CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 343)

(Warrant Code: 824)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

RESULTS

The Board of Directors (the "Directors") of Culturecom Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011 together with the comparative figures for the corresponding year of 2010 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	**2011** **HK$'000**	2010 *HK$'000* (Restated)
Continuing operations:			
Revenue	3	**38,333**	36,624
Cost of sales		**(21,603)**	(22,107)
Gross profit		**16,730**	14,517
Other income		**2,449**	8,232
Administrative expenses		**(62,394)**	(57,519)
(Decrease)/Increase in fair value of financial assets at fair value through profit or loss		**(10,781)**	43,655
Share of losses of associates		**(1,496)**	(3,329)
Impairment of goodwill		**(2,617)**	–
Impairment of intangible assets		**(22,825)**	(33,422)
Finance costs	5	**(79)**	(9)
Loss before income tax	6	**(81,013)**	(27,875)
Income tax credit	7	**8,937**	10,881
Loss after income tax from continuing operations		**(72,076)**	(16,994)
Discontinued operations:			
Profit for the year	8	**78,406**	27,555
Profit for the year		**6,330**	10,561

	Notes	**2011** *HK$'000*	2010 *HK$'000* (Restated)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**8,990**	2,329
Other comprehensive income for the year		**8,990**	2,329
Total comprehensive income for the year		**15,320**	12,890
Profit/(Loss) for the year attributable to:			
Owners of the Company		**9,006**	11,731
Non-controlling interests		**(2,676)**	(1,170)
		6,330	10,561
Total comprehensive income attributable to:			
Owners of the Company		**17,996**	14,060
Non-controlling interests		**(2,676)**	(1,170)
		15,320	12,890
Earnings/(Loss) per share attributable to the owners of the Company during the year			
From continuing and discontinued operations			
Basic (2010: restated)	9	**HK1.1 cents**	HK1.5 cents
Diluted		**N/A**	N/A
From continuing operations			
Basic (2010: restated)		**(HK8.6 cents)**	(HK2.0 cents)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 March 2011

	Notes	31 March 2011 HK$'000	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**73,324**	91,107	71,603
Investment properties		**–**	151,236	120,251
Long-term deposits		**2,375**	2,284	2,268
Interests in associates		**22,222**	23,718	25,084
Goodwill		**–**	2,617	–
Intangible assets		**138,385**	167,870	207,000
Available-for-sale financial assets		**20,000**	10,000	–
		256,306	448,832	426,206
Current assets				
Inventories		**2,852**	1,969	280
Trade receivables	10	**21,020**	12,693	16,135
Other receivables, deposits and prepayments		**20,431**	19,446	69,599
Amounts due from fellow subsidiaries of an associate		**–**	–	236
Amounts due from associates		**52**	48	21
Tax recoverables		**53**	36	153
Financial assets at fair value through profit or loss		**62,071**	86,378	77,582
Bank balances and deposits with financial institutions		**258,176**	160,514	130,240
		364,655	281,084	294,246
Assets classified as held for sale	11	**226,549**	–	–
		591,204	281,084	294,246
Current liabilities				
Trade payables	12	**6,737**	5,058	5,160
Other payables and accrued charges		**26,593**	20,182	26,478
Amounts due to fellow subsidiaries of an associate		**675**	1,174	1,233
Amounts due to associates		**1,144**	641	–
Obligations under finance leases – due within one year		**43**	43	43
Tax payables		**733**	703	176
		35,925	27,801	33,090
Liabilities associated with assets classified as held for sale	11	**970**	–	–
		36,895	27,801	33,090
Net current assets		**554,309**	253,283	261,156
Total assets less current liabilities		**810,615**	702,115	687,362

	31 March		1 April
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
EQUITY			
Equity attributable to owners of the Company			
Share capital	**10,339**	689,256	689,456
Reserves	**767,988**	(46,855)	(63,027)
	778,327	642,401	626,429
Non-controlling interest	**823**	3,499	–
Total equity	**779,150**	645,900	626,429
Non-current liabilities			
Obligations under finance leases – due after one year	**50**	93	135
Deferred tax liabilities	**31,415**	56,122	60,798
	31,465	56,215	60,933
	810,615	702,115	687,362

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard ("HKASs") and Interpretations issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules governing the Listing of Securities on the Stock Exchange (the "Listing Rules").The financial statements have been prepared under historical cost convention except for investment properties and financial assets at fair value through profit or loss and available-for-sale financial assets which are stated at fair values.

