TOM Group Limited

TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2383)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2010

CHAIRMAN'S STATEMENT

I am pleased to announce the results of TOM Group Limited ("TOM" or the "Company") and its subsidiaries (collectively referred to as the "TOM Group" or the "Group") for the six months ended 30 June 2010.

Despite improved market conditions in China, market uncertainties and changing regulatory policies continued to present a challenging environment for the Group's business in the wireless and Internet sectors. Nevertheless, the Group reported a stable overall performance with a slight increase of 4% in revenues for the six months ended 30 June 2010. Earnings before interest, tax, depreciation and amortization improved about 90% to HK$75.7 million. Operating loss before one-off items was significantly reduced by 83% to HK$7.1 million. Loss attributable to shareholders was HK$66 million and loss per share was HK cents 1.70.

Despite changing regulations and mobile operator policies pertaining to wireless businesses, the Internet Group reported an 8% increase in revenues for the first half. Revenues of the Internet Group were HK$563 million and segment profit was HK$19 million. The Internet Group continues to invest and innovate in 3G mobile internet services.

The Group's share of losses from Eachnet's C2C e-commerce business was reduced by nearly 50%.

The Group's joint venture with China Post in a new B2C e-commerce platform, – www.ule.com.cn will be formally launched in early-August this year, offering users a unique, reliable and integrated shopping experience from online to offline to mobile.

The Publishing Group reported significant improvement in its financial performance with segment profit increasing 60% to HK$52 million. Revenues rose 9% to HK$439 million as compared to the same period last year. In response to the rapid emerging trend of e-reading devices, the Group has launched new initiatives over the last 2 years and now has e-reading, e-learning and simultaneous publication of digital and print versions capabilities.

Outdoor Media Group ("OMG") is beginning to see some growth momentum after consolidation and restructuring activities in prior periods. In May 2010, OMG was appointed by the outdoor media arm of Shanghai Media and Entertainment Group as an advertising agent for its major outdoor media assets in Shanghai. The Group reported revenues of HK$140 million with segment loss reduced considerably by 30% to HK$10 million.

The Television and Entertainment Group reported some improvement in its financial performance with a 38% increase in revenues and a slight reduction in segment loss. This Group has launched new initiatives to strengthen its programme offerings and extend distribution over both traditional and digital platforms, providing seamless entertainment experience for users and a new opportunity for advertisers.

In the second half, the Group will focus on cost and operational management, key alliances with industry partners, and continued product and service innovation. Barring adverse regulatory and policy changes affecting its businesses, the Group should show continued improvement in operating performance over the remainder of the year.

I would like to take this opportunity to thank all of the Group's management and staff for their continuing hard work and dedication.

Frank Sixt
Chairman

Hong Kong, 3 August 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

	For the six months ended 30 June 2010 HK$'000	30 June 2009 HK$'000
Revenues	1,243,826	1,192,708
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	75,703	40,012
Operating loss# (excluding one-off/non-cash items)*	(7,131)	(42,152)
Net (loss)/profit attributable to shareholders	(66,106)	11,665
(Loss)/earnings per share (HK cents)	(1.70)	0.30

 # Including share of results of associated companies and jointly controlled entities

** Before gain on acquisition of additional interests in a subsidiary, and provision for impairment of goodwill and other assets*

Business Review

Internet – Revenues increase by 8% with commitment to pushing forward B2C e-commerce and 3G mobile internet

In the first half of the year, the tightened regulatory environment pertaining to the telecommunication and internet sectors in Mainland China continued to affect the Internet Group's service income and revenues. However, TOM was able to maintain its leading position in the industry through disciplined operation and provision of quality services. With a view to capture opportunities in the emerging 3G mobile internet markets, the Group strived to offer an operator and device agnostic platform and introduced an array of innovative service offerings by leveraging on its unique media resources and partnership network, wealth of online technology and operating experience. In the review period, the Internet Group posted revenues of HK$563 million, an increase of 8% as compared to the same period last year. Segment profit amounted to HK$19 million.

Continued growth in online sports communities

With the view to provide its sports fans with unparalleled online and wireless seamless experience, TOM developed an unmatched and integrated sports platform, which through its cooperation with leading local and overseas partners, provides unique content, innovative and interactive community services.

TOM Sharkwave (www.shawei.com), a sports and leisure portal, was very popular among users. By the end of June, its average monthly page views saw a significant 61% growth as against the end of last year. The Group also continued to expand into the basketball arena. TOM in conjunction with the Chinese Basketball Association, launched an interactive basketball platform. Uhoop (www.uhoop.cn), which offers an online platform for young fans all over the world. Its success rides on not only as a leading online community, but also an education and information platform for basketball fans. To-date, Uhoop has already acquired over a million of loyal basketball fans. In addition, a TV programme of the same title is shown in the Air Classroom Channel of China Education TV, reaching the students and teachers in more than 300,000 rural elementary and high schools.

