade payables	**148,805**	151,989
Licence fee payable	**932,676**	817,234
Other payables	**2,497,674**	1,510,755
Accruals	**8,603,824**	11,942,439
	12,182,979	14,422,417

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 2014 HK$ (Unaudited)	At 31 December 2013 HK$ (Audited)
Current	**148,200**	—
0 to 30 days past due	**—**	151,385
Over 60 days past due	**605**	604
	148,805	151,989

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

	At 30 June 2014 HK$ (Unaudited)	At 31 December 2013 HK$ (Audited)
HK$	**6,032,016**	7,861,988
SG$	**2,238,703**	2,022,557
Renminbi	**3,128,000**	3,753,612
United stated dollars	**784,260**	784,260
	12,182,979	14,422,417

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 2014 *HK$* *(Unaudited)*	At 31 December 2013 *HK$* *(Audited)*
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**119,357**	118,776
Later than 1 year and no later than 5 years	**89,046**	148,410
	208,403	267,186
Future finance charges on finance leases	**(11,164)**	(18,268)
Present value of finance lease liabilities	**197,239**	248,918

The present value of finance lease liabilities is as follows:

No later than 1 year	**110,368**	106,307
Later than 1 year and no later than 5 years	**86,871**	142,611
	197,239	248,918

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 CAPITAL 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 2013 and 30 June 2014	10,000,000,000	100,000,000	—	—
Issued and fully paid:				
At 31 December 2013 and 30 June 2014	328,000,000	3,280,000	274,344,873	277,624,873

14. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	At 30 June 2014 *HK$* *(Unaudited)*	At 31 December 2013 *HK$* *(Audited)*
Group		
Property, plant and equipment	**886,238**	1,206,190

15. CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 30 June 2014 and 31 December 2013.

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.

For the period ended 30 June 2014, the Group entered into a shareholder loan agreement with its joint venture, OSG Capital Pte Limited, to lend SG$100,000. The loan is interest free, unsecured and repayable on the third anniversary of the date of the opening of the first bar. The outstanding balance as at 30 June 2014 is HK$517,453. And as at 31 December 2013 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 11 August 2014.

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. 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 in which we deploy our digital flat-panel displays, the Group is the largest digital OOH media company in Hong Kong and Singapore. As of 30 June 2014, the Group has deployed our flat-panel displays at 1,484 venues in Hong Kong and Singapore.

During the six months ended 30 June 2014, the number of venues in which the Group deployed our flat-panel displays continued to experience double-digit growth over the corresponding period of the previous year.

Region	**Network**	**6 months ended 30 June 2014**	6 months ended 30 June 2013	**% Change**
Hong Kong	Office and Commercial Network	**622**	608	2%
Hong Kong	In-store Network (Mannings)	**200**	200	0%
Hong Kong	Residential Network	**104**	51	104%
Singapore	Office and Commercial Network	**477**	410	16%
Singapore	HDB Shopping Centres	**21**	21	0%
Singapore	In-store Network (Watsons)	**60**	50	20%
Total number of venues		**1,484**	1,340	11%

The Group has, over the years, laid a solid foundation and established an infrastructure to leverage our core assets and resources of the Group's relationships with our major partners — the real-estate developers. For the six months ended 30 June 2014, the Group has deployed our branded flat-panel displays at 1,099 office and commercial buildings in Hong Kong and Singapore under our Office & Commercial Building digital OOH media network, and at 200 Mannings retail chain-stores in Hong Kong and 60 Watsons retail chain-stores in Singapore under our In-store digital OOH media network; with on-going installations to expand to all 300+ Mannings stores in Hong Kong and 100+ Watsons stores in Singapore.

Further leveraging on the existing infrastructure and our relationships with Hong Kong's leading real-estate developers, the Group launched our digital OOH media network at major private residential complexes (Residential digital OOH media network) in Hong Kong. As of 30 June 2014, the Group has deployed our branded flat-panel displays at over 100 major private residential complexes in Hong Kong under our Residential digital OOH media network.

