

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10 Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT of 1934 FOR THE QUARTER ENDED
January 31, 2010

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT of 1934 FOR THE TRANSITION
PERIOD FROM _____

K's Media

(Name of small business issuer in its charter)

Commission File Number 000-52760

Nevada
(State or Other Jurisdiction of
Organization)

75-3263792
(IRS Employer
Identification #)

**Rm.1909,Tower A, The Spaces International
Center.No.8,Dongdaqiao Road,
ChaoYang District, Beijing 100020, P.R China**

(Address of Principal Executive Offices) (Zip Code)

86-10-5921-2200

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

The Company is a Shell company: Yes ☐ No ☒

As of March 18, 2010, the Company has **32,945,547** shares of common stock issued and 26,645,547 shares of common stock outstanding.

K's Media

Form 10-Q for the period ended January 31, 2010

TABLE OF CONTENTS

	<u>Page</u>
PART I - FINANCIAL INFORMATION	
ITEM 1 - FINANCIAL STATEMENTS (Unaudited)	
Condensed Consolidated Balance Sheets	1
Condensed Consolidated Statements of Operations	2
Condensed Consolidated Statements of Cash Flows	3
Notes to Consolidated Financial Statements	4-27
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	27-33
ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	33
ITEM 4 - CONTROLS AND PROCEDURES	33-34
PART II - OTHER INFORMATION	
ITEM 1 - LEGAL PROCEEDINGS	34
ITEM 1A- RISK FACTORS	34
ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	34
ITEM 3 - DEFAULTS UPON SENIOR SECURITIES	34
ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	34
ITEM 5 - OTHER INFORMATION	34
ITEM 6 - EXHIBITS	35
SIGNATURES	

ITEM 1. FINANCIAL STATEMENTS

K's Media

(Previously known as Kinglake Resources Inc.)

Consolidated Balance Sheets

January 31, 2010 and April 30, 2009

(Unaudited)

(Expressed in U.S. Dollars)		January 31, 2010 (Unaudited)	April 30, 2009 (Audited)
ASSETS			
Current assets			
Cash	\$	21,013	\$ 1,102,634
Accounts receivable, net of allowance for doubtful accounts of \$2,519,456 and \$ 250,772, respectively		747,487	580,440
Prepaid expenses and other receivables (Note 5)		20,050	652,085
Inventory		42,898	107,066
Amount due from related party (Note 9)		-	249,232
Total current assets		831,448	2,691,457
Equipment, net (Note 6)		50,252	55,235
Total assets	\$	881,700	\$ 2,746,692
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities (Note 7)	\$	932,785	\$ 355,463
Amount due to related parties (Note 9)		20,119	8,086
Unearned revenue		118,831	226,602
Total liabilities		1,071,735	590,151
STOCKHOLDERS' EQUITY (DEFICIENCY)			
Stockholders' Equity (Deficiency) (Note 8)			
Preferred stock, \$0.00001 par value; authorized 100,000,000 shares, issued and outstanding 0 and 0 shares, respectively		-	-
Common stock, \$0.00001 par value; authorized 100,000,000 shares, 32,945,547 and 33,466,167 shares issued and 26,645,547 and 22,966,167 shares outstanding, respectively		329	335
Additional paid-in capital		7,947,695	7,027,844
Deferred consulting services		-	(116,250)
Accumulated other comprehensive loss		42,777	48,574
Accumulated deficit		(8,180,836)	(4,803,962)
Total stockholders' equity (deficiency)		(190,035)	2,156,541
Total liabilities and stockholders' equity (deficiency)	\$	881,700	\$ 2,746,692

The accompanying notes are an integral part of these consolidated financial statements.

K's Media

(Previously known as Kinglake Resources Inc.)

Consolidated Statements of Operations and Comprehensive Loss
For the three and nine months ended January 31, 2010 and 2009

(Unaudited)

(Expressed in U.S. Dollars)	Three months ended January 31,		Nine months ended January 31,	
	2010	2009	2010	2009
Advertising revenues at contracted amounts	\$ 660,539	\$ 604,840	\$ 3,706,691	\$ 654,319
Adjustments for barter transactions	-	-	(188,816)	-
Net revenues	660,539	604,840	3,517,875	654,319
Rental and broadcasting fees due				
entertainment clubs	461,983	752,107	1,415,789	1,604,396
Gross profit (loss)	198,556	(147,267)	2,102,086	(950,077)
Selling, general and administrative expenses:				
Selling expenses	87,172	324,244	670,961	324,244
General and administrative (including stock-based compensation of \$0, \$68,613, \$1,036,095, and \$847,089, respectively)	978,584	756,424	2,544,450	2,285,404
Provision for doubtful accounts	476,103		2,268,304	-
Total	1,541,859	1,080,668	5,483,715	2,609,648
Loss from operations	(1,343,303)	(1,227,935)	(3,381,629)	(3,559,725)
Other income and expenses				
Interest income	241	10,667	3,809	25,796
Foreign exchange gain (loss)	2,921	1,270	2,654	(23,961)
Interest and bank charges	(436)	(908)	(1,708)	(3,151)
Other income and expenses (net)	2,726	11,029	4,755	(1,316)
Net Loss	(1,340,577)	(1,216,906)	(3,376,874)	(3,561,041)
Other Comprehensive Income (Loss)	(3,212)	(2,260)	(5,797)	24,493
Comprehensive Loss	\$ (1,343,789)	\$ (1,219,166)	\$ (3,382,671)	\$ (3,536,548)
Net loss per share				
Basic and diluted	\$ (0.05)	\$ (0.05)	\$ (0.13)	\$ (0.16)
Number of common shares used to compute loss per share				
Basic and diluted	26,645,547	22,916,167	25,419,087	22,385,974

The accompanying notes are an integral part of these consolidated financial statements.

K's Media

(Previously known as Kinglake Resources Inc.)