In addition, TOM extended its offerings to cover personal health. TOM, together with Guangdong General Hospital, jointly introduced a new interactive health product Dietmama (www.dietmama.com) featuring one of the most comprehensive online databases on the calorie information on Chinese diet. Its beta launch has been met with overwhelming response. Within a few weeks of its launch, it has acquired over 65,000 active users. In the second half of the year, Dietmama will cooperate with more partners with the view to provide users with a variety of multi-language mobile applications, online consultation, social networking functions and an array of health information.

Ule – integrated online, wireless and offline shopping platform
In early August 2010, TOM entered into a joint venture agreement with China Post. China Post has an extensive network, penetrating into distant rural villages, with 46,000 post office locations, 150,000 postmen and 36,000 banking points. In support of such a venture, TOM will allocate resources at the value of RMB200 million (approximately HK$228 million) towards the marketing of the integrated B2C shopping platform Ule (www.ule.com.cn).

Pursuant to the agreement, the joint venture company will be owned as to 49% and 51% by TOM and China Post respectively. China Post will provide offline sales channel, warehousing, logistic supports and fulfillment, while TOM will be the exclusive technology service provider.

Ule will contribute in fulfilling the nation's call for secured and reliable online shopping. It is a unique shopping platform with product ranges including fashion, home goods, sports & outdoor goods, handbags & shoes, healthcare and personal care products etc. Since its beta launch in October 2009, Ule has attracted over a thousand well-known local and international merchants such as Shiseido, Avon, LG, Samsung and Giordano.

The official launch of Ule has been scheduled in early August. After the online launch, Ule will commence to offer offline catalogue services, over-the-counter sales services will initially be made available at over a thousand China Post counters across 18 cities in Henan Province. To promote more convenience to buyers, Ule will be able to take orders over its phone-order service hotline 11185 and Ule gift cards will be issued and be made sold nationwide via China Post counters. Leveraging on China Post's extensive network and TOM's vast experience in online technology and network, Ule is poised to become a sizeable and trustworthy interactive shopping platform offering an unparalleled fun shopping experience anytime anywhere. Ule will continue to enrich its product range by including more renowned local and international premium brands, attracting a variety of quality and authentic products.

Publishing – Segment profit surges by 60% and digital publishing gets a boost

Following the rebound in the advertising market on the back of the gradual global recovery, the Publishing Group reported significant improvement in its financial performance in the first six months. Growth in the Group's digital and traditional publication were comparable as readers were offered a more comprehensive range of services, accordingly there were 18% and 8% year-on-year growth in revenues from digital and traditional publishing respectively. The division posted profit amounting to HK$52 million, up by 60%. Revenues increased by 9% to HK$439 million. In an effort to meet the increasing market demand for digital content, simultaneous with the speeding up of its development of digital publishing and related applications, the Group also further expanded its distribution channels to online platforms.

Advertising revenues at *Business Weekly* jump by 46%
The Group's flagship magazine in Taiwan, *Business Weekly*, posted exceptional results for the first half of the year, with advertising revenues leaped by 46% year-on-year average selling price

per page increased by 14%, and advertisement pages surged by 26%. According to a survey by media research company AC Nielsen, *Business Weekly* remained the leadership position among its peer competitors in the first quarter. Despite facing fierce competition from e-books, the Group's overall book sales posted a steady growth of 5%.

Pioneering in offering simultaneous digital and paper publications

Cité became the industry pioneer in Taiwan with the simultaneous publication of digital and print version of its book title *Self-Proud 4: Be A Wise Man with A Kind Heart*, which was simultaneously made available in paper, digital copies for mobile phones, e-reading devices and personal computers. Cité publishes more than ten new books and magazines on a monthly basis, being made available in paper copies as well as digital format, which are sold on its online platform, Cité Reading Club (www.cite.com.tw/ebook.php) as well as other distribution channels. To-date, more than 220 e-books have been made available on the Online Reading Club. Cité will continue to expand the accessibility of its traditional and digital publications offering its readers with a wider choice.

Digitization projects and websites enrich online reading experience

Cité's original content creation online platform POPO (www.popo.tw), being the first of its kind in Taiwan, is a platform whereby consumers can read and transact user generated original content. This platform has been well received since its launch in December 2009, and has to date aggregated about 1,500 authors, offering about 2,000 titles. Its mobile reading service launched earlier this year was also met with overwhelming response. Users with iPhones and Android mobile users are able to download Cité's magazines for free. The average number of monthly downloads doubled from January to May, reflecting the increasing popularity of e-books.

In response to the consumer's increasing habit towards online and interactive reading, Sharp Point leveraged its strengths and resources in the production of publications on leisure and popular culture, launched more websites that provides know-how classes. In this connection, in addition to the Comic Star (www.comicstar.com.tw), a website which provides educational information to users interested in comic creation, in July this year, Sharp Point launched DC Player (www.dcplayer.com.tw), a website that targets at photography audience, offering photography related information. In addition, *Cool* magazine will in mid-August launch an online extension to its magazine, providing a discussion forum for up and coming designers in Taiwan and promoting sales of their new products. Cité has from time to time launched a series of new websites such as www.faces.com.tw (detective story collection), www.naturesys.com/bird (bird pictorials), www.pchomekids.com.tw (e-learning platform for children), www.wowlavie.com (architecture and home decor merchandise) and www.iwatchome.net (watch reviews). To-date, the Group has launch some 30 websites covering a diversified scope of topics such as education, home decor and travel.

