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 2015

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.

This announcement, for which the directors (the "Directors") of Focus Media Network Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company, 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.

HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2015 was approximately HK$30.4 million, representing an increase of approximately 10.0% over the corresponding period of the previous year.
- The Group's gross profit for the six months ended 30 June 2015 was approximately HK$16.4 million, representing an increase of approximately 27.9% over the corresponding period of the previous year. Gross profit margin increased from 46.4% to 54.0%.
- The total operating expenses for the six months ended 30 June 2015 were approximately HK$25.6 million, representing a decrease of approximately 4.3% over the corresponding period of the previous year.
- The Group recorded a loss attributable to shareholders of the Company of approximately HK$8.5 million for the six months ended 30 June 2015 as compared to a loss attributable to shareholders of the Company of approximately HK$13.2 million for the six months ended 30 June 2014.
- Loss per share for the six months ended 30 June 2015 was HK cents 2.58 compared to loss per share of HK cents 4.02 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 "Director") 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 2015 together with comparative unaudited figures for the corresponding period ended 30 June 2014, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Three months ended 30 June		Six months ended 30 June	
		2015	2014	**2015**	2014
	Notes	***HK$***	*HK$*	***HK$***	*HK$*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*3*	**15,397,198**	15,266,671	**30,429,469**	27,669,559
Cost of sales	*4*	**(7,907,358)**	(8,183,485)	**(14,007,768)**	(14,827,050)
Gross profit		**7,489,840**	7,083,186	**16,421,701**	12,842,509
Other income		**11,895**	304,508	**487,009**	728,837
Administrative expenses	*4*	**(13,097,915)**	(14,939,679)	**(25,602,113)**	(26,752,388)
Operating loss		**(5,596,180)**	(7,551,985)	**(8,693,403)**	(13,181,042)
Finance costs	*5*	**(3,459)**	(6,789)	**(6,918)**	(14,596)
Share of loss of joint ventures		**(175,639)**	(18,647)	**(273,082)**	(1,227)
Loss before income tax		**(5,775,278)**	(7,577,421)	**(8,973,403)**	(13,196,865)
Income tax expenses	*6*	**—**	—	**—**	—
Loss for the period		**(5,775,278)**	(7,577,421)	**(8,973,403)**	(13,196,865)
Other comprehensive income/ (loss) for the period					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		**454,936**	181,397	**(345,164)**	230,603
Total comprehensive loss for the period		**(5,320,342)**	(7,396,024)	**(9,318,567)**	(12,966,262)
Loss for the period attributable to:					
Owners of the Company		**(5,553,367)**	(7,577,421)	**(8,536,182)**	(13,196,865)
Non-controlling interests		**(221,911)**	—	**(437,221)**	—
		(5,775,278)	(7,577,421)	**(8,973,403)**	(13,196,865)
Total comprehensive loss for the period attributable to:					
Owners of the Company		**(5,098,431)**	(7,396,024)	**(8,881,346)**	(12,966,262)
Non-controlling interests		**(221,911)**	—	**(437,221)**	—
		(5,320,342)	(7,396,024)	**(9,318,567)**	(12,966,262)
Loss per share attributable to owners of the Company					
		HK cents	HK cents	**HK cents**	HK cents
— Basic and diluted	*8*	**(1.68)**	(2.31)	**(2.58)**	(4.02)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	30 June 2015 HK$ (Unaudited)	31 December 2014 HK$ (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**12,421,407**	10,941,954
Intangible assets	*9*	**1,558,272**	1,978,020
Deposits and prepayments	*10*	**6,011,825**	2,620,275
Pledged bank deposits		**576,000**	586,000
Interests in joint ventures		**1,321,509**	1,612,422
		21,889,013	17,738,671
Current assets			
Inventories		**453,945**	—
Trade and other receivables	*10*	**27,415,216**	21,236,970
Financial asset at fair value through profit or loss	*12*	**1,898,734**	1,898,734
Pledged bank deposits		**306,464**	291,389
Cash and bank balances		**29,639,533**	37,890,563
		59,713,892	61,317,656
Total assets		**81,602,905**	79,056,327
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*13*	**3,448,924**	3,280,000
Share premium	*13*	**291,479,973**	274,344,873
Other reserves		**(173,430,102)**	(173,084,938)
Accumulated losses		**(52,925,473)**	(44,389,291)
Equity attributable to owners of the Company		**68,573,322**	60,150,644
Non-controlling interests		**(626,559)**	(189,338)
Total equity		**67,946,763**	59,961,306

