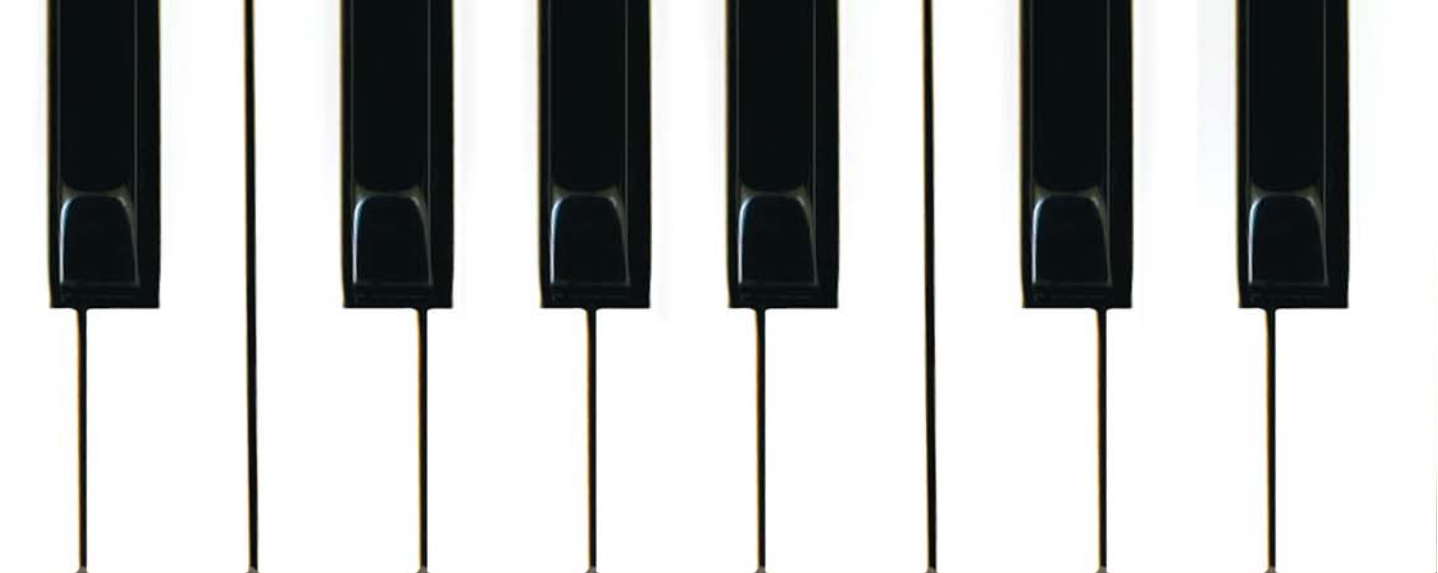


Beating the Drum



HONG KONG Next Media continues to reinforce its well-established leadership position in the Hong Kong media industry by exploiting fresh opportunities as they arise.

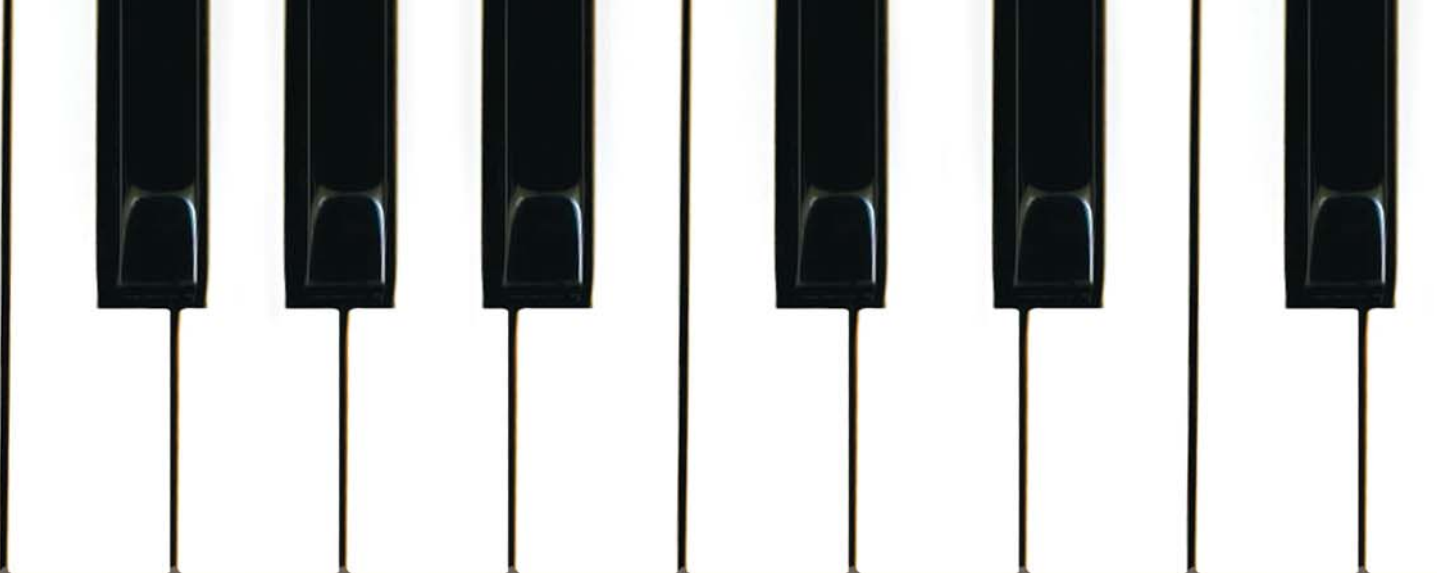
TAIWAN The strong increase in the revenues of its publishing activities there means that Taiwan is set to become the Group's major growth driver in the future.