As the Publishing Group's digital publishing strategy is in line with the Taiwan government's promotion of its cultural industry campaign, such projects obtained governmental support. The Industrial Development Bureau and Department of Commerce under the Ministry of Economic Affairs has granted subsidies totaling NT$35 million in support of the development of Comic Star, POPO, Tripass and Mombaby websites.

Cité's Gurubear child e-reading platform (www.gurubear.com.cn), which offers online and offline reading services for children and their parents, is well received in the Mainland China. As at end of July, five Gurubear storybook houses which offer online and offline reading services have been set up in Beijing, Guiyang, Wuhan and Chongqing. It is expected that two more storybook houses will commence operation from August this year.

Publications successful in sales and reviews

The Publishing Group's good track record of selecting successful titles and quality control has been recognised amongst its industry peers. The novel *Whale Girl and Pond Boy* was one of the top three bestselling titles on chart of an online bookstore Kingstone within the first week of its launch and by the end of June, total sales of the book exceeded 30,000 copies. The book has been licensed for the making of a drama in the Mainland China. *Twilight*, published by Sharp Point continued to be a bestseller and by end of June, total sales volume exceeded one million copies in Taiwan. Pursuant to an exclusive cooperation with Chunghwa Telecom Hami, a digital version of novel was launched for worldwide distribution. One of Sharp Point's comic publications, *The Drop of God*, to date achieved record sales of 950,000 copies. Cité's titles《拉丁美洲真相之路》 (translated title: *Latin America – A Journey to the Truth*) and *The Lying Carpet* were awarded "The 3rd Hong Kong Book Prize", by Radio Television Hong Kong, the Leisure and Cultural Services Department, Hong Kong Public Libraries and Hong Kong Publishing Federation. Furthermore, *Business Weekly* was also awarded an Honourable Mention of "Excellence in Reporting Breaking News" by the Society of Publishers in the Asia 2010 Awards for Editorial Excellence.

CUP, a magazine which targets sophisticated readers, has been published by the Group for over eight years in Hong Kong, has to date published 100 monthly editions. Digital versions of this magazine, and that of its sister magazine *AV Magazine*, an audio visual product magazine, expanded into the Taiwan market during the year via distribution on Taiwan's online bookstore Kingstone.

Outdoor Media – Growth through quality new media assets

The outdoor media division further optimized efficiency of operation and continued to develop technology-oriented products. Operating costs reduced by 28% in the review period. Occupancy rate of the media assets rose by 10%-point year-on-year, while average selling price per square metre increased by 5% as compared to the previous year. Segmental loss in the first six months of the year reduced considerably by 30% to HK$10 million, with revenues amounted to HK$140 million.

Strategic cooperation with Shanghai Media and Entertainment Group

To strengthen its media buying offerings, in May 2010, Outdoor Media Group ("OMG") entered into strategic alliance with the outdoor media arm of Shanghai Media and Entertainment Group (SMEG) under which it was appointed as one of its advertising agent for its major outdoor media assets in Shanghai. The media includes billboards, uni-poles and light boxes located on major highways, express stations and in the compartments of express trains. As a result, OMG now has an additional 25,000 square metres, that is, a 16% increase in its portfolio, available to its advertisers, and is expected to bring in additional revenue in the second half of the year. TOM will continue invest in quality new media assets to drive further growth of outdoor media business.

TV & Entertainment – Brand enhanced by premium contents and improved ratings

CETV, under the TV & Entertainment segment, had strived to become a premium entertainment brand. During the review period, the channel continued to enrich its high-end programme offerings, particularly by adding to it trendy programmes and talk shows. Through the diversified product offerings, it was able to expand its customers' network, increase interaction with local and international institutions and attracting quality customers. At the same time, it was able to source and broadcast first-runs or exclusive premieres of popular dramas, attracting men and women audiences in the cities, thus successfully boosted its channel ratings during the period. For the first half of the year, as a result of the TV & Entertainment Team's strategy in investing in quality programmes, its segment revenues rose by 38% to HK$102 million. Programme portfolio of CETV saw growth by 31% as compared to the previous year, self-production increased by 67% and during the period saw syndication income increased by five-fold.

Programme range broadened, featuring talk shows, fashion, health and music

The new season of the popular talk show *CEO Interview* opened in May. In addition to having Greater China's up and coming leaders as guests sharing their wisdom and life experiences, it had new guests hosts, namely Wenny Wang, CEO of Business Weekly Media Group and Derek Yeung, co-founder and CEO of she.com, a trendy women's portal in Hong Kong. The variety and broadening the content of the talk show were enhanced.

