DVN (HOLDINGS) LIMITED
天地數碼(控股)有限公司*

(Incorporated in Bermuda with limited liability)

Website: www.dvnholdings.com www.irasia.com/listco/hk/dvn

(Stock Code: 00500)

INTERIM RESULTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011

The board of directors (the "Board") of DVN (Holdings) Limited (the "Company") is pleased to present the unaudited consolidated results and financial position of the Company and its subsidiaries (together, the "Group") for the six-month period ended 30 June 2011, together with the comparative figures for the corresponding period in 2010. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2011

	Note	Six months ended 30 June **2011** **(Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*
CONTINUING OPERATIONS			
Revenue	*2*	**242,957**	171,132
Cost of sales		**(149,132)**	(123,604)
Gross profit		**93,825**	47,528
Other income		**33,184**	6,569
Marketing, selling and distribution costs		**(25,841)**	(21,412)
Administrative expenses		**(62,113)**	(40,403)
Other operating expenses		**(11,789)**	(13,427)
Operating profit/(loss)		**27,266**	(21,145)
Share of loss of jointly controlled entities		**(2,789)**	–
Share of loss of associates		**(804)**	(235)
Profit/(loss) before income tax		**23,673**	(21,380)
Income tax expenses	*3*	**(3,381)**	(1,382)
Profit/(loss) for the period from continuing operations		**20,292**	(22,762)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	*4(a)*	**–**	136,142
PROFIT FOR THE PERIOD	*5*	**20,292**	113,380

	Note	Six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Attributable to:			
Equity holders of the Company			
– continuing operations		**20,255**	(22,762)
– discontinued operations		**–**	136,142
		20,255	113,380
Non-controlling interests			
– continuing operations		**37**	–
– discontinued operations		**–**	–
		37	–
		20,292	113,380
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*6*		
– continuing operations		**1.78 cents**	(2.00) cents
– discontinued operations		**– cents**	11.95 cents
		1.78 cents	9.95 cents
DIVIDENDS	*7*	**–**	11,395

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
PROFIT FOR THE PERIOD		**20,292**	113,380
Other comprehensive income			
– Available-for-sale financial assets	*9*	**2,687**	–
– Currency translation differences		**17,337**	13,472
Other comprehensive income for the period, net of tax		**20,024**	13,472
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**40,316**	126,852
Attributable to:			
Equity holders of the Company		**40,278**	126,852
Non-controlling interests		**38**	–
		40,316	126,852

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	**30 June 2011 (Unaudited)** *HK$'000*	31 December 2010 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**19,115**	18,182
Intangible assets		**34,276**	37,233
Interests in jointly controlled entities		**34,951**	34,535
Interests in associates		**35,731**	25,848
Deferred income tax assets		**6,220**	7,892
Available-for-sale financial assets	*9*	**106,178**	139,429
Trade receivables		**121,483**	129,691
Restricted cash		**3,616**	3,542
Total non-current assets		**361,570**	396,352
CURRENT ASSETS			
Inventories		**53,120**	53,562
Available-for-sale financial assets	*9*	**19,681**	5,677
Trade receivables	*10*	**696,150**	678,338
Prepayments, deposits and other receivables		**128,073**	96,400
Tax receivables		**4,651**	4,870
Restricted cash		**965**	946
Short-term bank deposits		**30,311**	5,059
Cash and cash equivalents		**249,945**	456,302
Total current assets		**1,182,896**	1,301,154
CURRENT LIABILITIES			
Trade payables	*11*	**133,499**	289,155
Other payables and accruals		**128,175**	147,890
Tax payables		**5,940**	2,815
Total current liabilities		**267,614**	439,860
Net current assets		**915,282**	861,294
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,276,852**	1,257,646
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		**38,508**	37,125
Net assets		**1,238,344**	1,220,521
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**113,953**	113,953
Reserves		**1,006,297**	988,810
		1,120,250	1,102,763
Non-controlling interests		**118,094**	117,758
Total equity		**1,238,344**	1,220,521

Notes:

1.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim financial statements of the Company and its subsidiaries (together, the "Group") for the six-month period ended 30 June 2011 have 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"). These condensed consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee and the Company's independent auditor 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 HKICPA.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2010 except for:

(i) the revenue recognition policy of advertising and commission income - advertising and commission income are recognised when services are rendered and revenue can be reliably measured; and

(ii) the adoption of the new, amended and revised HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA mandatory for accounting period beginning on 1 January 2011.