	Notes	**30 June 2015** *HK$* **(Unaudited)**	31 December 2014 *HK$* (Audited)
LIABILITIES			
Current liabilities			
Trade and other payables	*11*	**10,878,163**	17,823,812
Deferred revenue		**2,777,979**	1,271,209
		13,656,142	19,095,021
Total liabilities		**13,656,142**	19,095,021
Total equity and liabilities		**81,602,905**	79,056,327
Net current assets		**46,057,750**	42,222,635
Total assets less current liabilities		**67,946,763**	59,961,306

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	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 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
Balance at 31 December 2014 and 1 January 2015, audited	**3,280,000**	**274,344,873**	**(176,467,450)**	**(1,140,843)**	**67,900**	**4,455,455**	**(44,389,291)**	**60,150,644**	**(189,338)**	**59,961,306**
Changes in equity for the six months ended 30 June 2015										
Comprehensive loss										
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**(8,536,182)**	**(8,536,182)**	**(437,221)**	**(8,973,403)**
Other comprehensive loss										
Currency translation differences	**—**	**—**	**—**	**(345,164)**	**—**	**—**	**—**	**(345,164)**	**—**	**(345,164)**
Total comprehensive loss	**—**	**—**	**—**	**(345,164)**	**—**	**—**	**(8,536,182)**	**(8,881,346)**	**(437,221)**	**(9,318,567)**
Transactions with owners										
Issue of shares	**168,924**	**17,135,100**	**—**	**—**	**—**	**—**	**—**	**17,304,024**	**—**	**17,304,024**
Total transactions with owners	**168,924**	**17,135,100**	**—**	**—**	**—**	**—**	**—**	**17,304,024**	**—**	**17,304,024**
Balance at 30 June 2015, unaudited	**3,448,924**	**291,479,973**	**(176,467,450)**	**(1,486,007)**	**67,900**	**4,455,455**	**(52,925,473)**	**68,573,322**	**(626,559)**	**67,946,763**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	**2014**
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Cash flows used in operating activities	**(17,605,906)**	(4,141,200)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	**(7,748,947)**	(4,120,558)
Pledged deposit	**(14,189)**	(614,714)
Acquisition of joint ventures	**—**	(928,500)
Interest received	**394**	234
Net cash used in investing activities	**(7,762,742)**	(5,663,538)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**17,304,024**	—
Repayment of finance lease liabilities	**—**	(51,679)
Interest paid	**—**	(7,684)
Net cash generated from/(used in) financing activities	**17,304,024**	(59,363)
Decrease in cash and cash equivalents	**(8,064,624)**	(9,864,101)
Cash and cash equivalents at the beginning of the period	**37,890,563**	50,692,047
Exchange (losses)/gains on cash and cash equivalents	**(186,406)**	135,112
Cash and cash equivalents at end of the period	**29,639,533**	40,963,058
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**30,521,997**	41,892,850
Less: Pledged bank deposits	**(882,464)**	(929,792)
Cash and cash equivalents per unaudited condensed consolidated statement of cash flows	**29,639,533**	40,963,058

NOTES TO FINANCIAL INFORMATION

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 and other 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 2015 (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 2014, 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 2015. The adoption of the standards have no material effect on the Group's results and financial position:

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle

(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 2015 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
Annual Improvements Project	Annual Improvements 2012–2014 Cycle	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statement	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018

Apart from the 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 2015 and have not been adopted in these financial statements.