The CETV team's creativity in customising programmes provided not only entertainment for audiences, but also helped build the brand for clients, leading to a win-win situation for both its audience and clients. *Trendy Master* is an example of this kind of self-production featuring celebrities and artists who share their views on fashion, cosmetics and fine dining, injecting effective branding into an entertaining programme, appealing to audience with strong spending power and at the same time enhances the image of CETV as a premier entertainment channel.

To broaden its audience demographic, CETV launched new health food and healthcare programmes hosted by celebrities and popular artists. An example of such is *LOHAS Workshop*. Hosted by Angel Tong, Chairman of Angel Face Group, the program utilises a simple and fun way to introduce healthy food, fitness, environmental friendly and new trends to audiences. In addition, in late August, a well-known Mainland China artist Allen Lin will be hosting *Lin's Restaurant*, introducing new health and food concepts. Both of these programmes not only cater for the health conscience needs of audiences, but also attract a variety of quality clients in the industries of sauce manufacturing, kitchen appliances and dairy products etc, broadening the cooperation with brand owners.

Premiere dramas boost primetime ratings

CETV has successfully attracted cosmopolitan audiences and boosted channel ratings with the introduction of first-run and premieres of popular Asian dramas. As a result, CETV has extended its prime time period from two hours to three hours. During the review period, CETV has broadcasted Korean's number-one rating romances *Brilliant Legacy* and *STYLE* along with Taiwanese dramas *Autumn's Concerto* and *Down With Love*. All these dramas were well received. Leveraging on the strengths in first-run and premieres, CETV's prime time ratings in Guangzhou were up by 22% over last December and ratings in Shenzhen were doubled.

Outreaching audiences through multiple channels

In addition to traditional TV media, CETV also offered its audience with diversified and interactive services through its official site (www.cetv.com) and mobile client (m.cetv.com), both of which are well received. As at the end of June, the official site has attracted over one million registered users, whilst the mobile client has attracted 300,000 registered users, and the average monthly page views soared by 80% compared with last December. These two channels offered its audiences the ability at all times access to CETV's premium programmes and to participate in the events, providing them with an entertaining experience.

To celebrate its sixth anniversary, CETV held "The 6th Anniversary Ceremony and 2009 CETV Top 10 Asian Star Awards" event at which several celebrities, top artists, cooperative partners and major clients attended. In addition, audiences could utilise the CETV mobile client to vote for their idol celebrities or artists in order to obtain tickets to the event, thereby further raising interaction between TV and online audiences, increasing their stickiness and loyalty.

Liquidity and Financial Resources

As at 30 June 2010, TOM Group had bank and cash balances, including pledged deposits, of approximately HK$1,129 million. A total of HK$2,560 million financing facilities were available, of which HK$1,990 million had been utilized to finance the Group's acquisitions, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$1,947 million as at 30 June 2010. This included long-term bank loans of approximately HK$1,825 million and short-term bank loans of approximately HK$122 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 50% as at 30 June 2010 as compared to 49% as at 31 December 2009.

As at 30 June 2010, the Group had net current assets of approximately HK$636 million, as compared to HK$737 million as at 31 December 2009.

As at 30 June 2010, the current ratio of TOM Group was 1.44 compared to 1.51 as at 31 December 2009.

For the six months of 2010, the Group generated net cash from its operating activities before interest and taxation of HK$66 million, as compared to HK$85 million in the same period of 2009.

Charges on Group Assets

As at 30 June 2010, the Group had restricted cash amounting to HK$46 million, mainly bank deposits pledged to banks and publishing distributors by the subsidiaries of the Group, either for securing banking facilities or as retainer fee for potential sales return for those subsidiaries.

Foreign Exchange Exposure

In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary to minimize currency risk.

Contingent Liabilities

(a) In September 2008 and August 2009, a subsidiary of the Group in Taiwan received revised income tax assessments for the year ended 31 December 2004 and 2005, respectively, from the local tax authority. In these revised tax assessments, the tax authority claimed that an amortisation of intangible assets amounting to approximately NT$44 million (approximately HK$10 million) and NT$146 million (approximately HK$35 million) was not deductible from the assessable profits of the subsidiary in 2004 and 2005 respectively. This gave rise to a potential additional income tax liability to the Group of approximately NT$48 million (approximately HK$11 million).

    The subsidiary has engaged and consulted with an external tax representative on this matter. Based on the consultation, management considers that the amortisation of intangible assets should be tax deductible under the tax rules in Taiwan. Accordingly, the subsidiary has filed appeals to the tax authority and requested for a re-examination of the deductibility of the amortisation charge from the assessable profit of the subsidiary in 2004 and 2005. In March, 2010, the appeal for 2004 assessment was turned down by the tax authority and the subsidiary has escalated the appeal to the Court in Taiwan in May 2010. Up to the date of these financial information, the appeals are still outstanding and no results have been finalised.