1.2 IMPACT OF NEW, AMENDED AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following amended and revised HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2011 and are relevant to the Group's operations:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised)	Business Combinations

The impacts of the adoption of these amended and revised HKFRSs on these condensed consolidated interim financial statements are as follows:

(a) HKAS 1 (Amendment) "Presentation of Financial Statements". This amendment confirms that entities may present an analysis of the components of other comprehensive income by item either in the statement of changes in equity or within the notes. The adoption of this amendment does not have any impact on the presentation of the Group's condensed consolidated interim financial statements.

(b) HKAS 34 (Amendment) "Interim Financial Reporting". This amendment provides guidance on the application of disclosure principles and adds disclosure requirements around (i) the circumstances likely to affect fair values of financial instruments and their classification; (ii) transfers of financial instruments between different levels of the fair value hierarchy; (iii) changes in classification of financial assets; and (iv) changes in contingent liabilities and assets. The adoption of this amendment does not have any impact on the presentation of the Group's condensed consolidated interim financial statements.

(c) HKFRS 3 (Revised) "Business Combinations". This amendment clarifies that only when the acquiree has present ownership instruments that entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the acquirer can choose to measure the non-controlling interest at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This revision does not have any material financial impact on the Group.

The following new, amended and revised HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2011, but are not currently relevant to the Group's operations:

HKAS 19 (Amendment)	Employee Benefits
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 28 (Amendment)	Investments in Associates
HKAS 31 (Amendment)	Interests in Joint Ventures
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKFRS 8 (Amendment)	Disclosure of Information about Major Customers
HK(IFRIC) – Int 13 (Amendment)	Customer Loyalty Programmes
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The following new and amended HKFRSs have been issued, but are not effective for the Group's accounting period beginning on 1 January 2011 and have not been early adopted:

HKAS 1 (Revised) (Amendment)	Presentation of Financial Statements
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Financial Instruments: Disclosure – Transfers of Financial Assets
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

The Group has commenced an assessment of the impact of these new and amended HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

2 SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed by the chief operating decision-maker that are used to assess performance and allocate resources. The Group's operating segments are structured and managed separately according to the products and services provided by different strategic business units that the products and services offered are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(i) Digital broadcasting business ("DVB Business") – Design, development, integration and sales of smart cards, conditional access systems, 2-way cable network systems, digital set top boxes, digital broadcasting systems and the related software;

(ii) Financial market information business ("FMI Business") – Provision of online financial market information;

(iii) Advertising agency business ("AA Business") – Provision of television advertising agency services;

(iv) Corporate – Corporate income and expenses; and

(v) Others.

As further explained in Note 4, the discontinued STB Business (as defined in Note 4) under the DVB Business has been classified as discontinued operations.

There are some changes in the operating segments presented during the six-month period ended 30 June 2011. The operating segment "Advertising agency business" has been newly presented for the six-month period ended 30 June 2011 as a result of the Group's acquisition of 100% equity interest in Sinofocus Media (Holdings) Limited ("Sinofocus").

An analysis of the Group's revenue, results and total assets information for the six-month period ended 30 June 2011 by operating segments is as follows:

	Unaudited								
	Continuing operations							Discontinued operations	Total
	DVB Business	FMI Business	AA Business	Corporate	Others	Unallocated	Sub-total	DVB Business	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue (from external customers)	226,671	14,964	1,322	–	–	–	242,957	–	242,957
Depreciation	2,396	69	46	6	–	–	2,517	–	2,517
Amortisation	7,121	–	–	–	–	–	7,121	–	7,121
Operating profit/(loss) *(Note (i))*	14,995	1,388	258	(2,342)	–	12,967	27,266	–	27,266
Share of loss of jointly controlled entities	(2,771)	–	(18)	–	–	–	(2,789)	–	(2,789)
Share of loss of associates	(93)	–	–	–	(711)	–	(804)	–	(804)
Profit before income tax							23,673	–	23,673
Income tax expenses							(3,381)	–	(3,381)
Profit for the period							20,292	–	20,292
Total assets *(Note (ii))*	1,352,214	25,110	142,277	14,785	10,080	–	1,544,466	–	1,544,466