Under our Static OOH Billboard media network, the Group continues to hold the exclusive advertising sales rights to both the Tsim Sha Tsui ("TST") Interchange Subways and the Middle Road Subway (total three subways); this underground transport hub beneath one of the busiest tourists and business districts in Hong Kong connects the TST MTR station and the East TST MTR station; as well as the site at the SIM City Mall, located at the heart of the Mongkok district and within one of the busiest tourist hubs in Hong Kong.

As for our large format LED OOH media network, the Group continues to hold the exclusive operating and advertising sales rights to the mega-size LED screen at One Raffles Place ("ORP"), fronting Raffles Green; ORP is one of the three tallest buildings in Singapore and is a beacon in the heart of Singapore's financial district.

The Group continued 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 leading 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 2014**	Six months ended 30 June 2013	**% Change**
Turnover	**27,669,559**	30,504,135	(9%)
Gross Profit	**12,842,509**	22,004,488	(42%)
EBITDA *(Note 1)*	**(9,111,175)**	3,087,390	N/A
Net (Loss)/Profit	**(13,196,865)**	715,362	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 joint ventures, impairment of property, plant and equipment, gain on partial disposal of joint venture and amortisation 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 2014, the Group experienced a decline in both turnover and gross profit over the corresponding period of the previous year. The Group's turnover was approximately HK$27.7 million, representing a decrease of approximately 9%. Gross profit was approximately HK$12.8 million, representing a decrease of approximately 42%. Gross profit margin decreased to 46% from 72%.

Excluding the amount of impairment of property, plant and equipment of HK$2.1 million, our total operating expenses for the six months ended 30 June 2014 were approximately HK$24.7 million, representing an increase of approximately 17% over the corresponding period of the previous year.

As a result, the Group's negative EBITDA amounted to approximately HK$9.1 million for the six months ended 30 June 2014 as compared to positive EBITDA of approximately HK$3.1 million for the corresponding period of the previous year.

For the reporting period, the Group recorded a loss attributable to shareholders of the Company of approximately HK$13.2 million as compared to a net profit attributable to shareholders of the Company of approximately HK$0.7 million for the six months ended 30 June 2013.

Liquidity and financial resources

The Group has adopted a prudent financial management strategy and maintained a healthy liquidity position as at 30 June 2014. The Group had cash and cash equivalents of HK$40,963,058 as at 30 June 2014 (31 December 2013: HK$50,692,047). 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 0.3% as at 30 June 2014 (31 December 2013: approximately 0.3%).

Foreign exchange

For the six months ended 30 June 2014, 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 2014, the Group did not have any significant capital commitments (31 December 2013: HK$1 million).

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2014 (2013: Nil).

Information on employees

As at 30 June 2014, the Group had 71 employees (30 June 2013: 65), including the executive Directors. Total staff costs (including Directors' emoluments) for the six months ended 30 June 2014 were approximately HK$12.8 million, including equity-based compensation, as compared to approximately HK$11 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 2014, 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 investment in subsidiaries and joint ventures, during the six months ended 30 June 2014, the Group did not hold any significant investment in equity interest in any company.

Future plans for material investments and capital assets

On 20 June 2014, the Group entered into an agreement with an Internet Content Provider ("ICP") in the People's Republic of China relating a RMB1.5 million convertible loan to the ICP. The loan shall be interest free and, unless and until the loan is converted into equity interest, the loan shall be repayable in June 2016.

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 2014, the Group did not have any charges on its assets (31 December 2013: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2014 (31 December 2013: Nil).

OTHER INFORMATION

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

During the six months ended 30 June 2014, 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.

Competition and Conflict of Interests

During the six months ended 30 June 2014, 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 2014.

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 2014, 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 2014 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, 11 August 2014

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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" paged of the GEM website at www.hkexnews.hk at least 7 days from the date of its posting. This announcement will also be posted on Company's website at www.focusmedia.com.