    Should the tax appeal by the subsidiary be turned down finally, the subsidiary's income tax assessments for each of the years from 2006 to 2010 would also be revised on a similar basis as that of years 2004 and 2005. The total incremental tax liability to the Group thereon is approximately NT$218 million (approximately HK$53 million) (31 December 2009: NT$205 million, approximately HK$39 million). Nevertheless, based on the consultation with the tax representative, management considers that the amortisation charge should be tax deductible under the tax rules in Taiwan and so no provision for such potential tax liability has been made in the Group's condensed consolidated interim financial information for the period ended 30 June 2010.

(b) In April 2004, a subsidiary of the Group (the "Subsidiary") entered into a lease agreement ("Lease Agreement") with two business partners (the "JV Partners") for leasing of certain media assets from them. Later in October 2005, the Subsidiary also entered into a Cooperative Framework Agreement ("Cooperative Agreement") with the JV Partners to set up a joint venture together for operating the media assets under the Lease Agreement. The joint venture was then established in August 2006.

In August 2008, the JV Partners filed a claim against the Subsidiary before Pudong New Area People's Court of Shanghai Municipality for certain rental charges and related penalty under the Lease Agreement (the "Litigation Case"). At the same time, the Subsidiary also filed an arbitration case before China International Economic and Trade Arbitration Commission, Shanghai Commission (the "Arbitration Commission"), claiming that the JV Partners had violated certain clauses in the Cooperative Agreement, and demand the JV Partners to act in accordance with the Cooperative Agreement (the "Arbitration Case").

In November 2009, a judgment of the Litigation Case was issued in favor of the JV Partners and under which the Subsidiary was liable for a rental payment of RMB17 million (approximately HK$19 million) and a penalty interest of RMB11 million (approximately HK$13 million). Nevertheless, in January 2010, the Arbitration Commission issued a judgment on the Arbitration Case. In this judgment, the Arbitration Commission agreed that the JV Partners had violated certain clauses of the Framework Agreement. However, due to certain external factors, it is not possible to demand the JV partners to act according to the Cooperative Agreement at the present date. Instead, the Arbitration Commission suggested that the Subsidiary should file another case to claim for damages from the JV Partners due to their violation of the Cooperative Agreement.

Based on the judgment of the Arbitration Case and corresponding legal advices, the Subsidiary has filed a second arbitration case before the Arbitration Commission in April 2010, claiming the JV Partners for all damages including the aforesaid rental and penalty interest. No result has been finalised for this second arbitration as of the date of the condensed consolidated interim financial information.

Employee Information

As at 30 June 2010, TOM Group had 3,138 full-time employees. During the first six months of the year, employee and stock option costs, including Directors' emoluments, totaled at HK$276 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2009.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as operating (loss)/profit including share of results of associated companies and jointly controlled entities and segment profit/(loss) excluding provision for impairment charges and one-off items that represent the excess of net assets value over cost of acquisition of additional interests in a subsidiary and provision for impairment of goodwill and other assets, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in our financial reporting.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Unaudited Six months ended 30 June 2010 HK$'000	2009 HK$'000
Revenue	2	1,243,826	1,192,708
Cost of sales		(926,773)	(874,320)
Selling and marketing expenses	5	(121,274)	(114,469)
Administrative expenses	5	(84,427)	(84,496)
Other operating expenses	5	(127,567)	(132,472)
Other gains/(losses)	5	20,312	(4,216)
Excess of net assets value over cost of acquisition of additional interests in a subsidiary	4	-	90,879
Provision for impairment of goodwill and other assets	3	(4,800)	-
Share of losses of jointly controlled entities		(12,965)	(24,703)
Share of profits less losses of associated companies		1,737	(184)
		(11,931)	48,727
Finance income		7,866	15,193
Finance costs		(29,911)	(28,803)
Finance costs, net	6	(22,045)	(13,610)
(Loss)/profit before taxation		(33,976)	35,117
Taxation	7	(25,570)	(21,813)
(Loss)/profit for the period		(59,546)	13,304
Attributable to:			
- Non-controlling interests		6,560	1,639
- Equity holders of the Company		(66,106)	11,665
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company			
Basic and diluted	9	HK(1.70)cents	HK0.30 cents

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
(Loss)/profit for the period	(59,546)	13,304
Other comprehensive (expenses)/income		
Exchange translation differences	(4,614)	727
Employee share option schemes- Value of employee services	120	-
Revaluation deficit on available-for-sale financial assets, net of tax	(1,462)	(97)
Other comprehensive (expenses)/income for the period, net of tax	(5,956)	630
Total comprehensive (expenses)/income for the period	(65,502)	13,934
Total comprehensive income/(expenses) for the period attributable to:		
- Non-controlling interests	8,469	2,053
- Equity holders of the Company	(73,971)	11,881