An analysis of the Group's revenue, results and total assets information for the six-month period ended 30 June 2010 by operating segments is as follows:

	Unaudited								
	Continuing operations							Discontinued operations	Total
	DVB Business	FMI Business	AA Business	Corporate	Others	Unallocated	Sub-total	DVB Business	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue (from external customers)	156,869	14,263	–	–	–	–	171,132	132,757	303,889
Depreciation	1,999	139	–	–	–	–	2,138	490	2,628
Amortisation	4,904	–	–	–	–	–	4,904	5,094	9,998
Operating profit/(loss)	(19,656)	2,207	–	(3,696)	–	–	(21,145)	133,692	112,547
Share of loss of associates	(235)	–	–	–	–	–	(235)	–	(235)
Profit/(loss) before income tax							(21,380)	133,692	112,312
Income tax credit/(expenses)							(1,382)	2,450	1,068
Profit/(loss) for the period							(22,762)	136,142	113,380
Total assets *(Note (ii))*	1,438,197	23,387	–	59,782	–	–	1,521,366	–	1,521,366

Notes:

(i) The unallocated operating profit represented the gain on acquisition of Sinofocus during the current period.

(ii) The total assets under the continuing operations of the DVB Business include those assets of the discontinued STB Business, which were not transferred to the Seller WFOE (as defined in Note 4) and still remain in the Group after the completion of the disposal of the STB Business.

3 INCOME TAX EXPENSES

	Six months ended 30 June 2011			Six months ended 30 June 2010		
	Continuing operations (Unaudited)	**Discontinued operations (Unaudited)**	**Total (Unaudited)**	Continuing operations (Unaudited)	Discontinued operations (Unaudited)	Total (Unaudited)
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Current income tax						
– Hong Kong	**(291)**	**–**	**(291)**	(367)	–	(367)
– Outside Hong Kong						
– Provision for the period	**(579)**	**–**	**(579)**	(1,043)	(672)	(1,715)
– Over/(under)–provision in prior periods	**(15)**	**–**	**(15)**	26	(306)	(280)
	(885)	**–**	**(885)**	(1,384)	(978)	(2,362)
Deferred income tax						
– Hong Kong	**(5)**	**–**	**(5)**	2	–	2
– Outside Hong Kong	**(2,491)**	**–**	**(2,491)**	–	3,428	3,428
	(2,496)	**–**	**(2,496)**	2	3,428	3,430
Income tax credit/(expenses)	**(3,381)**	**–**	**(3,381)**	(1,382)	2,450	1,068

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

Income tax expenses are provided, based on management's best estimate of the weighted average annual income tax expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) for the period on the estimated assessable profits less estimated available tax losses arising in Hong Kong.

Tax outside Hong Kong has been provided at the applicable rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The corporate income tax in Mainland China has been provided at the rate of 25% (2010: 25%) on the profits for the Mainland China statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the Mainland China corporate income tax purpose. Certain subsidiaries of the Group are entitled to preferential tax treatments including two years exemption followed by three years of a 50% tax reduction.

4 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 23 October 2009, the Company, Crystal Cube Limited (the "Seller", a wholly-owned subsidiary of the Company), Cisco Systems (HK) Limited (the "Acquirer") and Billion Champion International Limited (the "Subject Company", a then indirect wholly-owned subsidiary of the Company) entered into a share purchase agreement (the "Share Acquisition Agreement"), pursuant to which the Seller agreed to sell 100% of the issued share capital of the Subject Company to the Acquirer (the "Disposal").

On the same date, 億添視頻技術(上海)有限公司 (the "Seller WFOE", a then wholly-owned subsidiary of the Subject Company) and a number of the Company's indirect wholly-owned subsidiaries (the "Group Vendor Companies") entered into an asset purchase agreement (the "Asset Purchase Agreement"), pursuant to which the Group Vendor Companies would transfer the digital set top box business (the "STB Business", as defined in the Company's circular dated 27 November 2009, the "Circular") and the set top box assets (the "STB Assets", as defined in the Circular) to the Seller WFOE.