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 a perspective of different activities. Management assesses the performance of the following segments:

— Advertising and media

— Retail of skin care products

— Others

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 six months ended 30 June 2015 and 2014 is as follows:

	Advertising and media (Unaudited) HK$	Retails of skin care products (Unaudited) HK$	Others (Unaudited) HK$	Total (Unaudited) HK$
For the six months ended 30 June 2015				
Segment revenue	**29,527,428**	**1,170,362**	**206,175**	**30,903,965**
Inter-segment revenue	**(474,496)**	**—**	**—**	**(474,496)**
Revenue (from external customers)	**29,052,932**	**1,170,362**	**206,175**	**30,429,469**
Segment results	**15,855,653**	**359,873**	**206,175**	**16,421,701**
For the six months ended 30 June 2014				
Segment revenue	28,607,205	—	—	28,607,205
Inter-segment revenue	(937,646)	—	—	(937,646)
Revenue (from external customers)	27,669,559	—	—	27,669,559
Segment results	12,842,509	—	—	12,842,509

A reconciliation of segment results to loss before tax is provided as follows:

	(Unaudited) Six months ended 30 June 2015 HK$	2014 HK$
Segment results	**16,421,701**	12,842,509
Other income	**487,009**	728,837
Administrative expenses	**(25,602,113)**	(26,752,388)
Operating loss	**(8,693,403)**	(13,181,042)
Finance costs	**(6,918)**	(14,596)
Share of loss of joint ventures	**(273,082)**	(1,227)
Loss before income tax	**(8,973,403)**	(13,196,865)

The total non-current assets by operating and reportable segment as at 30 June 2015 and 31 December 2014 is as follow:

As at 30 June 2015

	Advertising and media *(Unaudited)* ***HK$***	**Retail of skin care products** *(Unaudited)* ***HK$***	**Others** *(Unaudited)* ***HK$***	**Total** *(Unaudited)* ***HK$***
Non-current assets	**20,605,987**	**10,741**	**1,272,285**	**21,889,013**

As 31 December 2014

	Advertising and media *(Audited)* ***HK$***	**Retail of skin care products** *(Audited)* ***HK$***	**Others** *(Audited)* ***HK$***	**Total** *(Audited)* ***HK$***
Non-current assets	17,738,671	—	—	17,738,671

Geographical information

The Group's operations are located in Hong Kong and Singapore.

The Group's segment revenue from external customers determined based on location of operation of the Group and information about its non-current assets by geographical location of the assets are detailed below:

	Hong Kong *(Unaudited)* ***HK$***	**Singapore** *(Unaudited)* ***HK$***	**Total** *(Unaudited)* ***HK$***
For the six months ended 30 June 2015			
Segment revenue	**19,944,117**	**10,959,848**	**30,903,965**
Inter-segment revenue	**(474,496)**	**—**	**(474,496)**
Revenue (from external customers)	**19,469,621**	**10,959,848**	**30,429,469**
Segment results	**9,539,382**	**6,882,319**	**16,421,701**
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

The total non-current assets located in Hong Kong are HK$14,683,242 and HK$10,936,482 as at 30 June 2015 and 31 December 2014 respectively. The total non-current assets located in Singapore are HK$7,205,771 and HK$6,802,189 as at 30 June 2015 and 31 December 2014 respectively.