Consolidated Statements of Cash Flows**For the nine months ended January 31, 2010 and 2009**

(Unaudited)

(Expressed in U.S. Dollars)	2010	2009
Cash flows used in operating activities		
Net loss	\$ (3,376,874)	\$ (3,561,041)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	9,852	5,246
Non-cash employee benefits		641,250
Provision for doubtful accounts	2,268,304	
Stock-based compensation	1,036,095	205,839
Changes in operating assets and liabilities:		
Accounts receivable	(2,435,974)	(147,937)
Prepaid expenses and other receivable	632,035	(810,808)
Inventory	64,025	-
Accounts payable and accrued liabilities	577,498	193,875
Amount due from related party	249,232	-
Amount due to related parties	12,022	(42,112)
Unearned revenue	(107,477)	-
Net cash used in operating activities	(1,071,262)	(3,515,688)
Cash flows used in investing activities		
Purchase of fixed assets	(4,935)	(42,752)
Net cash used in investing activities	(4,935)	(42,752)
Cash flows provided by (used in) financing activities		
Issuance of common stock and warrants	-	4,593,836
Advance to related parties	(4,372)	(172,550)
Net cash provided by (used in) financing activities	(4,372)	4,421,286
Effect of foreign exchange rate changes	(1,052)	22,088
Increase (decrease) in cash	(1,081,621)	884,934
Cash, beginning of period	1,102,634	1,152,852
Cash, end of period	\$ 21,013	\$ 2,037,786
Supplemental disclosure of cash flow information:		
Interest paid	\$ 30	\$ -
Income tax paid	\$ -	\$ -
Non-cash investing and financing activities:		
Common stock issued for employee benefits	\$ -	\$ 641,250

The accompanying notes are an integral part of these consolidated financial statements.

K's MEDIA
(Previously known as Kinglake Resources Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2010
(Unaudited)

Note 1. Nature of Operations and Going Concern

Nature of Operations

K's Media (the "Company") was incorporated in the State of Nevada on April 14, 2006 under the name Kinglake Resources Inc., which was changed to K's Media on March 11, 2008. In April 2006, the Company acquired a mining claim in the Province of British Columbia. The mining claim expired April 18, 2007. During the year ended April 30, 2009, the Company ceased to be a development stage enterprise as it commenced its planned principal operations.

On January 18, 2008, the Company completed a Share Exchange Agreement (the "Share Exchange Agreement") dated December 23, 2007 with Orient Come Holdings Limited, a company organized under the laws of British Virgin Islands ("Orient Come") and Beijing K's Media Advertising Ltd. Co. ("K's Media"), a limited liability company organized under the laws of the People's Republic of China ("China"). Pursuant to the terms of the Share Exchange Agreement, the shareholders of Orient Come (the "Orient Come Shareholders") transferred to the Company all of the Orient Come shares in exchange for the issuance of 13,000,000 shares of the Company's common stock (the "Acquisition"). As a result of the Acquisition, Orient Come became the Company's wholly-owned subsidiary and the Orient Come Shareholders and/or their designated third parties acquired in the aggregate approximately 62% of the Company's issued and outstanding stock. In connection with the Share Exchange Agreement, the Company issued 2,000,000 shares of its common stock as a finder's fee to a third party.

Concurrent with the Share Exchange Agreement, the Company entered into a series of agreements with K's Media and the shareholders of K's Media (see Note 1(a) to (d) for details). Included among these agreements is a Business Cooperation Agreement. Under this agreement the Company

effectively controls K's Media. As a result of the Business Cooperation Agreement, K's Media is deemed to be a subsidiary of the Company under Accounting Standards Codification ("ASC") Topic 810, "Consolidation".

On February 22, 2008, Orient Come assigned its rights and obligations under the Business Cooperation Agreement to K's Media Broadcasting Cultural Co. Ltd. ("K's Media Broadcasting") (see Note 1(b) for details). K's Media Broadcasting, a company organized under the laws of China, is a wholly owned subsidiary of the Company.

As a result of the Share Exchange Agreement, the Company is involved in the advertising business that targets high end consumers in China by placing premium brand advertising in "entertainment" clubs on behalf of top-tier consumer products clients. Entertainment clubs are popular entertainment establishments in Asia that rent private rooms containing karaoke singing equipment, typically to groups of friends and business colleagues.

The Share Exchange Agreement has been considered a reverse acquisition as Orient Come effectively assumed control of the Company. The Company (the legal acquirer of Orient Come) in substance is the accounting acquiree and Orient Come (the legal acquiree of the Company) is the accounting acquirer. The consolidated financial statements presented are those of Orient Come, the accounting acquirer, at historical cost, from June 18, 2007 to January 18, 2008, and combined with the Company thereafter. Orient Come commenced operations on June 18, 2007.

At December 23, 2007, the president of the Company was the brother of a significant stockholder of Orient Come and K's Media.

The following agreements were entered into concurrent with the Share Exchange Agreement:

(a) Escrow Agreement

The Company entered into an Escrow Agreement ("Escrow Agreement") with K's Media and shareholders of K's Media effective December 23, 2007. Pursuant to the Escrow Agreement, 10,500,000 Escrow Shares of Company common stock

were deposited and held in an escrow account with an escrow agent. The Escrow Agreement, as amended January 31, 2008, September 4, 2008, June 4, 2009, August 4, 2009, and September 7, 2009, provides for the release and delivery to K's Media stockholders and designees of up to 10,500,000 Escrow Shares of Company common stock based on the achievement of certain Performance Thresholds and the cancellation of the remaining shares, as follows:

	Escrow Shares Deliverable	Performance Threshold	Minimum Performance Threshold
K's Media Signed Sales:			
16 months ended April 30, 2009	2,625,000	\$ 1,900,000	\$ 1,059,395
Year ended April 30, 2010	2,625,000	\$ 14,380,000	\$ 7,990,224
Year ended April 30, 2011	2,625,000	\$ 33,230,000	\$ 18,464,803
Number of Agreements with entertainment clubs initiated by K's Media stockholders and designees:			
16 months ended April 30, 2009	1,575,000	600	300
Year ended April 30, 2010	525,000	300	300
Year ended April 30, 2011	525,000	300	300
Total	10,500,000		

Under the Escrow Agreement, as amended, if the applicable Performance Threshold is met, the respective parties are to be delivered the Escrow Shares deliverable. If the Minimum Performance Threshold is not met, the applicable Escrow Shares are to be returned to the Company and cancelled. If the Minimum Performance Threshold is met but the Performance Threshold is not met, then a proportionate number of the 10,500,000 Escrow Shares (actual results divided by the Performance Threshold) are to be delivered to the respective parties and the remainder is to be returned to the Company and cancelled.

Effective July 31, 2009, the Company authorized the release of a total of 3,679,380 Escrow Shares and cancellation of a total of 520,620 Escrow shares in connection with the achievement of performance thresholds relating to the 16

months ended April 30, 2009. After such release and cancellation, there are 6,300,000 Escrow shares remaining.

(b) Business Cooperation Agreement

Pursuant to the provisions of the Business Cooperation Agreement, which has a term of 20 years, K's Media retained the services of Orient Come in relation to the current and proposed operations of K's Media's business in China ("Orient Come's Services"). Under the Business Cooperation Agreement, K's Media will remit a quarterly consulting fee, equal to 80% of its quarterly revenues after deduction of direct operating costs, expenses and taxes in consideration of Orient Come's services.

