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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 1097

Interim Results Announcement For the six months ended June 30, 2011

RESULTS HIGHLIGHTS

- The Company's efforts to rebuild revenue and profitability have started to pay off. It has substantially improved its deficit in the first half of 2011.
- Turnover increased by 9% to HK\$1,051 million (2010: HK\$962 million).
- Net loss of HK\$55 million represented a 62% reduction (2010: net loss of HK\$145 million).
- EBITDA improved to HK\$68 million (2010: HK\$18 million).

TELEVISION

- Turnover increased by 20% to HK\$874 million (2010: HK\$725 million).
- Operating loss of HK\$22 million represented a 78% reduction (2010: operating loss of HK\$102 million).

INTERNET & MULTIMEDIA

- Turnover decreased by 28% to HK\$167 million (2010: HK\$231 million).
- Operating profit of HK\$30 million was 44% lower (2010: HK\$55 million).

GROUP RESULTS

The unaudited Group loss attributable to Shareholders for the six months ended June 30, 2011 amounted to HK\$55 million, as compared to HK\$146 million for the corresponding period in 2010. Basic and diluted loss per share were both HK\$0.027 for 2011, as compared to both HK\$0.072 last year.

DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2011 (2010 interim dividend: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

A. Review of 2011 Interim Results

Consolidated turnover increased by 9% to HK\$1,051 million.

Operating costs including depreciation increased by 3% to HK\$1,100 million. Programming costs increased by 17% while selling, customer service, general and administrative expenses decreased by 24%, network costs decreased by 5%, and depreciation decreased by 8%.

Net loss of HK\$55 million was reported (2010: net loss of HK\$145 million).

Basic loss per share was 2.7 cents as compared to loss per share of 7.2 cents in 2010.

B. Segmental Information

Television

TV services subscribers increased by 3,000 in the period to 1,103,000. Turnover increased by 20% to HK\$874 million, mainly attributable to increase in higher yield subscriptions. Operating costs including depreciation increased by 8% to HK\$896 million primarily due to higher programming cost of Barclays Premier League partly offset by 2010 FIFA World Cup last year. Operating loss decreased by 78% to HK\$22 million (2010: operating loss of HK\$102 million).

Internet & Multimedia

Broadband services subscribers decreased by 3,000 in the period to 225,000, while Voice conveyance service decreased by 6,000 to 137,000 lines. Turnover decreased by 28% to HK\$167 million. Operating costs including depreciation decreased by 22% to HK\$137 million. Operating profit decreased by 44% to HK\$30 million (2010: HK\$55 million).

C. Liquidity and Financial Resources

As of June 30, 2011, the Group had net cash of HK\$369 million, as compared to HK\$447 million at December 31, 2010.

The consolidated net asset value of the Group as at June 30, 2011 was HK\$1,693 million, or HK\$0.8 per share.

The Group's assets, liabilities, revenues and expenses were mainly denominated in Hong Kong dollars or U.S. dollars and the exchange rate between these two currencies has remained pegged.

Capital expenditure during the period amounted to HK\$88 million, 27% lower than the same period last year. Major items included HD set-top-boxes, broadband network upgrade as well as TV production and broadcast facilities for HD channels.

The Group's ongoing capital expenditure and new business development will be funded by cash in hand and cash to be generated from operations plus, if needed, bank borrowings or other external sources of funds. The Group also had total short-term bank credit facilities of approximately HK\$10 million which remained unutilised as of June 30, 2011.

D. Contingent Liabilities

At June 30, 2011, there were contingent liabilities in respect of guarantees, indemnities and letters of awareness given by the Company on behalf of subsidiaries relating to overdraft and guarantee facilities of banks up to HK\$12 million, of which only HK\$2 million have been utilised by the subsidiaries.

E. Human Resources

The Group had a total of 2,725 employees at the end of June 2011 (2010: 2,829). Total gross amount of salaries and related costs incurred in the corresponding period amounted to HK\$351 million (2010: HK\$387 million).

The Group actively participates in community affairs. We were awarded the "Caring Company Scheme 5 Years Plus Logo" by the Hong Kong Council of Social Service in recognition of our continuous commitment in corporate social responsibility.

F. Competition and Operating Environment

The operating environment remained tough in the TV, Broadband and Voice sectors, with competitors constantly mounting aggressive marketing initiatives and cutthroat price wars to lure subscribers.

Last year's phenomenal growth in our TV subscriber base has proved to be sustainable, making healthy contributions to recurrent revenue. Thanks to our own marketing and promotional campaigns, we have successfully maximised the leverage of our prized contents and strong HD service, the best in town, to grow our TV subscriber base, revenue and airtime sales. We will continue to invest in unique premier programming

and put in place initiatives to sharpen our competitiveness to protect and expand market share.