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2010

	Note	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		143,098	152,961
Goodwill		2,640,645	2,643,106
Other intangible assets		102,370	82,368
Interests in jointly controlled entities		(140,035)	(139,751)
Interests in associated companies		223,456	222,432
Available-for-sale financial assets		38,905	27,682
Advance to an investee company		2,172	2,169
Deferred tax assets		31,432	39,011
Other non-current assets		26,474	31,473
		3,068,517	3,061,451
Current assets			
Inventories		108,824	106,252
Trade and other receivables	10	831,690	842,316
Restricted cash		46,286	45,187
Cash and cash equivalents		1,082,829	1,186,178
		2,069,629	2,179,933
Current liabilities			
Trade and other payables	11	1,146,121	1,167,806
Taxation payable		41,280	35,925
Long-term bank loans - current portion		123,728	119,680
Short-term bank and other loans		122,200	119,800
		1,433,329	1,443,211
Net current assets		636,300	736,722
Total assets less current liabilities		3,704,817	3,798,173
Non-current liabilities			
Deferred tax liabilities		14,598	14,739
Non-current portion of long-term bank loans		1,701,019	1,721,410
Pension obligations		27,085	26,148
		1,742,702	1,762,297
Net assets		1,962,115	2,035,876
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		389,328	389,328
Reserves		1,201,098	1,275,069
Own shares held		(6,244)	(6,244)
Shareholders' funds		1,584,182	1,658,153
Non-controlling interests		377,933	377,723
Total equity		1,962,115	2,035,876

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited											
	Attributable to the equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2009	389,328	(6,244)	3,625,981	38,437	776	129,248	1,158	550,010	(3,036,300)	1,692,394	569,920	2,262,314
Profit for the period	-	-	-	-	-	-	-	-	11,665	11,665	1,639	13,304
Other comprehensive income:												
Revaluation surplus/(deficit) on available-for-sale financial assets, net of tax	-	-	-	-	-	-	46	-	-	46	(143)	(97)
Exchange translation differences	-	-	-	-	-	-	-	170	-	170	557	727
Total comprehensive income for the period ended 30 June 2009	-	-	-	-	-	-	46	170	11,665	11,881	2,053	13,934
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(866)	(866)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	(151,188)	(151,188)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	941	941
Balance at 30 June 2009	389,328	(6,244)	3,625,981	38,437	776	129,248	1,204	550,180	(3,024,635)	1,704,275	420,860	2,125,135

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited											
	Attributable to the equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2010	389,328	(6,244)	3,625,981	38,437	776	133,760	2,332	569,729	(3,095,946)	1,658,153	377,723	2,035,876
Loss for the period	-	-	-	-	-	-	-	-	(66,106)	(66,106)	6,560	(59,546)
Other comprehensive income:												
Employee share option schemes- Value of employee services	-	-	-	133	-	-	-	-	-	133	(13)	120
Revaluation deficit on available-for-sale financial assets, net of tax	-	-	-	-	-	-	(1,462)	-	-	(1,462)	-	(1,462)
Exchange translation differences	-	-	-	-	-	-	-	(6,536)	-	(6,536)	1,922	(4,614)
Total comprehensive income for the period ended 30 June 2010	-	-	-	133	-	-	(1,462)	(6,536)	(66,106)	(73,971)	8,469	(65,502)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,368)	(1,368)
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(7,359)	(7,359)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	468	468
Balance at 30 June 2010	389,328	(6,244)	3,625,981	38,570	776	133,760	870	563,193	(3,162,052)	1,584,182	377,933	1,962,115

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Net cash inflow from operations	65,752	85,435
Interest paid	(10,328)	(21,408)
Overseas taxation paid	(13,315)	(17,723)
Net cash from operating activities	42,109	46,304
Net cash (used in)/from investing activities	(118,058)	229,831
Net cash used in financing activities	(30,671)	(264,187)
Net (decrease)/increase in cash and cash equivalents	(106,620)	11,948
Cash and cash equivalents at the beginning of the period	1,186,178	1,328,813
Exchange adjustment	3,271	(397)
Cash and cash equivalents at the end of the period	1,082,829	1,340,364

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

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

The following new standards, amendments to standards and interpretations are mandatory to the Group for the financial year beginning 1 January 2010:

HKFRSs (Amendments)	Improvements to HKFRSs (2008 and 2009)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-Time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers

The application of the above standards, amendments and interpretations had resulted in certain changes on the disclosures on the Group's accounts while the results and financial position were not affected.

2 Revenue and segment information

The Group has four reportable segments:

- Internet Group - provision of wireless internet services, online advertising, commercial enterprise solutions and internet access.
- Publishing Group - magazine and book circulation, sales of publication advertising and other related products.
- Outdoor Media Group - advertising sales of outdoor media assets and provision of outdoor media services.
- Television and Entertainment Group - advertising sales in relation to satellite television channel operations, provision of broadcasting post production and event production and marketing services.

Sales between segments are carried out at arm's length.