On February 22, 2008, Orient Come assigned its rights and obligations under the Business Cooperation Agreement to K's Media Broadcasting Cultural Co. Ltd. ("K's Media Broadcasting") pursuant to an Assignment Agreement dated February 22, 2008 (the "Assignment Agreement"). Under the Assignment Agreement, Orient Come assigned all of its right, title and interest in and to the Business Cooperation Agreement and K's Media Broadcasting agreed to assume all of Orient Come's obligations under the Business Cooperation Agreement. K's Media Broadcasting, a company organized under the laws of China, is a wholly owned subsidiary of the Company.

(c) Option Agreement

Under an Option Agreement entered into by and among Orient Come, shareholders of K's Media and K's Media effective as of December 23, 2007, the shareholders of K's Media, irrevocably granted to Orient Come or its designated party an exclusive option to purchase, to the extent permitted by China law, a portion or all of their respective equity interests in K's Media for a purchase price of \$100. Orient Come or its designated party has the sole discretion to decide when to exercise the option, whether in part or in full. The agreement has a term of 20 years.

(d) Equity Pledge Agreement

Under an Equity Pledge Agreement entered into by and among Orient Come, K's Media and shareholders of K's Media dated

December 23, 2007, the shareholders of K's Media pledged, all of their equity interests in K's Media to guarantee the performance of K's Media in its obligations under the Business Cooperation Agreement. If K's Media or any of its shareholders breaches his/her respective contractual obligations under this agreement, or upon the occurrence of one of the events regarded as an event of default under each such agreement, Orient Come, as pledgee, will be entitled to certain rights, including the right to dispose of the pledged equity interests. The shareholders of K's Media agree not to dispose of the pledged equity interests or take any actions that would prejudice Orient Come's interest, and to notify the Company of any events or upon receipt of any notices which may affect Orient Come's interest in the pledge. The term of the Pledges shall last until all obligations under the Exclusive Business Cooperation Agreement have been satisfied by K's Media.

Going Concern

The Company has incurred net operating losses since inception. The Company faces all the risks common to companies that are relatively new, including under capitalization and uncertainty of funding sources, high initial expenditure levels, uncertain revenue streams, and difficulties in managing growth. At January 31, 2010, the Company has accumulated losses of \$8,180,836 since inception. The Company's recurring losses raise substantial doubt about its ability to continue as a going concern. The Company's consolidated financial statements do not reflect any adjustments that might result from the outcome of this uncertainty. The Company expects to incur losses from its business operations and will require additional funding during the year ended April 30, 2010. The future of the Company hereafter will depend in large part on the Company's ability to successfully raise capital from external sources to pay for planned expenditures and to fund operations.

Management believes that its current and future plans will enable it to continue as a going concern. The Company's ability to achieve these objectives cannot be determined at this time. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be

required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Note 2. Statement of Information Furnished

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Form 10-Q instructions and in the opinion of management contain all adjustments (which are of a normal recurring nature) necessary to present fairly the financial position as of January 31, 2010, and the results of operations and cash flows for the three and nine months ended January 31, 2010 and 2009. These results have been determined on the basis of generally accepted accounting principles and practices in the United States and applied consistently with those used in the preparation of the Company's 2009 Annual Report on Form 10-K. Operating results for the three and nine months ended January 31, 2010 are not necessarily indicative of the results that can be expected for the year ending April 30, 2010.

These consolidated financial statements include the accounts of K's Media (Registrant, formerly known as Kinglake Resources Inc.), Oriental Come Holdings Limited (100% owned subsidiary), Beijing K's Media Broadcasting Ltd. Co. (100% owned subsidiary) and Beijing K's Media Advertising Ltd. Co., which is deemed to be a Variable Interest Entity of the Company through contractual relationship. This consolidation is required by ASC Topic 810, "Consolidation".

Note 3. Changes in Accounting Policies

The Company adopted the following accounting policies during the period:

(i) Disclosures about Derivative Instruments and Hedging Activities

On May 1, 2009, the Company adopted ASC Topic 815-10, "Derivatives and Hedging". This statement is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments

and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. ASC Topic 815-10 applies to all derivative instruments within its scope as well as related hedged items, bifurcated derivatives, and non-derivative instruments that are designated and qualify as hedging instruments. Entities with instruments subject to ASC Topic 815-10 must provide more robust qualitative disclosures and expanded quantitative disclosures. The adoption of this statement did not have any material effect on the Company's consolidated financial statements.

(ii) Determination of the Useful Life of Intangible Assets

On May 1, 2009, the Company adopted the amendment to ASC No. 350 issued by the FASB entitled "*Determination of the Useful Life of Intangible Assets*", which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The amendment did not have a material impact on the Company's financial statements.

(iii) Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)

On May 1, 2009, the Company adopted ASC Topic 470-20, "*Debt - Debt with Conversion and Other Options*". ASC Topic 470-20 clarifies the accounting for convertible debt instruments that may be settled in cash (including partial cash settlement) upon conversion. ASC Topic 470-20 requires issuers to account separately for the liability and equity components of certain convertible debt instruments in a manner that reflects the issuer's nonconvertible debt (unsecured debt) borrowing rate when interest cost is recognized. ASC Topic 470-20 requires bifurcation of a component of the debt, classification of that component in equity and the accretion of the resulting discount on the debt to be recognized as part of interest expense in our consolidated statement of operations. ASC Topic 470-20 requires retrospective application to the terms of instruments as they existed for all periods presented. The adoption of ASC Topic 470-20 did not have any material effect on the Company's consolidated financial statements.

(iv) Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock

On May 1, 2009, the Company adopted ASC Topic 815-40, *"Derivatives and Hedging - Contracts in Entity's Own Equity"*. ASC Topic 815-40 provides that an entity should use a two step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. Adoption of ASC Topic 815-40 did not have any material effect on the Company's consolidated financial position and results of operations.

(v) Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities

On May 1, 2009, the Company adopted ASC Topic 260, *"Earnings Per Share"*. Under this standard, unvested share-based payment awards that contain rights to receive non-forfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of computing EPS. The adoption of ASC Topic 260 did not have a material impact on the Company's financial statements.