Discontinued operations

On 27 January 2011, the Group entered into a provisional agreement for sale and purchase (the "Provisional Agreement") with an independent third party in relation to the disposal of all its investment property, the whole block of Culturecom Centre, located at 47 Hung To Road, Kwun Tong, Kowloon (the "Disposal Property") for a consideration of HK$286,000,000 (the "Disposal").

As management considers that the Disposal is highly probable as at 31 March 2011 and the Disposal Property constitutes the core part of the Group's property investment business, in accordance with HKFRS 5, the Group has reclassified:

(1) The fair value of the Disposal Property as at 31 March 2011 separately as the non-current assets held for sale;

(2) The liabilities related to the Disposal, such as rental deposits received from the tenants, as at 31 March 2011 separately as the liabilities associated with assets classified as held for sale; and

(3) Rental income and the related expenses associated with the Disposal Property for the year ended 31 March 2011 and 2010 as a discontinued operation in the Group's consolidated statement of comprehensive income.

2. CHANGE OF ACCOUNTING POLICIES AND ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 April 2010

In the current year, the Group has applied, for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2010:

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share–based Payment Transaction
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the equity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no material impact on the Group's financial statements.

HKAS 17 (Amendments) – Leases

As part of the Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group concluded that the classification of such leases as operating leases is not appropriate, as those interests are registered and transferable ownership interests in land located in Hong Kong and are subject to the Hong Kong government's land policy of renewal without payment of additional land premium. These leasehold interests are no longer classified by the Group as operating leases as the Group considers that it is in a position economically similar to that of a purchaser. Accordingly, the Group has reclassified these interests from "Prepaid lease payment" to "Property, plant and equipment". These amendments had no impact on the Group's accumulated losses and current year results.

Effect of changes of accounting policy and adoption of new or amended HKFRSs in the classification of leasehold land and buildings on the consolidated statement of financial position:

	31 March		1 April
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Increase/(decrease) in Non-current assets:			
Property, plant and equipment	**13,857**	14,239	14,621
Prepaid lease payments	**(13,857)**	(14,239)	(14,621)

(b) New/revised HKFRSs that have been issued but are not yet effective

At the date of authorisation of this announcement of final results, the following new/amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [1&2]
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement [2]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [1]
HKAS 24 (Revised)	Related Party Disclosures [2]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets [3]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets [4]
HKFRS 9	Financial Instruments [5]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 January 2013

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gain or loss will be recognise in profit or loss except for those non-trade equity investment, which the entity will have a choice to recognise the gain and loss in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designed at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liabilities is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on this announcement of final results.

3. REVENUE

Revenue on continuing operations, which is also the Group's turnover, represents the net amount received and receivable for goods sold by the Group, less returns, trade discounts and allowance, exploration and production services income and is analysed as follows:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Revenue on continuing operations		
Sales of goods	**31,501**	27,838
Exploration and production services income	**6,832**	8,786
	38,333	36,624

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

– Publishing: Publication of comic books and royalty income from licensing comic books

– Crude oil exploration services: Crude oil exploration services in the People's Republic of China (the "PRC")

– Chinese information infrastructure: Provision of server management and data warehousing services

– Electronic card service: Electronic card payment services in convenience stores, supermarkets, fast-food restaurants, hotel, online shopping and other point-of-sale applications such as service stations and vending machines

– Retailing and wholesales: Retailing of clothes, cosmetics and ladies accessories in Hong Kong and Macau and wholesales of insulation materials in Japan

– Property investments (which were discontinued during the year)

Information about other business activities and operating segments that are not reportable are combined and disclosed in “Others”. Others included catering services in Macau.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms’ length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except for fair value change in financial assets at fair value through profit or loss, share of results of associates, finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets consist primarily of goodwill, intangible assets, property, plant and equipment, inventories, receivables and operating cash, and mainly exclude interest in associates, available-for-sale financial asset, financial assets at fair value through profit or loss, assets of discontinued operations and amounts due from associates. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group’s headquarter.