4 EXPENSES BY NATURE

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$	*HK$*
Revenue sharing with landlords of Office and Commercial Networks *(Note)*	**4,009,625**	2,542,165
Revenue sharing with landlords of In-store Networks *(Note)*	**986,520**	1,158,958
Revenue sharing with Online Video Streaming Platforms *(Note)*	**343,499**	3,116,547
Revenue sharing with owners of Residential Networks *(Note)*	**104,904**	23,712
Cost of inventories sold	**760,603**	—
Sales commission	**1,799,520**	1,696,191
Production and installation	**1,480,474**	1,101,383
Auditor's remuneration	**488,167**	486,500
Depreciation	**2,326,100**	1,739,747
Amortisation	**419,748**	419,748
Operating lease payments		
— Outdoor billboards	**4,095,280**	4,885,573
— In-store Networks	**217,098**	92,275
— Land and building	**2,592,688**	2,059,256
Employees benefit expenses excluding equity-based compensation	**13,278,346**	12,712,548
Equity-based compensation	**—**	73,466
Marketing and promotional expenses	**1,358,250**	1,520,439
Travelling expenses	**738,557**	1,069,115
Professional fees	**511,607**	878,625
Provision for impairment of trade receivables	**—**	100,639
Impairment of property, plant and equipment	**—**	2,066,667
Other expenses	**4,098,895**	3,835,884
Total cost of sales and administrative expenses	**39,609,881**	41,579,438

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

5 FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$	*HK$*
Interest expense		
— Finance lease liabilities wholly repayable within 5 years	**—**	7,684
— License fee liabilities wholly repayable within 5 years	**6,918**	6,912
	6,918	14,596

6 INCOME TAX EXPENSES

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 2015 (2014: Same). The profits tax rates for Hong Kong and Singapore are 16.5% (2014: 16.5%) and 17% (2014: 17%) respectively.

7 DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2015 (2014: Nil).

8 LOSS PER SHARE

Basic

Basic loss per share for the six months ended 30 June 2015 and 2014 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	
	2015	2014
	HK$	*HK$*
Loss attributable to equity holders of the Company (HK$)	**(8,536,182)**	(13,196,865)
Weighted average number of shares in issue	**330,636,548**	328,000,000
Basic loss per share	**HK cents (2.58)**	HK cents (4.02)

Diluted

Diluted loss per share is the same as basic loss per share as the exercise of the outstanding shares options would be anti-dilutive (2014: same).

9 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment *HK$*	Intangible assets *HK$*
Year ended 31 December 2014		
Opening net book amount at 1 January 2014, audited	7,021,878	2,817,516
Additions	9,606,428	—
Impairment of property, plant and equipment	(2,066,667)	—
Depreciation and amortisation	(3,591,045)	(839,496)
Exchange difference on translation	(28,640)	—
Closing net book amount at 31 December 2014, audited	10,941,954	1,978,020
Six months ended 30 June 2015		
Opening net book amount at 1 January 2015, audited	**10,941,954**	**1,978,020**
Additions	**3,896,463**	**—**
Depreciation and amortisation	**(2,326,100)**	**(419,748)**
Exchange difference on translation	**(90,910)**	**—**
Closing net book amount at 30 June 2015, unaudited	**12,421,407**	**1,558,272**

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 ***HK$*** **(Unaudited)**	At 31 December 2014 *HK$* (Audited)
Trade receivables — third parties	**13,144,072**	20,240,370
Less: provision for impairment of trade receivables	**—**	(2,112,988)
Trade receivable — net	**13,144,072**	18,127,382
Deposits and other receivable	**3,558,698**	4,220,552
Prepayments	**16,724,271**	1,509,311
	33,427,041	23,857,245
Less non-current portion:		
Rental deposit	**(1,816,715)**	(2,277,649)
Prepayment for acquisition of plant and equipment and intangible assets	**(4,195,110)**	(342,626)
Current portion	**27,415,216**	21,236,970

The majority of the Group's sales are mainly on average credit terms of 60 to 90 days. As of 30 June 2015 and 31 December 2014, the Group's trade receivables of HK$7,215,090 and HK$12,536,766 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. No provision for impairment of receivables has been provided for the remaining balance (2014: HK$2,112,988). The aging analysis of these trade receivables is as follows:

	At 30 June 2015 *HK$* **(Unaudited)**	At 31 December 2014 *HK$* (Audited)
Neither past due nor impaired	**5,928,982**	5,590,616
1–30 days past due	**3,471,717**	4,101,933
31–60 days past due	**2,482,315**	3,665,237
Over 61 days past due	**1,261,058**	4,769,596
Past due but not impaired	**7,215,090**	12,536,766
	13,144,072	18,127,382

Prepayments of approximately HK$15 million relates to the development of the Group's large out-of-home static and digital advertising billboards and real-time broadcast related software. As of 30 June 2015, the Group has not utilised any of the amounts prepaid.