(vi) Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement

On May 1, 2009, the Company adopted ASC Topic 820, *"Fair Value Measurements and Disclosures"*. ASC Topic 820 determines an issuer's unit of accounting for a liability issued with an inseparable third-party credit enhancement when it is measured or disclosed at fair value on a recurring basis. Adoption of ASC Topic 820 did not have any material effect on the Company's consolidated financial position and results of operations.

(vii) Disclosures about Credit Derivatives and Certain Guarantees

On May 1, 2009, the Company adopted ASC Topic 815-10-65,

"Derivatives and Hedging - Overall - Transition and Open Effective Date Information". ASC Topic 815-10-65 requires disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. ASC Topic 815-10-65 also amends ASC Topic 952, *"Franchisors"*, to require additional disclosure about the current status of the payment/performance risk of a guarantee. Finally, ASC Topic 815-10-65 clarifies the Board's intent about the effective date of ASC Topic 815, *"Derivatives and Hedging"*. Adoption of ASC Topic 815-10-65 did not have any material effect on the Company's consolidated financial position and results of operations.

(viii) Equity Method Investment Accounting Considerations

On May 1, 2009, the Company adopted ASC Topic 323, *"Investments - Equity Method and Joint Ventures"*. ASC Topic 323 clarifies accounting for certain transactions and impairment considerations involving the equity method. Transactions and impairment dealt with are initial measurement, decrease in investment value, and change in level of ownership or degree of influence. Adoption of ASC Topic 323 did not have any material effect on the Company's consolidated financial position and results of operations.

(ix) Accounting for Defensive Intangible Assets

On May 1, 2009, the Company adopted ASC Topic 350-30-35, *"Intangibles - Goodwill and Others - General Intangibles Other Than Goodwill - Subsequent Measurement"*. ASC Topic 350-30-35 clarifies how to account for defensive intangible assets subsequent to initial measurement. ASC Topic 350-30-35 applies to all defensive intangible assets except for intangible assets that are used in research and development activities. Adoption of ASC Topic 350-30-35 did not have any material effect on the Company's consolidated financial position and results of operations.

(x) Accounting for an Instrument (or an Embedded Feature) with a Settlement Amount That is Based on the Stock of an Entity's Consolidated Subsidiary

On May 1, 2009, the Company adopted ASC Topic 815-40, *"Derivatives and Hedging - Contracts in Entity's Own Equity"*. ASC Topic 815-40 clarifies whether a financial

instrument for which the payoff to the counterparty is based, in whole or in part, on the stock of an entity's consolidated subsidiary is indexed to the reporting entity's own stock. Adoption of ASC Topic 815-40 did not have any material effect on the Company's consolidated financial position and results of operations.

(xi) Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities

On May 1, 2009, the Company adopted ASC Topic 860, *"Transfers and Servicing"*. ASC Topic 860 requires public entities to provide additional disclosures about transfers of financial assets. ASC Topic 860 also requires public enterprises, including sponsors that have a variable interest entity, to provide additional disclosures about their involvement with a variable interest entity. ASC Topic 860 also requires certain additional disclosures, in regards to variable interest entities, to provide greater transparency to financial statement users. Adoption of ASC Topic 860 did not have any material effect on the Company's consolidated financial position and results of operations.

(xii) Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests that Continue to be Held by a Transferor in Securitized Financial Assets

On May 1, 2009, The FASB released ASC Topic 325-40, *"Investments - Other - Beneficial Interests in Securitized Financial Assets"*. ASC Topic 325-40 allows for the use of other-than-temporary impairment assessments established in ASC Topic 320, *"Investments - Debt and Equity Securities"*, for securities that had previously been subject to the impairment assessment under ASC Topic 325-40. ASC Topic 320 allows a reporting entity to assess an impaired security that is classified as either available-for-sale or held-to-maturity debt in order to determine whether the impairment should be recognized as other-than-temporary and recognized in earnings.

Under ASC Topic 325-40, management can base the value it reports in the financial statements on its judgment of its ability to collect all the contracted amounts due.

Adoption of ASC Topic 325-40 did not have any material effect on the Company's consolidated financial position and results of operations.

(xiii) Interim Disclosures About Fair Value of Financial Instruments

On May 1, 2009, the Company adopted ASC Topic 825, *"Financial Instruments"*, which extend the annual financial statement disclosure requirements for financial instruments to interim reporting periods of publicly traded companies. The adoption of ASC Topic 825 did not have a material impact on the Company's consolidated financial statements.

(xiv) Recognition and Presentation of Other-Than-Temporary Impairments

On July 1, 2009, the Company adopted ASC Topic 320, *"Investment - Debt and Equity Securities"*, which amends the other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments in the financial statements. The guidance requires that an entity evaluate for and record an other-than-temporary impairment even when it concludes that it does not intend to sell an impaired security and does not believe it likely that it will be required to sell the security before recovery of the amortized cost basis. Once an entity has determined that an other-than-temporary impairment has occurred, it is required to record the credit loss component of the difference between the securities's amortized cost basis and the estimated fair value in earnings, whereas the remaining difference is to be recognized as a component of other comprehensive income and amortized over the remaining life of the security. The adoption of this guidance did not have a material impact on our consolidated financial position or results of operations.

(xv) Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly

On July 1, 2009, the Company adopted ASC Topic 820, "*Fair Value Measurement and Disclosures*", for estimating fair value when the volume and level of activity related to the asset or liability has significantly decreased. This also includes guidance on identifying circumstances that indicate a transaction is not orderly and emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. The adoption of this standard did not have a material impact on our consolidated financial position or results of operations.

(xvi) Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies

On January 1, 2009, the Company adopted ASC Topic 805, "*Business Combinations*", to address application issues on initial and subsequent recognition and measurement arising from contingencies in a business combination. The adoption of ASC Topic 805 did not have an impact on the Company's consolidated financial statements.

(xvii) Subsequent Events

On July 1, 2009, the Company adopted ASC Topic 855, "*Subsequent Events*", which was amended and defines subsequent events as transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. The amendment defines two types of subsequent events: (i) events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events); and (ii) events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, non-recognized subsequent events). In addition, the amendment requires an entity to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. The adoption of the amendment

did not have any effect on our financial position, results of operations or cash flows.

In February 2010, the FASB issued ASU 2010-09, "*Subsequent Events*" (Topic 855): "*Amendments to Certain Recognition and Disclosure Requirements*". This amendment removes the requirement for an SEC filer to disclose a date through which subsequent events have been evaluated in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of U.S. GAAP. The amendment in the ASU was effective for the Company upon issuance (February 24, 2010). The adoption of ASU 2010-09 had no effect on our consolidated financial statements.