Segment liabilities exclude amounts due to fellow subsidiaries of an associate, amounts due to associates and liabilities of discontinued operations as well as corporate liabilities, which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include income tax payables.

These operating segments are monitored and strategic decisions are made based on segment’s performance.

As mentioned in note 1, the Group entered into the Provisional Agreement to dispose of the Disposal Property for a consideration of HK$286,000,000. Save for 26% of the floor areas of the Disposal Property which are used as the Group’s office premises, the remaining 74% of the floor areas of the Disposal Property are leased out to tenants. In accordance with HKFRS 5, the Group’s business of property investment is referred to as the Discontinued Operations for the years ended 31 March 2011 and 2010 in the Group’s financial statements. Further details regarding the results of the Discontinued Operations are set out in note 8 to this announcement of final results.

The Group's continuing operations are currently organised into five main business segments:

2011

	Continuing operations						
	Publishing	Crude oil exploration services	Chinese information infrastructure	Electronic Card service	Retailing and wholesales	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
From external customers	**24,973**	**6,832**	**–**	**146**	**4,167**	**2,215**	**38,333**
From other segments	**12**	**–**	**–**	**–**	**400**	**–**	**412**
Reportable segment revenue	**24,985**	**6,832**	**–**	**146**	**4,567**	**2,215**	**38,745**
Reportable segment profit/(loss)	**3,132**	**(33,210)**	**(4,703)**	**(9,139)**	**(7,400)**	**(5,051)**	**(56,371)**
Other information							
Amortisation of intangible assets	**–**	**11,974**	**–**	**1,120**	**–**	**–**	**13,094**
Impairment of goodwill	**–**	**–**	**–**	**2,617**	**–**	**–**	**2,617**
Impairment of intangible assets	**–**	**19,280**	**–**	**3,545**	**–**	**–**	**22,825**
Bank interest income	**–**	**(592)**	**(6)**	**(7)**	**(1)**	**(4)**	**(610)**
Depreciation of property, plant and equipment	**150**	**4,005**	**9**	**218**	**886**	**2,774**	**8,042**
Reportable segment assets	**14,239**	**246,588**	**72,933**	**7,065**	**17,611**	**6,252**	**364,688**
Additions to non-current assets	**230**	**2,425**	**77**	**10**	**–**	**1,095**	**3,837**
Reportable segment liabilities	**(8,665)**	**(9,226)**	**(414)**	**(5,313)**	**(563)**	**(49)**	**(24,230)**

