



We're always news

Since first launching *Next Magazine* in 1990, Next Media Limited (the “Company” or “Next Media”, or, together with its subsidiaries, the “Group”) has grown into the largest and most influential Chinese language print media conglomerate in Hong Kong. The Group has achieved this goal by building a strong bond of trust with its readers. All of whom rely on the Group’s titles for uncompromising editorial content which is free of the political bias and pandering to potential advertisers that typify many other publications.

The Next Media publishing stable in Hong Kong comprises one daily newspaper, four weekly magazines and a website. The Group’s five print titles continue to dominate the Hong Kong market in terms of readership, circulation and sustainable advertising revenues. From its inception, Next Media has always promised to add value for its shareholders, and is constantly striving to identify ever more innovative ways to achieve that.

In 2001, Next Media took the decisive step of exporting its proven Hong Kong publishing template to the much larger Taiwanese market. In order to ensure its long-term success in Taiwan, the Group has invested heavily in purpose-built production facilities and experienced and knowledgeable staff. Following their respective launches in 2001 and 2003, *Taiwan Next Magazine* and *Taiwan Apple Daily* have built up sizeable shares of the Taiwanese magazine and newspaper markets.

The launch of *Taiwan Apple Daily* in May 2003 was an especially far-sighted move in the previously black and white print dominated Taiwanese newspaper industry. Predictably, Taiwanese readers have embraced the lively and colourful newcomer to their market with the same enthusiasm that Hong Kong readers showed towards *Apple Daily* when launched in June 1995. In March 2005, *Taiwan Apple Daily* had achieved an average daily circulation in excess of 500,000 copies. This is a remarkable achievement by a start-up title within its first two years of operations.

Where's

?



Source: The Times 2005 Map of the World

A tale of two cities

Group Returns To Profit

The year under review saw the Group record a profit attributable to shareholders of approximately HK\$104.3 million. This figure represented a considerable improvement against the loss of approximately HK\$89.9 million recorded in the previous financial year. Basic earnings per share during the year just ended were 7 Hong Kong cents against a basic loss of 6 Hong Kong cents per share in the previous financial year.

Profits Up 377.9% for *Taiwan Next Magazine*

During the year just ended, *Taiwan Next Magazine* achieved a segment profit of approximately HK\$45.4 million. This figure represented an approximately HK\$35.9 million or approximately 377.9% increase over the approximately HK\$9.5 million segment profit the title recorded during the previous financial year. Much of the title's improvements were directly attributable to an increase in circulation revenue of approximately 4.8% and a surge of approximately 39.8% in advertising income.

Circulation Up 23.8% for *Taiwan Apple Daily*

Data from The Audit Bureau of Circulations, Republic of China showed that *Taiwan Apple Daily* achieved a total circulation of 92,625,225 copies for the six months ended 31 December 2004. The title's average daily circulation of approximately 503,398 for the six months ended 31 December 2004 represented a significant increase of approximately 23.8% over the approximately 406,599 for the equivalent period in 2003.

Advertising Sales Increase of between 9.2% and 10.3% for Hong Kong Weeklies

The year just ended saw a steady rise in advertising spending across Hong Kong. *Next Magazine*, *Sudden Weekly* and *Eat & Travel Weekly* were among the major beneficiaries of this trend, and all achieved solid advertising revenue increases of between approximately 9.2% and 10.3%.



24/7/365

News does not keep 9 to 5 office hours. Developments can and - more often than not - do happen at any time and anywhere in the world. Ensuring that readers can wake up to full coverage of stories that took place just a couple of hours ago and many thousands of miles away is Next Media's primary responsibility.

At Next Media, news gathering is an around-the-clock, around-the world process. Which is why our journalists, photographers, editing and printing teams work 24-hours-a-day, seven-days-a-week, 365-days-a-year to bring Next Media Group readers the truth behind the breaking stories. And why we always go to such extraordinary lengths to uncover and verify the facts that make those truths so compelling.



The Chairman

Dear Shareholders,

It is time once again to review our performance.

The overall growth of our Hong Kong magazines during 2004/05 was satisfactory as a result of an increase in advertising revenue. The year also saw *Apple Daily* record a growth in its sales. Overall, our Hong Kong business has achieved a steady margin. This is not to say that we are getting ready to rest on our laurels. At Next Media, we never forget the wisdom in the old saying that the complacent army loses the battle.