However, our Internet business continued to come under pressure. We are working hard towards protecting our subscriber base with service and infrastructure improvements.

G. Outlook

Investing in and for the future is the Group's long-standing and well-proven strategy. Under this strategy, we invest in service offerings, customer services as well as infrastructure to enrich customers' experience and satisfaction.

As the economy continued to be vibrant during the first half of the year, such investments started to pay off, driving both subscriber and revenue growth. While competitive pressure in all business segments is not expected to ease, we are cautiously optimistic that the renewed growth momentum we have seen is solid and reflected in the Group's financial performance in due course.

Free digital terrestrial TV penetration has largely leveled out resulting in the Government's recent decision to postpone the analogue switch-off to 2015. So far this source of new competition to our TV business has not yet made any direct and serious adverse impact. On the other hand, the free TV landscape is about to undergo further and perhaps revolutionary change with the Government considering three applications for new domestic free TV licences, including one lodged by the Group on behalf of Fantastic Television Limited. The imminent introduction of as many as 16 free territory-wide channels in Hong Kong looks set to pose challenges to both free and pay TV operators, the full implications of which remain to be seen.

The growingly common use of handheld devices including smart phones and tablets especially among the younger generations and high-income professionals is fast becoming a potent force driving drastic change. The once clear demarcations between different modes of transmission technologies and different forms of entertainment have become much blurrier than telecommunications operators, content providers, government regulators and consumers could ever imagine. These days, programmes from local and overseas TV operators are easily received and viewed on affordable but powerful handheld devices either via live streaming or in downloadable formats. Even a full-length movie could be viewed this way in its entirety with few glitches. This development presents both opportunities and threats to both free and pay TV operators across the globe. The Group remains mindful of this exciting yet challenging development and is keen to unlock and exploit any possible potential for new market share and business growth.

UNAUDITED CONSOLIDATED INCOME STATEMENT
For the six months ended June 30, 2011

	Note	2011 HK\$'000	2010 HK\$'000
Turnover	(2,3)	1,050,825	962,040
Programming costs		(636,694)	(545,973)
Network expenses		(112,600)	(118,628)
Selling, general and administrative and other operating expenses		(189,390)	(250,382)
Cost of sales		<u>(44,534)</u>	<u>(29,023)</u>
Profit from operations before depreciation		67,607	18,034
Depreciation		<u>(116,586)</u>	<u>(126,447)</u>
Loss from operations	(3)	(48,979)	(108,413)
Interest income		353	61
Finance costs, net		1	--
Non-operating (expenses)/income	(4)	(2,469)	1,180
Share of loss of associate		<u>--</u>	<u>(39,081)</u>
Loss before taxation	(4)	(51,094)	(146,253)
Income tax	(5)	<u>(3,652)</u>	<u>762</u>
Loss for the period		<u>(54,746)</u>	<u>(145,491)</u>
Attributable to:			
Equity shareholders of the Company		(54,750)	(145,545)
Non-controlling interests		<u>4</u>	<u>54</u>
Loss for the period		<u>(54,746)</u>	<u>(145,491)</u>
Loss per share			
Basic	(6)	<u>(2.7) cents</u>	<u>(7.2) cents</u>
Diluted	(6)	<u>(2.7) cents</u>	<u>(7.2) cents</u>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended June 30, 2011

	2011	2010
	HK\$'000	HK\$'000
Loss for the period	<u>(54,746)</u>	<u>(145,491)</u>
Other comprehensive income for the period (after reclassification adjustment)		
Exchange difference on translation of foreign subsidiaries' financial statements	1,119	(68)
Available-for-sale securities: net movement in the fair value reserve	--	4,282
Share of post-acquisition reserve of associate	--	935
	<u>1,119</u>	<u>5,149</u>
Total comprehensive income for the period	<u>(53,627)</u>	<u>(140,342)</u>
Attributable to:		
Equity shareholders of the Company	(53,750)	(140,396)
Non-controlling interests	<u>123</u>	<u>54</u>
Total comprehensive income for the period	<u>(53,627)</u>	<u>(140,342)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At June 30, 2011