2010

	Continuing operations						
	Publishing	Crude oil exploration services	Chinese information infrastructure	Electronic Card service	Retailing and wholesales	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
From external customers	26,464	8,786	–	145	815	414	36,624
From other segments	38	–	–	–	17	–	55
Reportable segment revenue	26,502	8,786	–	145	832	414	36,679
Reportable segment profit/(loss)	2,964	(45,165)	(4,451)	(3,382)	(6,769)	(4,860)	(61,663)
Other information							
Provision for impairment of trade receivables	155	–	–	–	–	–	155
Amortisation of intangible assets	–	11,592	–	894	–	–	12,486
Impairment of intangible assets	–	33,422	–	–	–	–	33,422
Bank interest income	–	(10)	–	(26)	–	(945)	(981)
Depreciation of property, plant and equipment	150	3,617	–	287	821	2,962	7,837
Reportable segment assets	13,785	267,037	2,027	16,613	4,613	6,187	310,262
Additions to non-current assets	67	23,593	–	5,626	1,286	2,818	33,390
Reportable segment liabilities	(7,397)	(8,261)	(459)	(6,040)	(2,045)	(128)	(24,330)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements are as follows:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Reportable segment revenue	**38,745**	36,679
Elimination of inter segment revenue	**(412)**	(55)
Revenue from continuing operations	**38,333**	36,624
Loss before income tax expenses and discontinued operations		
Reportable segment loss	**(56,371)**	(61,663)
(Decrease)/Increase in fair value of financial assets at fair value through profit or loss	**(10,781)**	43,655
Share of losses of associates	**(1,496)**	(3,329)
Unallocated corporate expenses	**(12,286)**	(6,529)
Finance costs	**(79)**	(9)
Loss before income tax credit from continuing operations	**(81,013)**	(27,875)
Reportable segment assets	**364,688**	310,262
Interests in associates	**22,222**	23,718
Available-for-sale financial assets	**20,000**	10,000
Amounts due from associates	**52**	48
Financial assets at fair value through profit or loss	**62,071**	86,378
Assets of discontinued operations	**226,549**	169,616
Other corporate assets	**151,928**	129,894
Group assets	**847,510**	729,916
Reportable segment liabilities	**24,230**	24,330
Amounts due to fellow subsidiaries of an associate	**675**	1,174
Amounts due to associates	**1,144**	641
Liabilities of discontinued operations	**970**	1,645
Other corporate liabilities	**41,341**	56,226
Group liabilities	**68,360**	84,016

Valuation surplus on investment properties have been reclassified to profit from discontinued operations.

The Group's revenues from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from customers (including continuing and discontinued operations)		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)
Hong Kong (place of domicile)	**31,798**	33,002	**29,384**	190,581
The PRC	**6,978**	8,931	**202,258**	241,933
Macau	**4,173**	1,042	**4,562**	6,141
Japan	**1,689**	131	**102**	177
	44,638	43,106	**236,306**	438,832

The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of non-current assets is based on the physical location of the asset.

During the year, there was no revenue from external customers attributed to Bermuda (domicile) and no non-current assets were located in Bermuda (2010: Nil). The country of domicile is the country where the Company was incorporated for the purpose of the disclosures are as required by IFRS 8 "Operating Segments".

During the year, there were three (2010: three) customers with whom transactions of each have exceeded 10% of the Group's revenue. Total revenue from these three (2010: three) customers accounted for 29% (2010: 28%, as restated), 18% (2010: 21%, as restated) and 16% (2010: 24%, as restated) of the Group's revenue for the year respectively. As at the reporting date, total trade receivables due from these three (2010: three) customers accounted for 9% (2010: 11%, as restated), 7% (2010: 12%, as restated), 71% (2010: 52%, as restated) of such balances respectively. Sales to these customers have been included in the segment of publishing and crude oil exploration services.

5. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interest charges on:		
Finance leases	**9**	9
Other borrowings wholly repayable within five years	**70**	–
	79	9

6. LOSS BEFORE INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Loss before income tax has been arrived at after charging/(crediting):		
Staff costs		
Directors' emoluments	**6,606**	5,454
Other staff costs:		
– Retirement benefits schemes contributions	**249**	306
– Salaries and other benefits	**15,308**	14,886
	22,163	20,646
Auditors' remuneration	**880**	880
Provision for impairment of trade receivables	**–**	155
Amortisation of intangible assets	**13,094**	12,486
Depreciation of property, plant and equipment		
– Owned assets	**8,010**	7,805
– Assets held under finance leases	**32**	32
	8,042	7,837
Cost of inventories recognised as expenses	**17,604**	14,517
Operating lease rentals in respect of rented premises	**4,909**	6,065
Loss on disposals of property, plant and equipment	**107**	–
Dividend income	**(14)**	(277)
Net foreign exchange loss/(gain)	**23**	(19)

7. INCOME TAX CREDIT

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda during the year (2010: Nil).