2 Revenue and segment information (continued)

The segment results for the six months ended 30 June 2010 are as follows:

	Unaudited				
	Six months ended 30 June 2010				
	Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Total gross segment revenue	563,128	439,371	139,846	102,027	1,244,372
Inter-segment revenue	-	-	-	(546)	(546)
Net revenue from external customers	563,128	439,371	139,846	101,481	1,243,826
Segment profit/(loss) before amortisation and depreciation	27,797	85,265	11,352	(5,502)	118,912
Amortisation and depreciation	(8,762)	(33,635)	(21,522)	(17,248)	(81,167)
Segment profit/(loss)	19,035	51,630	(10,170)	(22,750)	37,745
Other material non-cash items:					
Provision for impairment of goodwill and other assets	-	-	(4,800)	-	(4,800)
Share of losses of jointly controlled entities	(12,965)	-	-	-	(12,965)
Share of profits less losses of associated companies	311	1,426	-	-	1,737
	(12,654)	1,426	(4,800)	-	(16,028)
Finance costs:					
Finance income (note a)	6,404	12,618	1,545	28	20,595
Finance expenses (note a)	-	(9,286)	(279)	(8,780)	(18,345)
	6,404	3,332	1,266	(8,752)	2,250
Segment profit/(loss) before taxation	12,785	56,388	(13,704)	(31,502)	23,967
Unallocated corporate expenses					(57,943)
Loss before taxation					(33,976)
Expenditure for operating segment non-current assets	12,686	42,955	20,141	18,381	94,163
Unallocated expenditure for non-current assets					25
Total expenditure for non-current assets					94,188

Note:

(a) Inter-segment interest income and inter-segment interest expenses amounted to HK$12,845,000 and HK$9,478,000 were included in the finance income and finance expenses respectively.

2 Revenue and segment information (continued)

The segment results for the six months ended 30 June 2009 are as follows:

	Unaudited				
	Six months ended 30 June 2009				
	Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Total gross segment revenue	523,543	404,043	191,809	74,182	1,193,577
Inter-segment revenue	-	-	-	(869)	(869)
Net revenue from external customers	523,543	404,043	191,809	73,313	1,192,708
Segment profit/(loss) before amortisation and depreciation	42,461	63,852	4,877	(12,763)	98,427
Amortisation and depreciation	(17,888)	(31,517)	(19,499)	(10,297)	(79,201)
Segment profit/(loss)	24,573	32,335	(14,622)	(23,060)	19,226
Other material non-cash items:					
Excess of net assets value over cost of acquisition of additional interests in a subsidiary	-	-	90,879	-	90,879
Share of losses of jointly controlled entities	(24,703)	-	-	-	(24,703)
Share of profits less losses of associated companies	(18)	(166)	-	-	(184)
	(24,721)	(166)	90,879	-	65,992
Finance costs:					
Finance income (note a)	13,315	12,316	2,221	52	27,904
Finance expenses (note a)	(1,972)	(10,520)	(516)	(8,495)	(21,503)
	11,343	1,796	1,705	(8,443)	6,401
Segment profit/(loss) before taxation	11,195	33,965	77,962	(31,503)	91,619
Unallocated corporate expenses					(56,502)
Profit before taxation					35,117
Expenditure for operating segment non-current assets	3,040	32,138	10,548	13,477	59,203
Unallocated expenditure for non-current assets					90
Total expenditure for non-current assets					59,293

Note:

(a) Inter-segment interest income and inter-segment interest expenses amounted to HK$12,776,000 and HK$9,345,000 were included in the finance income and finance expenses respectively.

2 Revenue and segment information (continued)

The segment assets and liabilities at 30 June 2010 are as follows:

	Unaudited As at 30 June 2010				
	Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	2,929,589	1,102,656	791,751	174,820	4,998,816
Interests in jointly controlled entities	(140,035)	-	-	-	(140,035)
Interests in associated companies	3,038	220,418	-	-	223,456
Unallocated assets					55,909
Total assets					5,138,146
Segment liabilities	539,358	287,071	167,960	62,780	1,057,169
Unallocated liabilities:					
Corporate liabilities					116,037
Deferred taxation					14,598
Current taxation					41,280
Borrowings					1,946,947
Total liabilities					3,176,031

The segment assets and liabilities at 31 December 2009 are as follows:

	Audited As at 31 December 2009				
	Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	2,866,331	1,149,257	856,106	159,181	5,030,875
Interests in jointly controlled entities	(139,751)	-	-	-	(139,751)
Interests in associated companies	2,727	219,705	-	-	222,432
Unallocated assets					127,828
Total assets					5,241,384
Segment liabilities	503,845	342,954	195,252	49,757	1,091,808
Unallocated liabilities:					
Corporate liabilities					102,146
Deferred taxation					14,739
Current taxation					35,925
Borrowings					1,960,890
Total liabilities					3,205,508

The unallocated assets represent the corporate assets. The unallocated liabilities represent the corporate liabilities in addition to operating segment taxation payable, deferred tax liabilities and borrowings which are managed on a central basis.

3 Provision for impairment of goodwill and other assets

The amount in 2010 represented the provision for impairment of goodwill of HK$2,614,000 and an available-for-sale financial asset of HK$2,186,000 relating to the Outdoor Media Group. These provisions were made with reference to the reduced estimated value of certain operations and assets held by the Outdoor Media Group.