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's provision for impairment of trade receivables are as follows:

	At 30 June 2015 *HK$* **(Unaudited)**	At 31 December 2014 *HK$* (Audited)
At 1 January	**2,112,988**	1,333,998
Provision for receivables impairment	**—**	781,397
Receivables written off during the period/year as uncollectible	**(2,112,988)**	—
Exchange difference	**—**	(2,407)
	—	2,112,988

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

	At 30 June 2015 *HK$* **(Unaudited)**	At 31 December 2014 *HK$* (Audited)
HK$	**27,632,469**	14,433,194
Singapore dollars ("SG$")	**5,762,763**	9,408,058
Renminbi ("RMB")	**31,809**	15,993
	33,427,041	23,857,245

11 TRADE AND OTHER PAYABLES

	At 30 June 2015 *HK$* **(Unaudited)**	At 31 December 2014 *HK$* (Audited)
Trade payables	**614,980**	599,065
License fee payable	**1,055,043**	1,048,125
Other payables	**1,834,145**	2,864,761
Accruals	**7,373,995**	13,311,861
	10,878,163	17,823,812

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 2015 *HK$* **(Unaudited)**	At 31 December 2014 *HK$* (Audited)
Current	**417,152**	598,460
1–30 days	**197,223**	—
Over 60 days	**605**	605
	614,980	599,065

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

	At 30 June 2015 HK$ (Unaudited)	At 31 December 2014 HK$ (Audited)
HK$	**4,816,142**	6,764,918
SG$	**3,444,351**	3,729,060
RMB	**1,833,410**	6,545,574
United States dollars	**784,260**	784,260
	10,878,163	17,823,812

12 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

An analysis of the Group's financial asset stated at fair value, based on the degree to which its fair values is observable, is as follows:

Level 1: quoted prices in active markets
Level 2: value inputs, other than quoted prices, that are observable either directly or indirectly
Level 3: value inputs that are not based on observable market data

The financial asset as at 30 June 2015 amounts to HK$1,898,734 (2014: HK$1,898,734) is classified as level 3 measurement.

The movement of financial asset in Level 3 measurement is as follows:

	HK$
Fair value at 1 January 2015, audited	1,898,734
Additions	—
Fair value at 30 June 2015, unaudited	1,898,734

Fair value is measured based on value inputs that is not based on observable market data. Change of value inputs that are not based on observable market data to reasonably possible alternatives would not have material effect on the Group's results for the period and financial position at the period end date.

13 SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Equivalent nominal value of ordinary share	Share premium	Total
		HK$	*HK$*	*HK$*
Authorised:				
Ordinary share of HK$0.01 each				
At 31 December 2014 and 30 June 2015	10,000,000,000	100,000,000	—	—
Issued and fully paid:				
At 31 December 2014, audited	328,000,000	3,280,000	274,344,873	277,624,873
At 30 June 2015, unaudited	344,892,400	3,448,924	291,479,973	294,928,897

14 CONTINGENT LIABILITIES

The Group and the Company had no significant contingent liabilities as at 30 June 2015 (2014: Nil).

15 RELATED PARTY TRANSACTIONS

During the year ended 31 December 2014, the Group entered into a shareholder loan agreement with its joint venture, OSG Capital Pte Limited, to lend SG$100,000 (HK$621,000). 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 2015 is HK$479,958 (2014: HK$488,290).

The following transactions were carried out with a related party:

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$	*HK$*
Purchases of services:		
— A joint venture	**630,000**	—

Services are bought from a joint venture on normal commercial terms and conditions.