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year. PRC Enterprise Income Tax ("EIT") has been provided at 25% (2010: 25%) on the estimated assessable profits in the PRC for the year.

	2011		2010	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Income tax credit comprises:				
Current tax expenses				
– Hong Kong profits tax	**42**	**–**	58	–
– PRC EIT	**–**	**–**	538	–
Deferred tax				
– Deferred tax (credit)/expenses	**(8,979)**	**(17,399)**	(11,477)	5,112
Income tax (credit)/expenses	**(8,937)**	**(17,399)**	(10,881)	5,112

8. DISCONTINUED OPERATIONS

The Group entered into the Provisional Agreement with an independent third party in relation to the Disposal of the Disposal Property for a consideration of HK$286,000,000.

In accordance with HKFRS 5, the Group's business of property investment is classified as Discontinued Operations, the analysis of the results of which for the year ended 31 March 2011 and 2010 is as follows:

	2011	2010
	HK$'000	*HK$'000*
Revenue	**6,305**	6,482
Cost of sales	**(695)**	(669)
Gross profit	**5,610**	5,813
Other income	**–**	1
Administrative expenses	**(4,360)**	(4,132)
Valuation surplus on investment properties	**59,757**	30,985
Profit before income tax	**61,007**	32,667
Income tax credit/(expense)	**17,399**	(5,112)
Profit for the year	**78,406**	27,555
Operating cash inflows	**2,158**	2,316
Net cash inflows	**2,158**	2,316

Property rental income under operating leases, net of direct outgoings of the Discontinued Operations for the year of HK$5,610,000 (2010: HK$5,813,000) included a net of direct outgoings of HK$695,000 (2010: HK$669,000).

Depreciation expense of the Discontinued Operations for the year amounted to HK$1,262,000 (2010: HK$1,240,000) has been included in administrative expenses.

Details of the assets and liabilities associated with the Discontinued Operations as at 31 March 2011 are shown in note 11 to this announcement of final results.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Earnings/(Loss)		
Profit attributable to the owners of the Company for the purpose of basic earnings per share:		
Continuing operations	**(69,400)**	(15,824)
Discontinued operations	**78,406**	27,555
Total profit from continuing and discontinued operations	**9,006**	11,731

	2011	2010
	Number of shares '000	*Number of shares '000*
Number of shares		(Restated)
Weighted average number of shares for the purpose of basic earnings per share	**809,219**	780,789

Basic earnings per share for the year ended 31 March 2010 had been re-calculated to reflect the share issuance occurred during the year.

No diluted earnings per share has been presented for both years because the exercise prices of the Company's share options were higher than the average market price of the Company's share during the year.

10. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**22,330**	15,620
Less: Impairment of trade receivables	**(1,310)**	(2,927)
	21,020	12,693

The directors of the Company consider that as trade receivables are expected to be recovered within one year, their fair values are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The following is the ageing analysis (based on invoice date) of trade receivables at the reporting date:

	2011	2010
	HK$'000	*HK$'000*
0 – 60 days	**7,112**	8,010
61 – 90 days	**9,795**	1,487
91 – 180 days	**228**	3,148
Over 180 days	**3,885**	48
	21,020	12,693

Credit periods granted to customers of publishing, property investment, crude oil exploration services, electronic card service and retailing and wholesales are normally 30 to 90 days, 30 days, 180 days to 360 days, 0 to 60 days and 0 to 60 days respectively (2010: 30 to 90 days, 30 days, 180 to 360 days, 0 to 60 days and 0 to 60 days).

11. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES CLASSIFIED AS HELD FOR SALE

	2011	2010
	HK$'000	*HK$'000*
Assets classified as held for sale:		
Buildings	**1,699**	–
Leasehold land	**13,857**	–
Investment properties	**210,993**	–
	226,549	–
Liabilities associated with assets classified as held for sale:		
Other payables and accruals	**(970)**	–

The balance relates to the Disposal Property which is situated in Hong Kong and is held under medium term leases.