4 Excess of net assets value over cost of acquisition of additional interests in a subsidiary

On 27 May 2009, the Group, through a wholly owned subsidiary, TOM Outdoor Media Holdings Limited, acquired an additional 35% equity interests in TOM Outdoor Media Group Limited ("TOM OMG") for a consideration of HK$60,000,000 from the non-controlling interests. The acquisition from the non-controlling interests could enable the Group to have full control over the outdoor business and facilitate the synergy of OMG with TOM's other businesses. As a result of the acquisition, the Group's interests in TOM OMG increased from 65% to 100%. The excess of net assets value acquired over consideration paid amounting to HK$90,879,000 was recognised in the condensed consolidated interim income statement.

5 Operating (loss)/profit

Operating (loss)/profit is stated after charging/crediting the following:

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Charging:		
Depreciation of fixed assets	29,475	39,481
Amortisation of other intangible assets	52,003	40,235
Amortisation of other non-current assets included in interests in associated companies	1,356	2,448
Loss on disposal of fixed assets	320	2,815
Loss on disposal of intangible assets	-	1,001
Crediting:		
Exchange gain, net	20,329	3,020
Dividend income from an available-for-sale financial asset	303	360

6 Finance costs, net

All finance costs, net are shown as follows:

	Unaudited Six months ended 30 June 2010 HK$'000	2009 HK$'000
Interest and borrowing costs on bank loans	28,977	27,863
Interest on other loans, wholly repayable within five years	934	940
	29,911	28,803
Less: Interest income	(7,866)	(15,193)
	22,045	13,610

7 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the period. Taxation outside Hong Kong has been provided for at the applicable rates on the estimated assessable profits less available tax losses.

The amount of taxation charged in the condensed consolidated interim income statement represents:

	Unaudited Six months ended 30 June 2010 HK$'000	2009 HK$'000
Overseas taxation	17,585	18,398
Under-provision in prior years	-	104
Deferred taxation	7,985	3,311
	25,570	21,813

8 Dividend

No dividend has been paid or declared by the Company for the six months ended 30 June 2010 (2009: Nil).

9 (Loss)/profit per share

(a) Basic

The calculation of the basic (loss)/profit per share is based on consolidated loss attributable to equity holders of the Company of HK$66,106,000 (2009: profit of HK$11,665,000) and the weighted average of 3,893,270,558 (2009: 3,893,270,558) ordinary shares in issue during the period.

(b) Diluted

Diluted (loss)/profit per share is equal to the basic (loss)/profit per share for the periods ended 30 June 2010 and 2009 as the exercise price of the outstanding share options granted by the Company were higher than the average market price of the share of the Company which would have an anti-dilutive effect on (loss)/profit per share.

10 Trade and other receivables

	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Trade receivables, net of provision	545,225	553,456
Prepayments, deposits and other receivables	286,465	288,860
	831,690	842,316

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 90 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

The ageing analysis of the Group's trade receivables is as follows:

	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Current	169,815	133,825
31-60 days	125,710	140,616
61-90 days	79,901	102,220
Over 90 days	269,109	280,745
	644,535	657,406
Less: Provision for impairment	(99,310)	(103,950)
	545,225	553,456
Represented by:		
Receivables from related companies	6,162	1,284
Receivables from third parties	539,063	552,172
	545,225	553,456

11 Trade and other payables

	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Trade payables	362,121	339,858
Other payables and accruals	784,000	827,948
	1,146,121	1,167,806

The ageing analysis of the Group's trade payables is as follows:

	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Current	89,625	84,235
31-60 days	61,104	53,733
61-90 days	28,714	26,829
Over 90 days	182,678	175,061
	362,121	339,858
Represented by:		
Payable to related companies	25,190	22,934
Payable to third parties	336,931	316,924
	362,121	339,858

The carrying values of trade and other payables approximate their fair values.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practices ("Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the six months ended 30 June 2010, except that the Chairman of the board of directors was unable to attend the Company's annual general meeting held on 14 May 2010 (which was required under the Code provision E.1.2) as he was out of town for another engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

GENERAL INFORMATION

The unaudited condensed consolidated interim financial information of the Company and its subsidiary companies for the six months ended 30 June 2010 have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report will be included in the Interim Report to shareholders. The unaudited condensed consolidated interim financial information of the Company and its subsidiary companies for the six months ended 30 June 2010 have been reviewed by the Audit Committee of the Company.

As at the date hereof, the directors of the Company are:

Executive Directors:	*Non-executive Directors:*	*Independent non-executive Directors:*
Mr. Yeung Kwok Mung	*Mr. Frank Sixt (Chairman)*	*Mr. Henry Cheong*
Ms. Angela Mak	*Ms. Debbie Chang*	*Ms. Anna Wu*
	Mrs. Susan Chow	*Mr. James Sha*
	Mr. Edmond Ip	
	Mrs. Angelina Lee	*Alternate Director:*
		Mr. Francis Meehan (Alternate to each of Mr. Frank Sixt, Ms. Debbie Chang, Mrs. Susan Chow and Mr. Edmond Ip)

** For identification purpose*