	Note	At June 30, 2011 (unaudited) HK\$'000	At December 31, 2010 (audited) HK\$'000
Non-current assets			
Property, plant and equipment		1,113,837	1,146,422
Programming library		110,060	113,587
Other intangible assets		4,006	4,006
Interest in associate		--	--
Deferred tax assets	(7)	335,347	343,145
Other non-current assets		121,065	110,989
		<u>1,684,315</u>	<u>1,718,149</u>
Current assets			
Inventories		6,530	5,641
Accounts receivable from trade debtors	(8)	63,556	67,383
Deposits, prepayments and other receivables		106,528	78,670
Amounts due from fellow subsidiaries		2,072	4,164
Cash and cash equivalents		368,914	446,682
		<u>547,600</u>	<u>602,540</u>
Current liabilities			
Amounts due to trade creditors	(9)	70,909	85,426
Accrued expenses and other payables		184,399	210,215
Receipts in advance and customers' deposits		190,070	174,844
Current taxation		1,833	1,791
Amounts due to fellow subsidiaries		22,173	28,234
Amount due to immediate holding company		908	1,816
		<u>470,292</u>	<u>502,326</u>
Net current assets		<u>77,308</u>	<u>100,214</u>
Total assets less current liabilities		<u>1,761,623</u>	<u>1,818,363</u>
Non-current liabilities			
Deferred tax liabilities	(7)	58,765	63,076
Other non-current liabilities		9,596	8,398
		<u>68,361</u>	<u>71,474</u>
NET ASSETS		<u>1,693,262</u>	<u>1,746,889</u>
Capital and reserves			
Share capital		2,011,512	2,011,512
Reserves		(321,612)	(267,862)
Total equity attributable to equity shareholders of the Company		1,689,900	1,743,650
Non-controlling interests		3,362	3,239
TOTAL EQUITY		<u>1,693,262</u>	<u>1,746,889</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended June 30, 2011

	Attributable to equity shareholders of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special capital reserve HK\$'000	Exchange reserve HK\$'000	Capital redemption reserve HK\$'000	Fair value reserve HK\$'000	Revenue reserve HK\$'000	Other Reserve HK\$'000	Total Reserves HK\$'000	Total HK\$'000		
Balance at January 1, 2010*	2,011,512	4,838,365	13,944	4,158	7,722	--	(4,865,182)	(2,932)	(3,925)	2,007,587	2,698	2,010,285
Loss for the period	--	--	--	--	--	--	(145,545)	--	(145,545)	(145,545)	54	(145,491)
Other comprehensive income for the period	--	--	--	(68)	--	4,282	--	935	5,149	5,149	--	5,149
Total comprehensive income for the period	--	--	--	(68)	--	4,282	(145,545)	935	(140,396)	(140,396)	54	(140,342)
Transfer to special capital reserve**	--	--	--	--	--	--	--	--	--	--	--	--
Balance at June 30, 2010*	<u>2,011,512</u>	<u>4,838,365</u>	<u>13,944</u>	<u>4,090</u>	<u>7,722</u>	<u>4,282</u>	<u>(5,010,727)</u>	<u>(1,997)</u>	<u>(144,321)</u>	<u>1,867,191</u>	<u>2,752</u>	<u>1,869,943</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended June 30, 2011

	Attributable to equity shareholders of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special capital reserve HK\$'000	Exchange reserve HK\$'000	Capital redemption reserve HK\$'000	Fair value reserve HK\$'000	Revenue reserve HK\$'000	Other reserve HK\$'000	Total reserves HK\$'000	Total HK\$'000		
Balance at January 1, 2011*	2,011,512	4,838,365	13,944	4,655	7,722	--	(5,132,548)	--	(267,862)	1,743,650	3,239	1,746,889
Loss for the period	--	--	--	--	--	--	(54,750)	--	(54,750)	(54,750)	4	(54,746)
Other comprehensive income for the period	--	--	--	1,000	--	--	--	--	1,000	1,000	119	1,119
Total comprehensive income for the period	--	--	--	1,000	--	--	(54,750)	--	(53,750)	(53,750)	123	(53,627)
Transfer to special capital reserve**	--	--	7	--	--	--	(7)	--	--	--	--	--
Balance at June 30, 2011*	<u>2,011,512</u>	<u>4,838,365</u>	<u>13,951</u>	<u>5,655</u>	<u>7,722</u>	<u>--</u>	<u>(5,187,305)</u>	<u>--</u>	<u>(321,612)</u>	<u>1,689,900</u>	<u>3,362</u>	<u>1,693,262</u>

* Included in the Group's revenue reserve is positive goodwill written off against reserves in prior years amounting to HK\$197,785,000.

** The special capital reserve is non-distributable and it should be applied for the same purposes as the share premium account.

NOTES TO THE INTERIM FINANCIAL REPORT

(1) Basis of preparation and comparative figures

The unaudited interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The HKICPA has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective or available for early adoption for the current accounting periods of the Group. We believe the adoption of these new and revised HKFRSs will not have a material impact on the Group’s financial position or results of operations.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements.

(2) Turnover

Turnover comprises principally subscription, service and related fees for Television and Internet services, Internet Protocol Point wholesale services and includes advertising income net of agency deductions, channel service and distribution fees, programme licensing income, film exhibition and distribution income, network maintenance income, and other related income.