The Company completed the Closing (as defined in the Circular) of the Share Acquisition Agreement on 5 May 2010 and ceased to have any equity interest in the Subject Company and the Seller WFOE.

The following information represents the financial information of the STB Business presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" following the approval of the shareholders of the Company on 15 December 2009.

(a) Profit from the STB Business

(I) The analysis of the profit from the STB Business is as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue *(Note 2)*	**–**	132,757
Cost of sales	**–**	(108,281)
Gross profit	**–**	24,476
Other income *(Note (i))*	**–**	172,642
Marketing, selling and distribution cost	**–**	(14,602)
Administrative expenses	**–**	(15,229)
Other operating expenses *(Note (ii))*	**–**	(33,595)
Profit before income tax	**–**	133,692
Income tax credit *(Note 3)*	**–**	2,450
Profit for the period	**–**	136,142

Notes:

(i) Other income for the six-month period ended 30 June 2010 includes a gain on disposal of STB Business of approximately HK$171,717,000.

(ii) Other operating expenses for the six-month period ended 30 June 2010 include write-off of trade receivables, net, of approximately HK$23,200,000, provision for impairment of trade receivables of approximately HK$2,998,000, provision for impairment of other receivables of approximately HK$1,693,000 and provision for inventories of approximately HK$598,000.

(II) Historically, the STB Business formed part of the business operation of the Group. In the preparation of separate results of the STB Business, all revenues and related costs, expenses and charges that were directly attributable to the STB Business were included in the results of the STB Business. Costs for which a specific identification method could not be practically applied, which mainly represented the staff costs attributable directly to sales department and administrative functions, other than the interest income on bank balances and head office overheads as further explained below, had been charged by the estimated time used by the staff engaged in the STB Business during the six-month period ended 30 June 2010.

(III) Interest income on bank balances earned at the central treasury of the Company are not reflected in the profit from the STB Business during the six-month period ended 30 June 2010 as the STB Business did not individually and separately manage any bank balances. Staff costs incurred at the head office level, which could not be allocated on a fair basis, are also not reflected in the profit from the STB Business.

(b) Analysis of the Cash Flows from Discontinued Operations

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash generated from operating activities	**–**	96,079
Net cash generated from investing activities	**–**	67,931
	–	164,010

The cash flows of the STB Business for the six-month periods ended 30 June 2011 and 2010 are prepared based on the results of the STB Business as set out in Note 4(a) and the assets and liabilities directly attributable to the STB Business. As the treasury functions are centrally administered by the Company, the net inflows/(outflows) for the STB Business during the six-month periods ended 30 June 2011 and 2010 are dealt with in the current account with the Company.

The effect on the financial position, the total consideration received and gain on disposal of the STB Business are as follows:

	31 December 2010 (Audited) *HK$'000*
Net assets disposed of:	
Property, plant and equipment	1,038
Inventories	5,321
Intangible assets	23,243
	29,602
Cost, fees and expenses, accrued and paid	22,783
Gain on disposal of STB Business	171,469
	223,854
Satisfied by:	
Consideration received, satisfied in cash	70,108
Escrow money to be received	13,428
Fair value of expected periodic adjustment payments	140,318
	223,854

	Six months ended 30 June 2010 (Unaudited) *HK$'000*
Consideration received, satisfied in cash	70,108
Repayment of shareholders' loan	38,829
Cash and cash equivalents disposed of	(38,934)
Net cash inflow	70,003

5 PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**144,418**	227,625
Cost of provision of online financial market information	**4,714**	4,260
Depreciation	**2,517**	2,628
Net exchange losses/(gains)	**(310)**	170
Other operating expenses including:		
Amortisation of intangible assets	**7,121**	9,998
Write-off of deferred development costs	**1,876**	338
Provision for inventories	**683**	7,435
Write-off of trade receivables, net	**–**	23,200
Provision for impairment of trade receivables	**–**	3,655
Provision for impairment of other receivables	**1,552**	1,761
Net loss on disposal of property, plant and equipment	**62**	–
Other income including:		
Interest income on bank balances	**(2,708)**	(732)
Interest accretions	**(6,127)**	(1,700)
Value-added tax refund	**(8,303)**	(3,947)
Government grants	**(79)**	(612)
Non-compete income	**(1,298)**	(433)
Gain on acquisition of subsidiaries *(Note 8)*	**(12,967)**	–
Gain on disposal of an associate	**(406)**	–
Gain on disposal of STB Business	**–**	(171,717)
Others	**(1,296)**	(70)