16 ULTIMATE AND INTERMEDIATE HOLDING COMPANIES

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.

17 SUBSEQUENT EVENTS

On 3 June 2015, the Company and the Subscribers entered into the Subscription Agreement in relation to the issue of the Convertible Notes in the principal amount of HK$400,000,000 for the purpose of expanding the media business of the Group by, *inter alia*, acquiring companies engaging in, media business, such as film production and distribution, new media content production and other entertainment related companies and general working capital of the Group.

The issue of the Convertible Notes was not completed as of the date of this announcement.

On 14 July 2015, the Company entered into a non-legally binding memorandum of understanding with the Ricco Media (Holdings) Limited in relation to their intention to explore the investment opportunity in the business of film development, production and distribution and the Company proposed to invest in the Target Business through the acquisition of the entire issued share capital of Ricco Media Investment Limited. The Target Business has over 30 intellectual properties for motion picture development in the form of concept, treatment and/or film script, among which three properties are already in the development phases, with a view to commence official shooting in the next two years.

On 7 August 2015, the Company and Ricco Media (Holdings) Limited entered into the Sale and Purchase Agreement pursuant to which the Company agreed to purchase the entire issued share capital of Ricco Media Investment Limited from Ricco Media (Holdings) Limited for a consideration of HK$100,000,000, which shall be satisfied by payment of HK$50,000,000 in cash; financed by third party borrowings, and issuance of 37,471,680 new shares priced at HK$1.33 per share, issued under the General Mandate.

Ricco Media Investment Limited is an investment holding company which indirectly holds a 75% equity interest in Stan Lee Global Entertainment, LLC ("Target Business"). The Target Business is engaged film development, production and distribution. The remaining 25% equity interest of the Target Business is owned by POW! Entertainment, Inc. ("POW!"), a third party independent of the Company and its connected persons.

Stan Lee ("Stan") is the chairman and chief creative officer of POW!. The Company understands that Stan is known to many as the co-creator of many Marvel superheroes which include Spider-Man, The Incredible Hulk, X-Men, The Fantastic Four, Iron Man, Avengers and many others. The Company also understands that Stan has created numerous new characters and stories in areas including publishing, film, television reality, stage, documentary, and multimedia.

POW! is a multimedia production and licensing company that creates and licenses animated and live-action fantasy and superhero entertainment content and merchandise, leveraging the creative output and brand image of Stan. POW! develops Stan's originally created projects for traditional entertainment media including feature length films in live action and animation, DVD, live entertainment, television programming, merchandising and new media such as online digital programming and video games.

18 APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved by the Board on 11 August 2015.

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. It 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 deploys its digital flat-panel displays, the Group is the largest digital OOH media company in Hong Kong and Singapore. As of 30 June 2015, the Group has deployed its flat-panel displays at 1,640 venues in Hong Kong and Singapore.

During the six months ended 30 June 2015, 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 2015	6 months ended 30 June 2014	% Change
Hong Kong	Office and Commercial Network	**614**	622	–1%
Hong Kong	In-store Network (Mannings)	**252**	200	26%
Hong Kong	Residential Network	**166**	104	60%
Singapore	Office and Commercial Network	**508**	477	6%
Singapore	HDB Shopping Centres	**21**	21	0%
Singapore	In-store Network (Watsons)	**79**	60	32%
Total number of venues		**1,640**	1,484	11%

For the six months ended 30 June 2015, the Group has deployed its branded flat-panel displays at 1,122 office and commercial buildings in Hong Kong and Singapore under its Office & Commercial Building digital OOH media network, and at 252 Mannings retail chain-stores in Hong Kong and at 79 Watsons retail chain-stores in Singapore under its In-store digital OOH media network.

Further leveraging on the existing infrastructure and its relationships with Hong Kong's leading real-estate developers, the Group expanded its digital OOH media network at major private residential complexes (Residential digital OOH media network) in Hong Kong. As of 30 June 2015, the Group has deployed its branded flat-panel displays at 166 major private residential complexes in Hong Kong under its Residential digital OOH media network.