12. TRADE PAYABLES

Ageing analysis of trade payables at the reporting dates, based on the invoice dates, is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 – 60 days	**2,681**	2,170
61 – 90 days	**610**	933
Over 90 days	**3,446**	1,955
	6,737	5,058

The balances as at the reporting date are interest-free and are expected to be settled within one year. The directors consider that the carrying amounts of trade payables approximate to their fair values.

DIVIDEND

No dividend was paid or proposed during the year of 2011, nor has any dividend been proposed since the end of reporting period (2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2011, the Group overall revenue, including both of the continuing and discontinued operations, from the external customers increases slightly by approximately 3.55% to HK$44,638,000, of which approximately HK$24,973,000, HK$6,832,000, HK$146,000, HK$4,167,000, HK$2,215,000 and HK$6,305,000 (2010: HK$26,464,000, HK$8,786,000, HK$145,000, HK$815,000, HK$414,000 and HK$6,482,000) were attributable to our continuing business of publishing, crude oil exploration services, electronic card service, retailing and wholesales, others and the discontinued business of property investment respectively.

The Group's consolidated net profit attributable to the owners of the Company was decreased from profit of HK$11,731,000 or HK1.5 cents earnings per share in 2010 to profit of HK$9,006,000 or HK1.1 cents earnings per share in 2011. This results were mainly due to a revaluation gain of investment properties as well as a reversal of deferred tax liabilities in discontinued operations, offset by a decrease in fair value of financial assets at fair value through profit and loss of HK$10,781,000, impairment of goodwill of HK$2,617,000 in electronics card business and impairment of intangible assets of HK$22,825,000 in electronics card business and exploration and production service right. Overall, by focusing on core operations, capturing promising growth opportunities in development of new animation technology, and being prudent in its investment decisions, the Group has progressed to a much more sustainable and hopeful present state. Therefore, the Group is optimistic of its future, as the steps taken along the way have demonstrated that what is to come can only be better.

Also, as of 31 March 2011, the Group's net asset value was HK$779,150,000 (2010: HK$645,900,000, as restated) and net asset value per weighted average number of 809,219,000 shares (2010: 780,789,000 shares, as restated) of the Company was approximately HK$0.96 (2010: HK$0.83, as restated). Increase in net asset value was primarily due to the fair value changes in investment properties that took place during this year.

Share Capital

(a) *Rights issue*

On 17 December 2010, the Company entered into an Underwriting Agreement with an independent underwriter in relation to the proposed Rights Issue of not less than 344,627,982 Rights Shares and not more than 416,952,982 Rights Shares on the basis of one Rights Share for every two New Shares held by qualifying shareholders of the Company on 31 January 2011 at the subscription price of HK$0.35 per Rights Share. On completion of the Rights Issue on 28 February 2011, a total of 344,627,982 new ordinary shares were allotted and issued by the Company to the qualified shareholders who had successfully taken up Rights Shares under the Rights Issue. The net proceeds of approximately HK$118,030,000 raised from the Rights Issue for general working capital and future investments which may in the principal line of business of the Group.

Following the completion of the Rights Issue on 28 February 2011, the issue of the Rights Share would cause adjustments to the exercise price and number of Shares to be issued of the outstanding Share Option. The exercise price and number of Shares Options have adjusted with effect from 28 February 2011.

The details are set out in the announcements of the Company dated 17 December 2010 and 28 March 2011 and prospectus of the Company dated 1 February 2011 respectively.