6 EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the Group's profit/(loss) from continuing operations and discontinued operations attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share for the period is based on the Group's profit/(loss) from continuing operations and discontinued operations attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period assuming the conversion of the exchangeable preference shares and the exercise of the outstanding share options, the dilutive potential ordinary shares of the Company. A calculation is made to determine the number of ordinary shares that could have been acquired at fair value (determined as the average market share price of the Company's ordinary shares over the period) based on the monetary value of the exchange price of the exchangeable preference shares and the subscription rights attached to the outstanding share options. The weighted average number of ordinary shares for the calculation of the diluted earnings per share is set out as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue	**1,139,531,432**	1,139,058,780
Adjustment for share options	**–**	–
Adjustment for preference shares	**–**	–
Weighted average number of ordinary shares for diluted earnings per share	**1,139,531,432**	1,139,058,780
	HK$'000	*HK$'000*
Group's profit/(loss) attributable to the ordinary equity holders of the Company		
– continuing operations	**20,255**	(22,762)
– discontinued operations	**–**	136,142
	20,255	113,380

The basic and diluted earnings per share for the six-month periods ended 30 June 2011 and 2010 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the periods were anti-dilutive.

7 DIVIDENDS

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Proposed special interim dividend of HK$Nil (2010: HK$0.01) per ordinary share	**–**	11,395

The Board did not recommend the payment of any interim dividend for the six-month period ended 30 June 2011 (2010: special interim dividend of HK$0.01 per ordinary share).

A final dividend in respect of the year ended 31 December 2010 of HK$0.02 (2009: special final dividend of HK$0.02) per ordinary share amounting to a total of approximately HK$22,791,000 (2009: HK$22,791,000) was declared by the Board on 22 March 2011, which was approved by the shareholders of the Company at the annual general meeting on 3 June 2011 and was paid on 30 June 2011. Such dividend represented for 1,139,531,432 ordinary shares (2009: 1,139,531,432 ordinary shares) issued and outstanding as at 31 May 2011 and was accounted for in equity as an appropriation of retained earnings during the six-month period ended 30 June 2011.

8 BUSINESS COMBINATIONS

On 17 June 2011, the Group acquired 100% of the issued shares in Sinofocus, which is an investment holding company and is engaged in advertising agency business through its subsidiaries, together with a shareholder's loan for a consideration of HK$82,000,000.

The following table summarises the consideration paid for the issued shares in Sinofocus and the shareholder's loan, the acquisition-related costs, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	HK$'000
Purchase consideration	
Cash paid	**82,000**

	HK$'000
Acquisition-related costs, included in other operating expenses	**297**

	HK$'000
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	**82,000**
Cash and cash equivalents in subsidiaries acquired	**(5,165)**
Cash outflow on acquisition	**76,835**

	HK$'000
Cash and cash equivalents	**5,165**
Property, plant and equipment	**1,634**
Receivables	**145,011**
Payables	**(56,545)**
Total identifiable net assets	**95,265**
Non-controlling interests	**(298)**
Negative goodwill	**(12,967)**
Provisional fair value of recognised amounts of identifiable assets acquired and liabilities assumed	**82,000**

(a) Acquired receivables

The fair value of trade and other receivables is approximately HK$145,011,000, which includes trade receivables with a fair value of approximately HK$107,962,000. No trade and other receivables are expected to be uncollectible.

(b) Non-controlling interests

The Group has chosen to recognise the non-controlling interests at its fair value for this acquisition. The fair value of the non-controlling interests was estimated by applying an income approach. The fair value estimates are based on the proportion of net assets acquired shared by the non-controlling interests.