(xviii) The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

On August 1, 2009, the Company adopted the "*FASB Accounting Standards Codification*" (the "FASB ASC") as the single source of authoritative non-governmental U.S. GAAP. The FASB ASC did not change current U.S. GAAP, but simplified user access to all authoritative U.S. GAAP by organizing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents were superseded and all other accounting literature not included in the FASB ASC is now considered non-authoritative. The adoption of the FASB ASC did not have an impact on the Company's consolidated financial statements.

(xix) Measuring Liabilities at Fair Value

On September 1, 2009, the Company adopted ASU No. 2009-05, "*Measuring Liabilities at Fair Value*", or ASU 2009-05, which amends ASC 820 to provide clarification of circumstances in which a quoted price in an active market for an identical liability is not available. A reporting entity is required to measure fair value using one or more of the following methods: 1) a valuation technique that uses a) the quoted price of the identical liability when traded as an asset or b) quoted prices for similar liabilities (or similar liabilities when traded as assets) and/or 2) a valuation technique that is consistent with the

principles of ASC 820. ASU 2009-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to adjust to include inputs relating to the existence of transfer restrictions on that liability. The adoption of this ASU did not have an impact on the Company's consolidated financial statements.

(xx) Fair Value Measurements and Disclosure

On November 1, 2009, the Company adopted ASU No. 2009-12, *"Fair Value Measurements and Disclosure"*, or ASU 2009-12, which provides additional guidance on using the net asset value per share, provided by an investee, when estimating the fair value of an alternate investment that does not have a readily determinable fair value and enhances the disclosures concerning these investments. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Under generally accepted accounting principles, we are required 1) to measure certain assets and liabilities at fair value or 2) to disclose the fair value of certain assets and liabilities recorded at cost. Pursuant to these fair value measurement and disclosure requirements, fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value is calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities includes consideration of non-performance risk, including our own credit risk. Each fair value measurement is reported in one of the following three levels:

- ☐ Level 1 - valuation inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- ☐ Level 2 - valuation inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active,

and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 - valuation inputs are unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

At January 31, 2010 and April 30, 2009, the fair values of cash and cash equivalents, accounts receivables and accounts payable approximated their carrying values due to the short-term nature of these instruments.

(xxi) Transfers and Servicing

On December 1, 2009, the Company adopted ASC Topic 860, "*Transfers and Servicing*". ASC Topic 860 was amended to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. The adoption of ASC Topic 860 did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

(i) Consolidation of Variable Interest Entities

In June 2009, the FASB issued an amendment to ASC Topic 810, entitled "*Consolidation of Variable Interest Entities*", which changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to

direct the activities of the entity that most significantly impact the entity's economic performance. This amendment requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and will require a company to provide additional disclosures about its involvement with variable interest entities, any significant changes in risk exposure due to that involvement and how its involvement with a variable interest entity affects the company's financial statements. This amendment will be effective at the start of the Company's fiscal year beginning May 1, 2010. The Company is currently evaluating the impact, if any, that the adoption of this amendment will have on its financial statements.

(ii) Revenue Recognition: Multiple Deliverable Revenue Arrangements and Certain Revenue Arrangements That Include Software Elements

In October 2009, FASB issued ASU No. 2009-13, "Revenue Recognition (Topic 605): *Multiple Deliverable Revenue Arrangements*" (a Consensus of the FASB EITF). ASU No. 2009-13 modifies ASC 605-25, "Revenue Recognition - *Multiple-Element Arrangements*" (formerly EITF 00-21). ASU No. 2009-13 requires an entity to allocate the revenue at the inception of an arrangement to all of its deliverables based on their relative selling prices. This guidance eliminates the residual method of allocation of revenue in multiple deliverable arrangements and requires the allocation of revenue based on the relative-selling-price method. The determination of the selling price for each deliverable requires the use of a hierarchy designed to maximize the use of available objective evidence, including, VSOE, third party evidence of selling price (TPE), or estimated selling price (ESP).

In October 2009, FASB issued Accounting Standards Update (ASU) No. 2009-14, Topic 985: "Certain Revenue Arrangements That Include Software Elements". ASU No. 2009-14 modifies ASC 985-605, *Software Revenue*, such that the following products would be considered non-software deliverables and therefore excluded from the scope of ASC 985-605:

- Tangible products that contain software elements and non-software elements that function together to deliver the tangible product's essential functionality.

- Undelivered elements that are essential to the above described tangible product's functionality.

ASU No. 2009-13 and ASU No. 2009-14 must be adopted no later than the beginning of the Company's fiscal year 2011 and early adoption is allowed and may be adopted either under the prospective method, whereby the guidance will apply to all revenue arrangements entered into or materially modified after the effective date, or under the retrospective application, whereby the guidance will apply to all revenue arrangements for all periods presented. An entity may elect to adopt ASU No. 2009-13 and ASU No. 2009-14 in a period other than their first reporting period of a fiscal year under the prospective method but must adjust the revenue of prior reported periods such that all new revenue arrangements entered into, or materially modified, during the fiscal year of adoption are accounted for under this guidance.

The adoption of ASU No. 2009-13 and ASU No. 2009-14 will allow the separation of deliverables under more arrangements which may result in less revenue deferral. For such arrangements, the application of the relative-selling price method of allocating the revenue of an arrangement and the elimination of the residual method of allocation may result in a different reallocation of revenue from product revenue, which is recognized upon delivery, to support revenue, which is recognized ratably over the support period.

The Company is currently evaluating the impact of these pronouncements on its financial position and results of operations.

Note 4. Earnings (Loss) Per Share

Basic earnings or loss per share is based on the weighted average number of common shares outstanding. Diluted earnings or loss per share is based on the weighted average number of common shares outstanding and dilutive common stock equivalents. The computation of earnings (loss) per share is net earnings (loss) available to common stockholders (numerator) divided by the weighted average number of common shares outstanding (denominator) during

the periods presented. All earnings or loss per share amounts in the financial statements are basic earnings or loss per share, as defined by ASC Topic 260, "Earnings Per Share". Diluted loss per share does not differ from basic loss per share for all periods presented. Convertible securities that could potentially dilute basic earnings per share in the future are not included in the computation of diluted loss per share because to do so would be anti-dilutive. All per share and per share information are adjusted retroactively to reflect stock splits and changes in par value, when applicable.