(b) *Capital Reorganisation*

On 17 December 2010, in order to facilitate the Rights Issue, the Board proposed to implement the Capital Reorganisation involved the capital reduction and the increase in authorised share capital. After passing of a special resolutions on 24 January 2011, the Company implemented the capital reorganisation involved (a) the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.99 on each of the issued ordinary share so that the nominal value of each issued ordinary share reduced from HK$1.00 to HK$0.01; (b) the reduction of the authorised share capital of the Company by reducing the nominal value of all ordinary shares from HK$1.00 to HK$0.01 and (c) the increase in authorised share capital, after the effect of capital reduction, in order to accommodate the Rights Issue and also the future expansion and growth of the Group, the Company increased the authorised share capital from HK$10,000,000 divided into 1,000,000,000 New Shares of HK$0.01 each to HK$2,000,000,000 divided into 200,000,000,000 New Shares of HK$0.01 each.

The details are set out in the announcement and the circular of the Company dated 17 December 2010 and 29 December 2010 respectively.

(c) *Private placing of listed warrants*

On 7 March 2011, the Company entered into a placing agreement with an independent placing agent in relation to the private placing of 137,850,000 warrants (the "2013 Warrants") conferring rights to subscribe up to HK$38,598,000 in aggregate for shares of the Company at an initial subscription price of HK$0.28 per share, to not less than 300 placees who are independent third parties during the two years period from 3 May 2011 to 2 May 2013, both days inclusive. The Placing of the 2013 Warrant was completed on 29 April 2011.

Disposal of Property

On 27 January 2011, the Group entered a provisional agreement for sale and purchase with an independent third party in relation to the disposal of the whole block of property located in 47 Hung To Road, Kwun Tong, Hong Kong (the "Property") at a consideration of HK$286,000,000 (the "Disposal"). The Disposal is expected to be completed on or before 23 September 2011. The Board considers that the recent real property market in Hong Kong has been very buoyant and the value of the Property has appreciated significantly, the Directors consider that it is in the interests of the Company and its shareholders to dispose of the Property capitalising on favourable market conditions to realise capital gain and enhance the working capital of the Company. The net proceed from the Disposal will be used for future investments which may in the principal line of business of the Group.

Liquidity and Financial Resources

At as 31 March 2011, the Group had bank and deposits with financial institutions balances in aggregate of approximately HK$258,176,000 and financial assets at fair value through profit or loss approximately HK$62,071,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As of 31 March 2011, the Group had a net current asset of approximately HK$554,309,000 (31 March 2010: HK$253,283,000, as restated) and a current ratio of 16.02 (31 March 2010: 10.11). The Group's total liabilities as of 31 March 2011 amounted to approximately HK$68,360,000 (31 March 2010: HK$84,016,000) and represented approximately 8.8% (31 March 2010:13%) to shareholders' equity.

Upon consideration of the above, the Directors have no doubt that the Group will have sufficient liquidity to finance its daily operations, as reflected by its health financial status with a wealth of cash flow and other resources. As always, the Group will continue to follow prudent and disciplined cash management practices on any excess liquidity.

Employment and Remuneration Policies

As of 31 March 2011, the Group had a total of 120 (2010: 129) employees. Total staff costs incurred during the year amounted to approximately HK$22,163,000 (2010: HK$20,646,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

BUSINESS REVIEW

The global economic turmoil has affected many businesses and our Group is no exception. Although many industries have recovered, by no means do businesses come in an easy breeze for many of our operating units. In order to ensure businesses are always operating on the most efficient and effective enterprise, our Group acted with great prudence and allowances were set up on businesses that were not run efficiently and write-offs were made on investments that have lost value. At the same time, we have also refocused on our core areas of comics licensing and animation business, extending our reach to other related disciplines within this core competence.

The economic recoveries observed in 2010 and 2011 have certainly benefitted many of our businesses and even though crude oil prices have stabilised, oil explorations, in many areas, are still lagging behind. With production at less-than-optimal output, our Group prudently took an impairment charge that affected the bottom line, but fortunately its impact was masked by gains from the disposal of our head office, Culturecom Centre, resulting in an overall result that was still fair as compared to that of previous years. The management of the Group anticipates that as the economy begins to pick up even more, our investments will regain their intrinsic values, and Culturecom can then out-perform its competitors with great ease.