(c) Revenue and profit contribution

The acquired business contributed revenue of approximately HK$1,322,000 and net profit of approximately HK$250,000 to the Group for the period from 18 June 2011 to 30 June 2011. If the acquisition had occurred on 1 January 2011, the contribution to the consolidated revenue and consolidated net profit for the six-month period ended 30 June 2011 would have been approximately HK$10,779,000 and HK$4,317,000 respectively.

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
At 1 January	**145,106**	–
Fair value of expected periodic adjustment payments for the disposal of STB Business	**–**	140,318
Receipt of periodic adjustment payments	**(21,934)**	–
Exchange differences	**2,687**	4,788
At financial position date	**125,859**	145,106
Less: Non-current portion	**(106,178)**	(139,429)
Current portion	**19,681**	5,677

There is no change in the classification of the fair value hierarchy of the available-for-sale financial assets during the six-month period ended 30 June 2011.

The fair value of the available-for-sale financial assets is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

10 TRADE RECEIVABLES

An aging analysis of the current trade receivables as at the financial position date is as follows:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Within 6 months	**221,621**	386,216
7 – 12 months	**318,517**	158,570
Over 12 months	**203,510**	180,187
	743,648	724,973
Less: Provision for impairment	**(47,498)**	(46,635)
	696,150	678,338

The fair value of the current trade receivables approximates its carrying amount.

The Group's trading terms with its customers are payment in advance or on credit. The credit period to direct sales customers is generally for a period of three months, extending up to nine months for certain major customers. The Group also has instalment sales to certain customers with repayments over a period of several years. The Group seeks to maintain strict control over its outstanding receivables. The Group performs ongoing credit evaluation of its customers and makes frequent contact with its customers.

11 TRADE PAYABLES

An aging analysis of the trade payables as at the financial position date is as follows:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Within 6 months	**65,274**	277,829
7 – 12 months	**56,256**	133
Over 12 months	**11,969**	11,193
	133,499	289,155

The fair value of the trade payables approximates its carrying amount.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Overall Performance

Summary

For the first six months of 2011, the Group enjoyed considerable growth in its core digital broadcasting business operation over the same period in 2010. However, due to the Group having only a residual level of backlog shipment of set top boxes ("STB") in 2011 compared to already having over four months of normal business activities before the disposal of the STB business in May 2010, the Group's consolidated revenue for the first half of 2011 was HK$243.0 million, or 20% below the HK$303.9 million recorded for the same period in 2010. Similarly, even though the Group's operating profit from the continuing operations for the first half of 2011 has improved from 2010, its consolidated net profit at HK$20.3 million is still 82% below the 2010 figure of HK$113.4 million as a result of the recognition of the exceptional non-recurring gain on disposal of the STB business of HK$171.7 million in 2010.

Digital Broadcasting Business

Market growth momentum carried into the first half of 2011 from the second half of 2010. As many provincial level cable groups have completed their first round of consolidation objectives, some of their city level subsidiaries/branches have resumed their digitisation plans that were previously frozen for consolidation purposes. In addition, many county and fourth tier city small cable operators have also begun to digitise their networks in the past two years. Today, this sub-segment of the market has grown into a sizable constituent of the annual digital TV product shipment and will become a considerable contributor to future market growth.

For the first six months of 2011, the Group's digital broadcasting business operation improved significantly on the back of a shipment growth in digital TV products and services such as smart cards and recorded HK$226.7 million in segmental revenue. Comparatively, the Group's segmental revenue for digital broadcasting business in 2010 was HK$289.6 million but included a contribution of HK$132.8 million from the discontinued operations. Segmental operating profit for the six-month period ended 30 June 2011 was HK$15.0 million. Similarly, the corresponding HK$114.0 million in segmental operating profit for 2010 had benefited from an operating profit of HK$133.7 million from the discontinued operations which in turn was the result of the recognition of the non-recurring gain of HK$171.7 million from the disposal of the Group's STB business.

Financial Market Information Business

Revenue from the financial market information business was HK$15.0 million for the six-month period ended 30 June 2011, representing a 5% growth from the same period in 2010 (2010: HK$14.3 million). However, due to increases in operating expenses, its segmental operating profit for the current period dropped to HK$1.4 million from HK$2.2 million in 2010.