(3) Segment information

Substantially all the activities of the Group are based in Hong Kong and below is an analysis of the Group's revenue and result by principal activity for the six months ended June 30:

	Television		Internet and multimedia		Unallocated		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	867,999	720,042	166,893	222,097	15,933	19,901	1,050,825	962,040
Inter-segment revenue	5,713	5,127	535	9,042	2,725	1,282	8,973	15,451
Reportable segment revenue	873,712	725,169	167,428	231,139	18,658	21,183	1,059,798	977,491
Reportable segment results ("EBIT")	(22,235)	(101,874)	30,370	54,608	(56,792)	(60,554)	(48,657)	(107,820)
Inter-segment elimination							(322)	(593)
Loss from operations							(48,979)	(108,413)
Interest income							353	61
Finance costs, net							1	--
Non-operating (expenses)/income							(2,469)	1,180
Share of loss of associate							--	(39,081)
Income tax							(3,652)	762
Loss for the period							(54,746)	(145,491)

(4) Loss before taxation

Loss before taxation is stated after charging/(crediting):

	Six months ended June 30	
	2011	2010
	HK\$'000	HK\$'000
Depreciation		
- assets held for use under operating leases	11,897	9,227
- other assets	104,689	117,220
	116,586	126,447
Amortisation of programming library*	38,528	41,151
Staff costs	332,096	371,503
Contributions to defined contribution retirement plans	16,399	16,642
Cost of inventories	5,404	5,756
Auditors' remuneration	1,415	1,267
<i>Non-operating expenses/(income)</i>		
Net loss/(gain) on disposal of property, plant and equipment	2,469	(1,180)

* Amortisation of programming library is included within programming costs in the consolidated results of the Group.

(5) Income tax

The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the period. Taxation for the overseas subsidiaries is charged at the appropriate current rate of taxation ruling in the relevant countries. The income tax charge for the six months ended June 30 represents:

	2011	2010
	HK\$'000	HK\$'000
Current tax provision – overseas	165	299
Net deferred tax	3,487	(1,061)
	3,652	(762)

(6) Loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$55 million (2010: HK\$145 million) and the weighted average number of ordinary shares outstanding during the period of 2,011,512,400 (2010: 2,011,512,400).

There were no potential diluted ordinary shares in existence during the periods ended June 30, 2011 and 2010.

(7) Deferred tax in the statement of financial position

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Depreciation Allowances in excess of related depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At January 1, 2011	90,544	(370,613)	(280,069)
(Credited)/charged to consolidated income statement (Note 5)	(3,167)	6,654	3,487
At June 30, 2011	<u>87,377</u>	<u>(363,959)</u>	<u>(276,582)</u>
	At June 30, 2011 HK\$'000	At December 31, 2010 HK\$'000	
Net deferred tax assets recognised on the consolidated statement of financial position	(335,347)		(343,145)
Net deferred tax liabilities recognised on the consolidated statement of financial position	<u>58,765</u>		<u>63,076</u>
	<u>(276,582)</u>		<u>(280,069)</u>

(8) Accounts receivable from trade debtors

An ageing analysis of accounts receivable from trade debtors (net of allowance for doubtful debts) is set out as follows:

	At June 30, 2011 HK\$'000	At December 31, 2010 HK\$'000
0 to 30 days	27,994	17,532
31 to 60 days	3,827	17,966
61 to 90 days	17,837	14,116
Over 90 days	13,898	17,769
	<u>63,556</u>	<u>67,383</u>

The Group has a defined credit policy. The general credit terms allowed range from 0 to 90 days.

(9) Amounts due to trade creditors

An ageing analysis of amounts due to trade creditors is set out as follows:

	At June 30, 2011 HK\$'000	At December 31, 2010 HK\$'000
0 to 30 days	18,519	9,102
31 to 60 days	21,882	13,842
61 to 90 days	12,751	15,862
Over 90 days	17,757	46,620
	<u>70,909</u>	<u>85,426</u>

(10) Review of results

The unaudited interim financial report for the six months ended June 30, 2011 has been reviewed with no disagreement by the Audit Committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, except in respect of one code provision on the roles of chairman and chief executive officer to be performed by different individuals. The deviation is deemed necessary as, given the nature and size of the Company's business, it is at this stage considered to be more efficient to have one single person to hold both positions. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, the majority of whom being Independent Non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

By Order of the Board
Wilson W. S. Chan
Company Secretary

Hong Kong, August 9, 2011

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. William J. H. Kwan and Mr. Paul Y. C. Tsui, together with four Independent non-executive Directors, namely, Mr. T. K. Ho, Mr. Roger K.H. Luk, Mr. Patrick Y. W. Wu and Mr. Anthony K. K. Yeung.