Under its 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. In addition, the

Group continues to hold the exclusive advertising sales rights to the billboard along the super-long pedestrian walkway leading to Knutsford Terrace at TST. Knutsford Terrace has been dubbed the "Lan Kwai Fong" of Kowloon, a popular dining/nightlife place and an entertainment hub in the heart of TST, with a strip of international/local restaurants and bars catering to both locals and tourists.

As for its 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.

As well, the Group continues to hold the exclusive advertising sales rights (for static and digital) to the new walkway at Orchard Gateway. It forms part of the underpass that links directly to the Somerset MRT station and also to both sides of Orchard Road. Orchard Gateway is the one-and-only shopping mall that straddles both sides of Orchard Road and is linked by a glass tubular bridge and an underpass — forming a "gateway" to the bustling shopping belt in Singapore.

The Group will continue to pursue the expansion of its digital OOH media networks, adding progressively one venue at a time as well as pursue new static OOH sites under its Static OOH billboard media network.

At the same time and as previously reported in its Q1 2015 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 which includes the Group's partnerships with Youku Tudou Inc. (NYSE:YOKU), China's leading Internet television company.

Financial Review

(Unaudited) in HK$	**Six months ended 30 June 2015**	Six months ended 30 June 2014	**% Change**
Revenue	**30,429,469**	27,669,559	10.0%
Gross Profit	**16,421,701**	12,842,509	27.9%
EBITDA *(Note 1)*	**(5,510,334)**	(9,111,175)	N/A
Net Loss	**(8,973,403)**	(13,196,865)	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 profit/(loss) of joint ventures, amortisation of intangible assets and net of comprehensive loss for the period attributable to non-controlling interests. 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 2015, the Group experienced double-digit growth in both revenue and gross profit over the corresponding period of the previous year. The Group's revenue was approximately HK$30.4 million, representing an increase of approximately 10.0%.

Gross profit was approximately HK$16.4 million, representing an increase of approximately 27.9%. Gross profit margin increased from approximately 46.4% to 54.0% mainly due to lower cost-of-sales associated with the better performing media network.

The total operating expenses for the six months ended 30 June 2015 were approximately HK$25.6 million, representing a decrease of approximately 4.3% over the corresponding period of the previous year.

As a result, the Group's negative EBITDA amounted to approximately HK$5.5 million for the six months ended 30 June 2015 as compared to negative EBITDA of approximately HK$9.1 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$8.5 million as compared to a loss attributable to shareholders of the Company of approximately HK$13.2 million for the six months ended 30 June 2014.

Liquidity and financial resources

The Group has adopted a prudent financial management strategy and maintained a healthy liquidity position as at 30 June 2015. The Group had cash and cash equivalents of HK$29,639,533 as at 30 June 2015 (31 December 2014: HK$37,890,563). 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 zero as at 30 June 2015 (31 December 2014: 0%).

Foreign exchange

For the six months ended 30 June 2015, 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.

Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 June 2015 (2014: Nil).

Information on employees

As at 30 June 2015, the Group had 87 employees (30 June 2014: 71), including the executive Directors. Total staff costs (including Directors' emoluments) for the six months ended 30 June 2015 were approximately HK$13.3 million, including equity-based compensation, as compared to approximately HK$12.7 million for the corresponding period of the previous year due to an increase in headcount. 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 2015, 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 2015, 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 interim report 2015 and Note 17 to Financial Information of this announcement, 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 2015, the Group did not have any charges on its assets (31 December 2014: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

OTHER INFORMATION

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

During the six months ended 30 June 2015, 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 2015, 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 2015.

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 2015, 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. Chan Ming Sun Jonathan (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 2015 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 2015

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. Chan Ming Sun Jonathan, Mr. Rosenkranz Eric Jon and Mr. Chan Chi Keung Alan.

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