Advertising Agency Business

On 17 June 2011, the Group completed the acquisition of Sinofocus Media (Holdings) Limited ("Sinofocus") – a TV advertising agency working with leading international 4A (American Association of Advertising Agencies) firms in China. Details of the acquisition are set out in the announcement of the Company released on 19 May 2011. The businesses of Sinofocus include sourcing TV advertising time on regional TV channels in China for international 4A advertising agencies. For the six-month period ended 30 June 2011, this new operating segment contributed HK$1.3 million to the Group's consolidated revenue and HK$0.3 million to the Group's consolidated operating profit since the completion of the acquisition. In addition, the acquisition of Sinofocus led to a negative goodwill of HK$13.0 million which was reflected as other income for the current period as "Unallocated" in the segment reporting.

Sinofocus represents some of the largest international 4A advertising firms such as WPP, Omnicom and Angies in China, some on exclusive terms, and works with these firms to help place TV advertisements on regional satellite and free to air TV channels. A sample of the TV commercials previously Sinofocus has helped to place includes international brands such as Yum! Brands, Yakult, H&M, Chanel, Citizen, IBM, Audi, GlaxoSmithKline, Bayer and Nippon Paint.

China's TV advertisement spending has been growing at an average compound annual rate of 23% since 2001. By 2011, it is forecasted to reach HK$255.6 billion and constitutes about 62% of the current total annual advertising market in China. In recent years, advertising on non-traditional channels such as internet and outdoor TV panels have been the highest growth segment of the market. As such, the PRC government's triple play development policy has also generated anticipation and excitement within the advertising industry. For interactive digital TV, interactive advertising and target marketing is projected to become one of its key applications.

Prospects

In the short term, the current pace of digitisation seems to be continued at least in the second half of 2011. The Group is expected to benefit from the commencement of the digitisation of the cable network in the Henan Province in the second half of 2011. Over the medium term, provincial cable companies will be keen, after the initial phase of network consolidation, to use network digitisation as a technical mean to solidify and enhance the effort and scope of their consolidation through the setup of a new technical platform.

Initial effect of the State Council's policy to accelerate triple play development is quite encouraging. Majority of the new digitisation projects have incorporated some degrees of interactive features in their planning. Moving forward, the development of interactivity based new applications will be a new focal point with cable operators striving to improve ARPU and enhance competitiveness as the timetable for cross sector competition with telecom operators draws closer.

The Group's business strategy after the sale of its STB business is to gradually reduce reliance on hardware based business by shifting into the less working capital intensive software business, and to gradually increase contribution from recurring businesses such as income from application support and service provision. As mentioned before, the Group has devoted substantial effort and resources over the last 2 to 3 years developing a range of software systems and tools designed to assist cable operators in the management of their future interactive business. At the same time, the Group has begun development of certain interactive application products and services.

Content Archive and Retrieval System for Time Shift Viewing

Time shift viewing allows subscribers to retrieve and view a program on TV after its original broadcasting. The convenience of time shift viewing has made it an instant hit with subscribers. The Group has launched an in-house developed content archive and retrieval system for time shift viewing called "隨心看". The popularity of time shift viewing could potentially lead to recurring demand from cable operators for system upgrades and refinements.

Interactive Advertising

The subscriber viewing pattern tracking and preference measuring capabilities of interactive TV offer significant potential to improve the effectiveness of TV advertisers. The ability to attract advertising onto the interactive cable platform will open to cable operators a source of revenue that potentially could rival or exceed their current subscription revenue. The annual total revenue from basic cable subscription fees in China is estimated to be about 18-20% of the size of its annual TV advertising revenue. At the moment, there is minimum cooperation between cable operators and TV advertisers as advertisements are traditionally placed with TV stations.

The Group has already developed the key subscriber viewing pattern measuring and statistical behavioral analysis systems. The acquisition of Sinofocus will allow the Group to immediately gain expertise on the business side of advertising, and to marry both technical and business knowledge plus capabilities into service offerings for cable operators. Being a self-sustained operation, Sinofocus will help to offset some of the future development costs and bring value to shareholders' return.