The year just ended saw *Taiwan Next Magazine* once again underline its position as the best-selling magazine in Taiwan, with average weekly sales of 140,000 copies. Owing to an increase in both advertising rate and volume, the magazine's net advertising income increased dramatically when measured against the previous year and, encouragingly, looks set to grow higher still. *Taiwan Apple Daily* also had a good year, achieving a double digit growth in advertising sales which greatly reduced its second year deficit. We expect this title to generate profits for the Group in the near future.

Taiwan Apply Daily has totally transformed the reading habits of the Taiwanese people, many of whom previously subscribed to their daily newspapers out of sheer force of habit. Now, hundreds of thousands of readers are happily leaving their homes and offices and taking to the streets to pick up their daily paper. Last year,

over 98% of *Taiwan Apple Daily's* average 500,000 weekday and 600,000 weekend sales came from newsstands and convenience stores. These are facts that really do speak for themselves! Consequently, *Taiwan Apple Daily's* slogan – “Addicted at First Bite” – has more than lived up to its promise. What’s more, the title’s colorful layout, vivid pictures, clear illustrations and quest for truth have all become the benchmarks against which other Taiwanese dailies are measured.

In Taiwan, media competition is as fierce as can be found anywhere. Yet within just a few years of entering the market, Next Media has brushed aside literally hundreds of well-established competitors. It is obvious that readers across Taiwan find the bold and robust reporting style of *Taiwan Next Magazine* and *Taiwan Apple Daily* very much to their taste. This is probably due to the fact, that while patterned on their Hong Kong forerunners, both titles’ style and content remain 100% Taiwanese.

A prosperous media industry is a sure sign of a free and democratic society. The public needs truthful and transparent news and information to ensure that their leaders are governing them lawfully and democratically. For this reason, I feel particularly optimistic about the Taiwan market whose population of 23 million fighters for democracy will never settle for anything less.

In the coming year, the Group will focus on implementing cost control measures, boosting market share and leveraging its strong, top quality readership to win the trust of advertisers. Eventually, we may strive for additional expansion, further solidifying our market dominant position in the process.

The Chairman

At the end of the day, our readers know that Next Media remains their servant rather than their slave. As I have often said in the past, the zeal for innovation paves the way for success. In this era of information superhighways, the media must travel at lightning speed, alerting readers to new ideas and horizons at every step of the way. For this reason, Next Media will continue its policy of never sacrificing content for cost. Content is and always will be the cornerstone of everything we do.

The richness of our titles' content is the impressive end result of the hard work and dedication of our colleagues in Hong Kong and Taiwan. In a people business like publishing, the importance of individual staff is something that should never be underestimated. Happily, in benefiting our readers with breaking news and information, we have not forgotten to reward our team members with a pay rise.

I would like to take this opportunity to thank our readers, advertisers, business partners, and colleagues for embracing and embodying the spirit of Next Media down through the years. I give you my solemn word that the Management and I will continue to do our utmost to maximize your profits during the coming year.

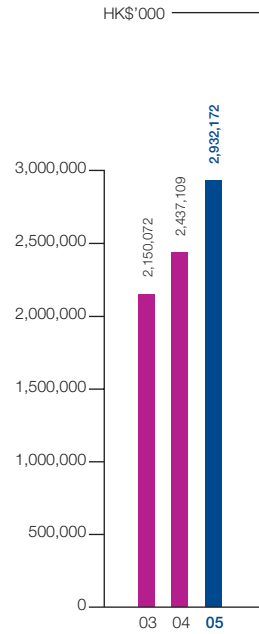
Jimmy Lai
Chairman

How's

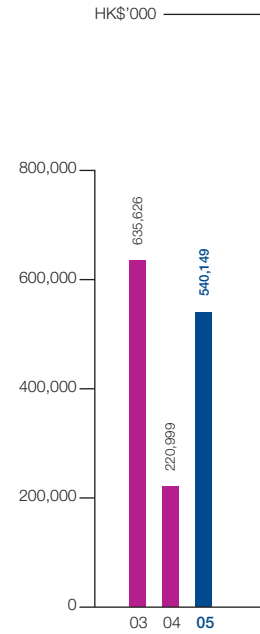
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Success suits us