	Three months ended January 31,		Nine months ended January 31,	
	2010	2009	2010	2009
Numerator - net income (loss) available to common stockholders	\$ (1,343,789)	\$ (1,216,906)	\$ (3,382,671)	\$ (3,561,041)
Denominator - weighted average number of common shares outstanding	26,645,547	22,916,167	25,419,087	22,385,974
Basic and diluted loss per common share	\$ (0.05)	\$ (0.05)	\$ (0.13)	\$ (0.16)

Note 5. Prepaid Expenses and Other Receivables

As of January 31, 2010 and April 30, 2009, prepaid expenses and other receivables consist of the following:

	January 31, 2010	April 30, 2009
Prepaid trade expenses	\$ -	\$ 13,968
Prepaid consultants and corporate expenses	20,050	40,000
Money advanced to offices and staff for expenses to be incurred for the Company	-	598,117
	<u>\$ 20,050</u>	<u>\$ 652,085</u>

Note 6. Equipment

Equipment as of January 31, 2010 and April 30, 2009 is summarized as follows:

	January 31, 2010	April 30, 2009
Computer equipment	\$ 58,624	\$ 54,556
Office equipment	9,659	8,864
	68,283	63,420
Less: accumulated depreciation	(18,031)	(8,185)
	<u>\$ 50,252</u>	<u>\$ 55,235</u>

The depreciation expense incurred during the three-month and nine-month periods ended January 31, 2010 and 2009 were \$3,311 (2009: \$2,721) and \$9,852 (2009: \$5,246), respectively.

Note 7. Accounts Payable and Accrued Liabilities

As of January 31, 2010 and April 30, 2009, accounts payable and accrued liabilities consist of the following:

	January 31, 2010	April 30, 2009
Accounts payable	\$ 902,536	\$ 325,180
Other payables	30,249	30,283
	<u>\$ 932,785</u>	<u>\$ 355,463</u>

Note 8. Capital Stock

(a) Preferred Stock

The Company is authorized to issue up to 100,000,000 shares of Preferred Stock with a par value of \$0.00001 per share under terms and conditions as set forth in its Articles of Incorporation. At January 31, 2010, the Company did not have any outstanding preferred stock.

(b) Common Stock

The Company is authorized to issue up to 100,000,000 shares of Common Stock with a par value of \$0.00001 per share under terms and conditions as set forth in its Articles of Incorporation.

On July 17, 2008, the Company completed the sale of 1,666,667 units of its securities (the "Units"), with each

Unit consisting of (a) one share of the Company's Common Stock, par value \$0.00001 per share (the "Common Stock"), (b) a warrant to purchase one share of Common Stock at a purchase price of \$6.00 per share of Common Stock (the "Group A Warrant"), and (c) a warrant to purchase one share of Common Stock at a purchase price of \$9.00 per share of Common Stock (the "Group B Warrant"), for a purchase price of \$3.00 per Unit. The aggregate proceeds from the sale of the Units, prior to expenses incurred in connection with the offer and sale of the Units, was \$5,000,000. The Company sold the Units to a single investor pursuant to applicable exemptions from registration under the Securities Act of 1933, as amended. The total cost for the \$5,000,000 private placement was \$406,164, resulting in net proceeds of \$4,593,836. The proceeds from the issuance of the Units were allocated between the warrants and the common shares on the basis of relative fair values. The fair value of the warrants of \$893,371 was calculated using the Black-Scholes model using the following assumptions: Volatility of 14.25%, expected term of 5 years, risk free interest rate of 3.35%.

The Group A Warrant has an exercise price of \$6.00 per share and is exercisable for a five-year period commencing on July 17, 2008, to purchase 1,666,667 shares of Common Stock in the aggregate. The Group A Warrant is subject to proportional adjustment for stock splits, stock dividends, recapitalizations, reclassifications, and similar corporate events. The Group A Warrant may not be exercised on a cashless basis.

The Company may redeem the Group A Warrant at its option at a price of \$0.05 per share if the closing bid price of the Company's Common Stock exceeds \$8.00 per share for a period of 20 consecutive trading days, provided that the Company's redemption right will not be in effect during any period during which the Company does not have in place an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), registering the shares of Common Stock issuable upon exercise of the Group A Warrant.

The Group B Warrant is exercisable to purchase 1,666,667 shares of Common Stock. The terms of the Group B Warrant

are identical to the Group A Warrant, except that the exercise price is \$9.00 per share of Common Stock, and the price per share of Common Stock initiating the Company's repurchase rights is \$12.00 per share.

The Units, including the shares of Common Stock and Group A Warrant and Group B Warrant included therein, were issued without registration under the Securities Act in reliance upon the exemption from registration set forth in Rule 506 of Regulation D ("Regulation D"), promulgated pursuant to Section 4(2) of the Securities Act, Regulation S promulgated under the Securities Act, and Section 4(6) of the Securities Act. The Company based such reliance upon representations made by the purchaser of the Units to the Company regarding such purchaser's investment intent, sophistication, and status as an "accredited investor," as defined in Regulation D, and on the investor's representations as to its residency and the offshore purchase of the Units, among other things. The Units, including the shares of Common Stock and Group A Warrant and Group B Warrant included therein, and the shares of Common Stock issuable upon exercise of the Group A Warrant and Group B Warrant, may not be offered or sold in the United States absent registration pursuant to the Securities Act or an applicable exemption from the registration requirements of the Securities Act. The share certificates for the Common Stock and the Group A Warrant and Group B Warrant bear restrictive legends permitting the transfer of the securities only in compliance with applicable securities laws.

On October 8, 2008, the Company issued 112,500 shares of Common Stock at a fair market value of \$641,250 to employees, and the amount was recorded as compensation expense.

In November 2008, the Company entered into a financing and investor relations agreement for eight months. Under this agreement the Company issued 900,000 shares of Common Stock valued at market totaling \$5,130,000 and \$25,000 in cash. The agreement was cancelled in February 2009 and 850,000 shares issued were returned for cancellation. The net consideration of \$310,000 (\$25,000 cash and \$285,000 market value of 50,000 shares of common stock) was expensed \$193,750 in the year ended April 30, 2009 and \$116,250 in the three months ended July 31, 2009.

Effective July 31, 2009, the Company authorized the release of a total of 3,679,380 Escrow Shares and cancellation of a total of 520,620 Escrow Shares in connection with the achievement of performance thresholds relating to the 16 months ended April 30, 2009 (see Note 1). The Company reflected the \$919,845 estimated fair value of the 3,679,380 released Escrow Shares as general and administrative expenses in the accompanying consolidated statement of operations for the three months ended July 31, 2009 and increased additional paid-in capital by the same amount.