In addition, Sinofocus is increasing the market coverage of its TV advertising placement business from mainly foreign brands to include more domestic brands, and expanding from the niche service business of media execution/advertising placement into other key advertising agency services businesses such as brand promotion strategy, media planning and promotion campaign process management. Most domestic agencies today are still comparatively weak in these other services comparing to international 4A advertising firms.

Employees

The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay level of its employees is competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance. Employees are offered discretionary year-end bonus based on individual merit.

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group to recognise their contribution to the success of the Group. No share options were granted to any eligible directors or employees by the Company during the six-month period ended 30 June 2011 (2010: Nil).

The total number of employees of the Group as at 30 June 2011 was 538 (31 December 2010: 484). The increase in the total number of employees was mainly resulted from the acquisition of Sinofocus during the current period.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2011, the Group recorded total assets of HK$1,544.5 million (31 December 2010: HK$1,697.5 million) which were financed by liabilities of HK$306.1 million (31 December 2010: HK$477.0 million), non-controlling interests of HK$118.1 million (31 December 2010: HK$117.8 million) and shareholders' equity of HK$1,120.3 million (31 December 2010: HK$1,102.7 million). The Group's net asset value per share (excluding non-controlling interests) as at 30 June 2011 amounted to HK$0.98 (31 December 2010: HK$0.97).

The Group had a total cash and bank balance of HK$284.8 million (31 December 2010: HK$465.8 million) without any bank borrowings (31 December 2010: Nil) as at 30 June 2011. The decline in the cash and bank balance was resulted mainly from the acquisition of the new advertising agency and other new businesses and the settlement of trade payables during the current period. The Group has sufficient banking facilities available from its bankers for its daily operations.

As the Group only had a residual level of backlog shipment of STB in 2011, less STB was purchased during the current period and it resulted in the significant decrease in the balance of trade payables as at 30 June 2011 as compared to that as at 31 December 2010.

Treasury Policies

The Group adopts conservative treasury policies and has tight controls over its cash management. The Group's cash and cash equivalents are held mainly in Hong Kong dollars ("HKD"), Renminbi ("RMB") and United States dollars ("USD"). Surplus cash is generally placed in short to medium term deposits in light of the Group's funding requirements.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HKD and USD. The exchange rate of USD against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. Due to the limitations in financial markets and regulatory constraints in Mainland China, the Group has an increasing exposure to RMB as its investments in Mainland China increase. Given the appreciation of RMB against HKD during the period under review, no financial instrument was used for hedging purposes. It is expected that the appreciation of RMB would have a favourable impact on the Group.

Material Acquisitions and Disposals of Subsidiaries and Associates

On 17 June 2011, the Group completed the acquisition of 100% equity interest in Sinofocus and the assignment of the related shareholder's loan at a consideration of HK$82 million.

Save as mentioned above, the Group did not have any material acquisitions or disposals of subsidiaries and associates during the six-month period ended 30 June 2011.

Charges on Assets

The Group did not have any assets charged to third parties as at 30 June 2011.

Future Plans for Material Investments or Capital Assets

The Group did not have any future plans for material investments or capital assets as at 30 June 2011.

Capital Expenditure Commitments

The Group did not have any material capital expenditure commitments as at 30 June 2011.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the six-month period ended 30 June 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six-month period ended 30 June 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the interim report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to regulate the directors' securities transactions. Following specific enquiry by the Company, all directors have confirmed that they have complied with the Model Code regarding directors' securities transactions throughout the accounting period covered by the interim report.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The 2011 interim report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on The Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk) and the Company's website (www.irasia.com/listco/hk/dvn) in due course.

By Order of the Board
DVN (HOLDINGS) LIMITED
Lui Pan
Chief Executive Officer

Hong Kong, 19 August 2011

At the date of this announcement, the Board of the Company comprises the executive directors of Mr Ko Chun Shun, Johnson (Chairman), Dr Lui Pan (Chief Executive Officer), Mr Luo Ning, Mr Jin Wei, Mr Xu Qiang (Chief Operating Officer) and Mr Hu Qinggang (Chief Financial Officer), and the independent non-executive directors of Mr Chu Hon Pong, Mr Liu Tsun Kie and Mr Yap Fat Suan, Henry.

* *For identification purpose only*