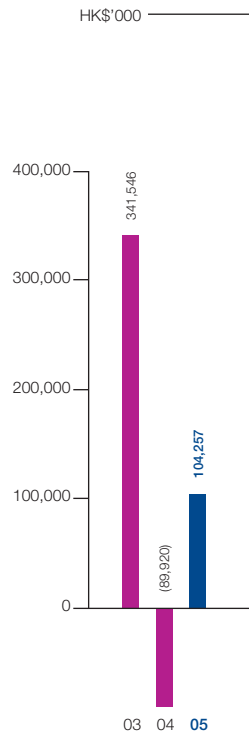
Turnover



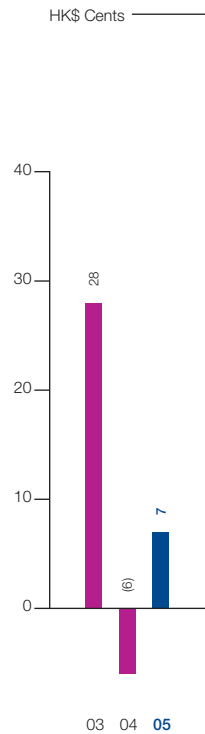
EBITDA (Note 1)



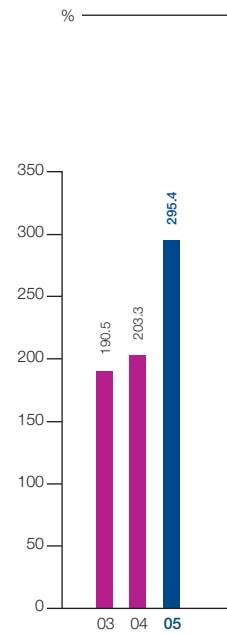
Profit / (Loss) for the year



Basic Earnings / (Loss) per share



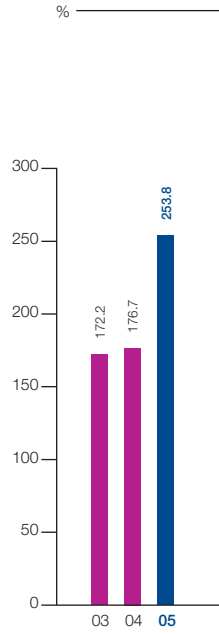
Current Ratio



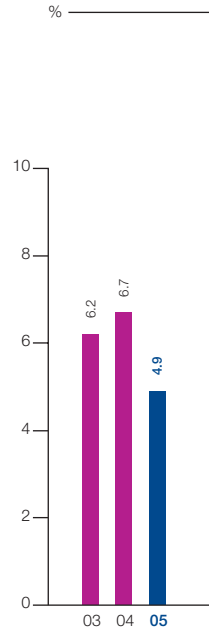
Note 1: Before impairment loss recognised in respect of an intangible asset.

Note 2: Comparative figures for the year ended 31 March 2003 have been restated.

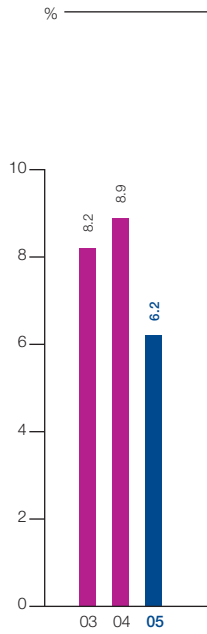
Quick Ratio



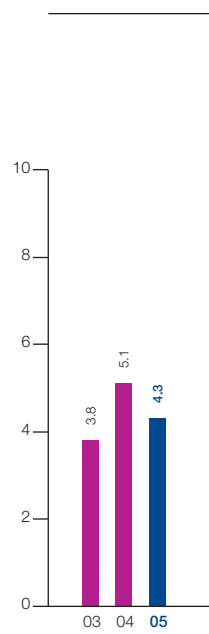
Gearing Ratio



Debt to Equity Ratio



Working Capital Turnover



Turnover

+ 20.3%

EBITDA

+ 144.4%

Current Ratio

+ 45.3%

Quick Ratio

+ 43.6%