Note 9. Related Party Balances/Transactions

During the three-month and nine-month periods ended January 31, 2010, the Company accrued \$3,424 (2008: \$3,762) and \$11,093 (2008: \$26,186) in consulting fees to a related party of the Company's President and CEO, respectively. As of January 31, 2010, the Company owes \$15,964 (April 30, 2009: \$3,942) to this related party for services rendered.

At January 31, 2010, the balance due the Company's President and CEO for expenses paid on behalf of the Company is \$4,155 (April 30, 2009: \$4,144), which is non-interest bearing, unsecured, and due on demand.

At January 31, 2010, the balance that the Company advanced to an officer of the Company for expenses to be incurred for the Company is \$nil (April 30, 2009: \$2,200). \$2,200 was repaid or reported as operating expenses during the nine months ended January 31, 2010.

For the purpose of currency conversion, the Company sends foreign currency to an agent in China which is a related party to the Company, and then receives Renminbi back from the agent right after the conversion. The shareholder of the agent is the father of the Company's CFO and one of its shareholders. During the three month period ended January 31, 2010, the Company expensed \$251,044 in service fees paid to this agent (which is included in general and administrative expenses).

Note 10. Concentrations and Credit Risk

The Company operates principally in China and grants credit

to its customers in this geographic region. Although China is economically stable, it is always possible that unanticipated events in foreign countries could disrupt the Company's operations.

For the three-month period ended January 31, 2010 net revenues of \$660,539 included \$36,800 from barter transactions. For the three months ended January 31, 2010, one customer accounted for 72% of net revenues.

For the nine-month period ended January 31, 2010 net revenues of \$3,517,875 included \$732,969 from barter transactions. For the nine months ended January 31, 2010, four customers accounted for 39%, 16%, 13% and 13% of net sales, respectively.

Note 11. Statutory Reserves

Pursuant to Chinese regulations and laws, K's Media and K's Media Broadcasting are required to make appropriations to the reserve funds and staff welfare fund, based on after tax net income determined in accordance with generally accepted accounting principles of the People's Republic of China ("China GAAP"). Appropriations to the reserve funds should be at least 10% of the after tax net income determined in accordance with China GAAP until the reserve is equal to 50% of the respective entity's registered capital. The reserve funds are established for covering corporate obligations in the event of business liquidation. Any additional appropriations to the reserve funds over the 10% requirement are made at the discretion of the Board of Directors. The reserve funds and staff welfare funds are recorded as part of the retained earnings but are not available for distribution to the owners of the Company other than in liquidation. Appropriations to the staff welfare fund are at a percentage, as determined by the Board of Directors, of the after tax net income determined in accordance with China GAAP. The staff welfare fund is established for the purpose of providing employee facilities and other collective benefits to the employees. The appropriations are made on an annual basis.

Due to the entities' losses, no appropriations have been made to the reserve funds and staff welfare fund.

Note 12. Commitments

The Company has entered into agreements with various Karaoke ("KTV") and night clubs for rental of space in karaoke rooms and broadcasting fees for advertisements. As of January 31, 2010, future rental and fee commitments are payable as follows:

Year ended April 30,

2010	\$	462,085
2011		1,827,905
2012		1,484,293
2013		1,389,298
2014		306,317
	\$	<u>5,469,898</u>

Note 13. Subsequent Events

The Company has evaluated subsequent events through the filing date of this Form 10-Q and has determined that there were no subsequent events to recognize or disclose in these financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section of this report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking states are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

Overview of the Company's Business

On January 18, 2008 (the "Closing Date"), Kinglake Resources, Inc., (later changed name to K's Media, here

after refers to as the "Registrant" or the "Company") completed a Share Exchange Agreement (the "Share Exchange Agreement") dated December 23, 2007, with Orient Come Holdings Limited, a company organized under the laws of British Virgin Island ("Orient Come") and Beijing K's Media Advertising Ltd. Co., a limited liability company organized under the laws of the People's Republic Of China ("Chinese Advertising Company" or "K's Media"). Pursuant to the terms of the Share Exchange Agreement, the shareholders of Orient Come (the "Orient Come Shareholders") transferred to us all of the Orient Come shares in exchange for the issuance of 13,000,000 shares of our common stock (the "Acquisition"). As a result of the Acquisition, Orient Come became our wholly-owned subsidiary.

In connection with the Share Exchange Agreement we issued 2,000,000 shares of our common stock to Sino Return Holdings Limited, a non-affiliate party as finder's fee.

On February 22, 2008, Orient Come assigned its rights and obligations under the Business Cooperation Agreement to K's Media Broadcasting Cultural Co. Ltd. ("K's Media Broadcasting") pursuant to an Assignment Agreement dated February 22, 2008 (the "Assignment Agreement"). Under the Assignment Agreement Orient Come assigned all of its right, title and interest in and to the Business Cooperation Agreement and K's Media Broadcasting agreed to assume all of Orient Come's obligations under the Business Cooperation Agreement. K's Media Broadcasting, a company organized under the laws of the People's Republic of China, is a wholly owned subsidiary of the Company.

Prior to the Acquisition, we were a public "shell" company with nominal assets. We were incorporated in the State of Nevada in April 14, 2006 and engaged in the business of conducting research in the form of exploration of our mining interest. In September 2007, a review of the aeromagnetic of our property shows no apparent anomalies and the geologist recommend no further work on this property. Our management then began to pursue an acquisition strategy, whereby we sought to acquire businesses that provide room for growth.

As a result of the acquisition, we engaged in media and advertising throughout China. The Chinese Advertising

Company is an emerging media company that targets high end consumers in China by placing premium brand advertising in entertainment clubs on behalf of top-tier consumer products clients. Entertainment clubs are popular entertainment establishments in Asia that rent private rooms containing karaoke singing equipment, typically to groups of friends and business colleagues.

Concurrent with the Share Exchange Agreement, Orient Come, our wholly-owned subsidiary has signed a Business Cooperation Agreement with the Chinese Advertisement Company. We do not have an equity interest with the Chinese Advertisement Company. In order to meet ownership requirements under Chinese law, which restricts foreign companies with less than three years of operation history in advertising industry from operating in the advertising industry in China, we and Orient Come executed a series of exclusive contractual agreements. These contractual agreements allow us to, among other things, to secure significant rights to influence the Chinese Advertisement Company's business operations, policies and management, approve all matters requiring shareholder approval, and the right to receive 80% income earned by the Chinese Advertisement Company. In addition, to ensure that the Chinese Advertisement Company and its shareholders perform their obligations under these contractual arrangements, the shareholders have pledged to Orient Come all of their equity interests in the Chinese Advertisement Company. At such time that current restrictions under People's Republic Of China (PRC) law on foreign ownership of Chinese companies engaging in the advertising industry in China are lifted, or we have acquired a non-Chinese advertisement company that has over three years operation in advertising industry ("Qualified Advertising Subsidiary"), Orient Come may exercise its option to purchase the equity interests in the Chinese Advertisement Company and transfer the ownership to the Qualified Advertising Subsidiary. Orient Come later assigned its rights and obligations under the Business Cooperation Agreement to K's Media Broadcasting Cultural Co. Ltd., another wholly owned subsidiary of the Company incorporated in People's Republic of China.