With respect to the technology-business, our Group has in place suitable cooperative partners to enhance and further commercialise its technologies. In the comics business, our Group has fortified its licensing business with additional resources, actively pursued opportunities in online gaming, animation and movie production, while continued to extend its reach to other media forms. One of the golden ideals of Culturecom has always been about bringing Chinese culture into the mainstream; and in light of this, our Group is at the final stages of developing an Asian-flavor animation/comic creation interface using our very own Generating Engine technology. Our huge animation/comic image database along with this Generating Engine will allow the mass public to participate in the production process; lowering cost on one hand, while appealing to a new generation of artists.

Aside from technology and comics, our Group's venture in the petroleum extraction business started to pick up gradually from last year, but owing to the drilling and exploration activities which were completed at a slower rate than expected, operating earnings were negatively affected. As a result, our Group took an impairment charge of approximately HK$19 million to reflect the slowdown in exploration over the past year (HK$52 million in total since acquisition); nevertheless our Group is still optimistic of this investment so far, with an acquisition gain recorded earlier of approximately HK$49.37 million (HK$28.44 million from negative goodwill and HK$20.93 million from profit guarantee). As the commodity market remains vibrant, we are confident that the oil extraction venture in Shengli Oilfield and Chaoshui Basin has the potential to yield promising operational results.

PROSPECTS

Looking ahead, our Group is excited about its future projects, and optimistic of its upcoming journey. We will continue to foster our relationships with the existing cooperative partners and business associates. Online as an effective communication tool between people, has been developing rapidly over the past few years globally, as evident by the popularity of Facebook, Twitter and Youtube. Our Group strongly believes in the enormous potential of online social networking for the Chinese-speaking population in the Southeast Asia region. Leveraging on the Group's enormous IP database, animation generating engine and extensive business network in the Southeast Asia region, our Group is confident we have the resources necessary to effectively develop an online creation and sharing platform for artists and like-minded animators to expand their creativity, both on the local and international levels. In addition to an online presence, our Group continued to make further inroads to our core business of animation and comics market in Asia, such as setting up educational programs and training grounds for artists and like-minded animators in China. All in all, we salute to our shareholders wholeheartedly, and promise that we will continue to strive for the best investment strategies that would be beneficial to them in the long run.

CLOSURE OF REGISTERS OF MEMBERS AND WARRANT HOLDERS

The principal Register of Members and the branch Registers of Members and Warrantholders will be closed from 30 July 2011 to 8 August 2011 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2011 Annual General Meeting, all transfer documents accompanied by the relevant share certificates and, in the case of warrantholders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m., 29 July 2011.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries have repurchased, sold or redeemed any of the listed securities in the Company during the year ended 31 March 2011.

AUDIT COMMITTEE

The audit committee of the Company, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices (the "Code") as stipulated in Appendix 14 to the Listing Rules, currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang. The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 March 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2011 except for the following deviations:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive Directors of the Company are not appointed for a specific term. However, all Directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-Law 110(A) and 190(v) of the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cheung Wai Tung was unable to attend the annual general meeting of the Company held on 13 September 2010 as he was on business trip for other important business engagement. However, an Executive Director, present at the annual general meeting who then took the chair of that meeting in accordance with the Bye-Laws of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code during the year ended 31 March 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.culturecom.com.hk. The annual report will be despatched to the shareholders of the Company and will be published on the above websites in due course.

On behalf of the Board
Culturecom Holdings Limited
Chu Bong Foo
Chairman

Hong Kong, 24 June 2011

As at the date of this announcement, the Board comprises of Mr. Kwan Kin Chung, Ms. Chow Lai Wah Livia, Mr. Chung Billy, Mr. Wan Xiaolin, Mr. Tang U Fai, Mr. Tang Kwing Chuen, Kenneth and Mr. Chen Man Lung (all being executive Directors); Mr. Chu Bong Foo (the Chairman and non-executive Director) and Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang (all being independent non-executive Directors).

* *For identification purpose only*