The Chinese Advertising Company signs advertising agreements with companies in the cosmetics, beverage, automobile and other consumer goods sectors. K's Media also

signs advertisement placement agreements with top entertainment clubs chains in Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou and other major Chinese cities. K's Media then promotes its clients brands at the entertainment clubs via advertising and promotional events. K's Media has signed agreements with more than three hundred top-ranked entertainment clubs in Beijing, Shanghai, Guangzhou, Shenzhen and other large cities, representing thousands of screens. Advertisements will be placed on screens in each room of each club signed by K's Media. A critical component of K's Media's marketing and distribution to entertainment clubs is its partnership with Shine MultiMedia Co., Ltd. ("Shine"), one of the China's largest VOD (video on demand) system distributors with deals in over 3,000 entertainment clubs and more than 100,000 entertainment rooms in China. Shine and other VOD system distributors that signed up with K's Media has bundled K's Media's proprietary CRM software with its VOD system and also pursue advertising agreements with the entertainment clubs on behalf of K's Media. The parties have entered into the Service Agreement whereby VOD system distributors arrange exclusive agency contracts between K's Media and entertainment clubs. VOD system distributors also installed and maintained advertisement equipment at the entertainment clubs during the terms of the contracts. K's Media supplements these VOD system distributors' marketing efforts with its own team of club agents that is responsible for signing up entertainment clubs, renewing contracts, and providing other follow-up services such as media channel maintenance and ad placements. VOD system distributors will receive a fee from K's Media for each contract executed and monthly maintenance fee for services provided by them over the term of each contract.

Our ability to generate revenues from advertising sales largely depends upon our ability to provide a large network of screens that show our programs in entertainment clubs, which requires us to obtain Ad Licensing rights contracts to operate in entertainment clubs, as well as how fast the advertising clients can accept us as a new media focusing high end consumers.

The Registrant changed its name to K's Media on March 11, 2008, which will be more consistent with its business activities in the media and advertising in China.

Need for Additional Capital

There is no historical financial information about us upon which to base an evaluation of our performance. We are a development stage corporation and have generated insufficient revenues from activities. We cannot guarantee we will be successful in our business activities. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, and possible cost overruns due to price and cost increases in services.

The capital raised from the issuance of our common stock can not guarantee the Company to sustain for a year. We have no assurance that future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our activities. Equity financing could result in additional dilution to existing shareholders.

Recent Developments

The Company has signed up over 300 KTV lounges in tier 1 cities including Beijing, Shanghai, Guangzhou and Shenzhen by January 31, 2010.

K's Media selects KTV clubs that are frequented by high earners such as business owners and professionals with active lifestyles. Especially attractive are clubs that appeal to the top 5% of China's population by income. K's Media will reach these individuals by being sure to only contract with mid- to high-end KTV lounges, starting from tier 1 city.

Result of Operations

Three Months ended January 31, 2010 Compared to Three Months ended January 31, 2009.

Operating Revenues. Operating revenues for the three months ended January 31 of 2010 and three months ended January 31 of 2009 were \$660,539 and \$604,840 respectively. The increase of the revenue was caused by the development of

the Company's advertising business. The Company started sales from September 2008.

Operating Expenses. The Company's operating expenses totaled \$1,541,859 for the quarter ended January 31 of 2010, compared to \$1,080,668 for the same quarter of 2009. The change was mainly attributable to the \$476,103 provision for doubtful accounts in 2010.

Loss from Operations. The Company has recorded a loss of \$1,343,303 for the quarter ended January 31 of 2010, compared to a loss of \$1,227,935 for the same quarter last year. The difference was caused mainly by \$476,103 provision for doubtful accounts in 2010, offset partially by \$945,829 improvement in gross profit.

Net Loss. The Company had a net loss of \$1,340,577 for the quarter ended January 31 of 2010, compared to a net loss of \$1,216,906 for the same quarter last year. The slight difference between Loss from Operations and Net Loss is caused by the interest income and foreign exchange gain.

Liquidity and Capital Resources

The Company has financed its operations by issuance of its common stock which raised \$5 million gross proceeds in July 2008 through a private placement.

Cash as of January 31 of 2010 and April 30, 2009 were \$21,013 and \$1,102,634 respectively.

Net cash used in financing activities was \$4,372 for the nine months ended January 31 of 2010, compared to \$4,421,286 net cash provided by financing activities in 2009.

Net cash used in operating activities was \$1,071,262 for the nine months ended January 31 of 2010 as a result primarily of the \$3,376,874 net loss, offset partially by noncash stock-based compensation of \$1,036,095, a \$632,035 decrease in prepaid expenses and other receivables, and a \$577,498 increase in accounts payable and accrued liabilities.

Net cash used in investing activities, which consists of purchase of fixed assets were \$4,935 for the nine months ended January 31 2010 and \$42,752 for the nine months ended January 31 2009.

Off Balance Sheet Arrangements

We do not have any obligations that meet the definition of an off-balance-sheet arrangement that have or are reasonably likely to have a material effect on our financial statements, which has not been consolidated.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S., or GAAP, requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In recording transactions and balances resulting from business operations, the Company uses estimates based on the best information available for such items as depreciable lives. The Company revises the recorded estimates when better information is available, facts change or actual amounts can be determined. These revisions can affect operating results.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None

ITEM 4. CONTROLS AND PROCEDURES

Our Principal Executive Officer and Principal Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report, have concluded that,

based on the evaluation of these controls and procedures, that our disclosure controls and procedures were effective.

There were no changes in our internal controls or in other factors during the period covered by this report that have materially affected, or are likely to materially affect the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None.

ITEM 1A- RISK FACTORS

There were no material changes to Risk Factors disclosed in the Form 10-K for the year ended April 30, 2008 filed on July 28, 2008.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 - EXHIBITS

(a) The following exhibits are included herein:

- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 22rd day of March, 2010.

K's Media
(the "Registrant")

BY: **James Wei**
James Wei
CEO