Keying in the

Truth

The keys to Next Media's success have always been its dedication to unearthing the facts and its courage in printing them.



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Echoing your Ideas

Next Media always listens to your views.



Financial Highlights

	(Unaudited)	
	Six months ended 30 September	
Results	2007	2006
	HK\$'000	HK\$'000
Revenue	1,707,713	1,636,286
Earnings before interest, tax, depreciation, impairment and amortisation	334,054	271,663
Profit for the period	215,488	157,755
Basic earnings per share	9.0 cents	10.6 cents
Diluted earnings per share	9.0 cents	6.5 cents
	(Unaudited)	(Audited)
	As at	As at
	30 September 2007	31 March 2007
Balance Sheet	HK\$'000	HK'000
Current assets	1,530,178	1,648,884
Non-current assets	2,926,053	2,952,543
Total assets	4,456,231	4,601,427
Current liabilities	754,020	635,307
Non-current liabilities	536,209	609,297
Total liabilities	1,290,229	1,244,604
Net assets	3,166,002	3,356,823
Ratio Analysis		
Current ratio	202.9%	259.5%
Quick ratio	180.2%	227.6%
Gearing ratio	8.0%	9.0%

Performing with

Flexib



ility

The Group is committed to consolidating its status as a leading Chinese-language print media group in Hong Kong and Taiwan, while maintaining a flexible approach to broadening its horizons in both markets.

Management Discussion & Analysis



The Group's unaudited consolidated profit for the period totalled HK\$215.5 million, an increase of 36.6%.

The board of directors (the "Board" or the "Directors") of Next Media Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2007, together with the comparative figures for the corresponding period of 2006.

BUSINESSES

The Group is mainly engaged in publishing and printing newspapers, magazines and books. In addition, it sells newspaper and magazine advertising space in Hong Kong and Taiwan, provides printing and reprographic services, sells website advertising space, internet subscription and delivers internet content.

FINANCIAL RESULTS

The Group's revenue totalled HK\$1,707.7 million during the six months ended 30 September 2007. This represented an increase of 4.4% on the figure of HK\$1,636.3 million for the same period of 2006. The increase was largely attributable to a rise in the revenues of the Group's publications in Taiwan. Meanwhile, the earnings of all the Group's publications in Hong Kong remained steady.

The Group's earnings totalled HK\$334.1 million before interest, tax, depreciation, impairment and amortisation, an increase of 23.0% over the figure of HK\$271.7 million for the corresponding period of 2006. Basic earnings per share were HK9.0 cents, compared with HK10.6 cents for the same period of last year.

The Group also recorded an unaudited consolidated profit of HK\$215.5 million, an increase of 36.6% on the figure of HK\$157.8 million for the same period in 2006. This was mainly the result of the satisfactory performances of *Taiwan Apple Daily* and the printing operations in Hong Kong.



OVERVIEW OF MAJOR MARKETS

Hong Kong's media and publishing industry grew modestly during the six months ended 30 September 2007. Following the economy's recovery from the recession and the SARS outbreak a few years ago, local consumers have now regained their confidence and increased their spending on major purchases, such as luxury products and vacations. As a result, retailers boosted their advertising budgets during the first half of 2007.

However, Taiwan's economic performance was somewhat below expectations during the period under review. The government's continuing credit card squeeze affected advertising spending on consumer products, which rose only slightly. The total amount spent on newspaper and magazine advertising in Taiwan remained unchanged when compared with the same period in 2006.

Even so, the overall advertising revenues of the Group's publications in both markets increased modestly. At the same time, their circulation income grew, despite a fiercely competitive business environment.

OPERATIONAL REVIEW

During the period under review, the Group implemented comprehensive programmes to reduce the operating expenses and other costs of both its Hong Kong and Taiwan operations. These have been effective, resulting in an improvement of its net profit margin by 3.0% from 9.6% to 12.6%, compared with the same period in 2006.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

The newspapers publication and printing division accounted for 70.1% of the Group's total income during the six months up to 30 September 2007. The division's revenue amounted to HK\$1,197.4 million, an increase of 5.2% on the figure of HK\$1,138.7 million for the corresponding period last year. Meanwhile, the division's segment profit rose by 46.1% to HK\$189.9 million, compared with HK\$130.0 million in the same period of 2006.



The average daily sales of *Taiwan Apple Daily* in the first half of 2007 were

510,523 copies

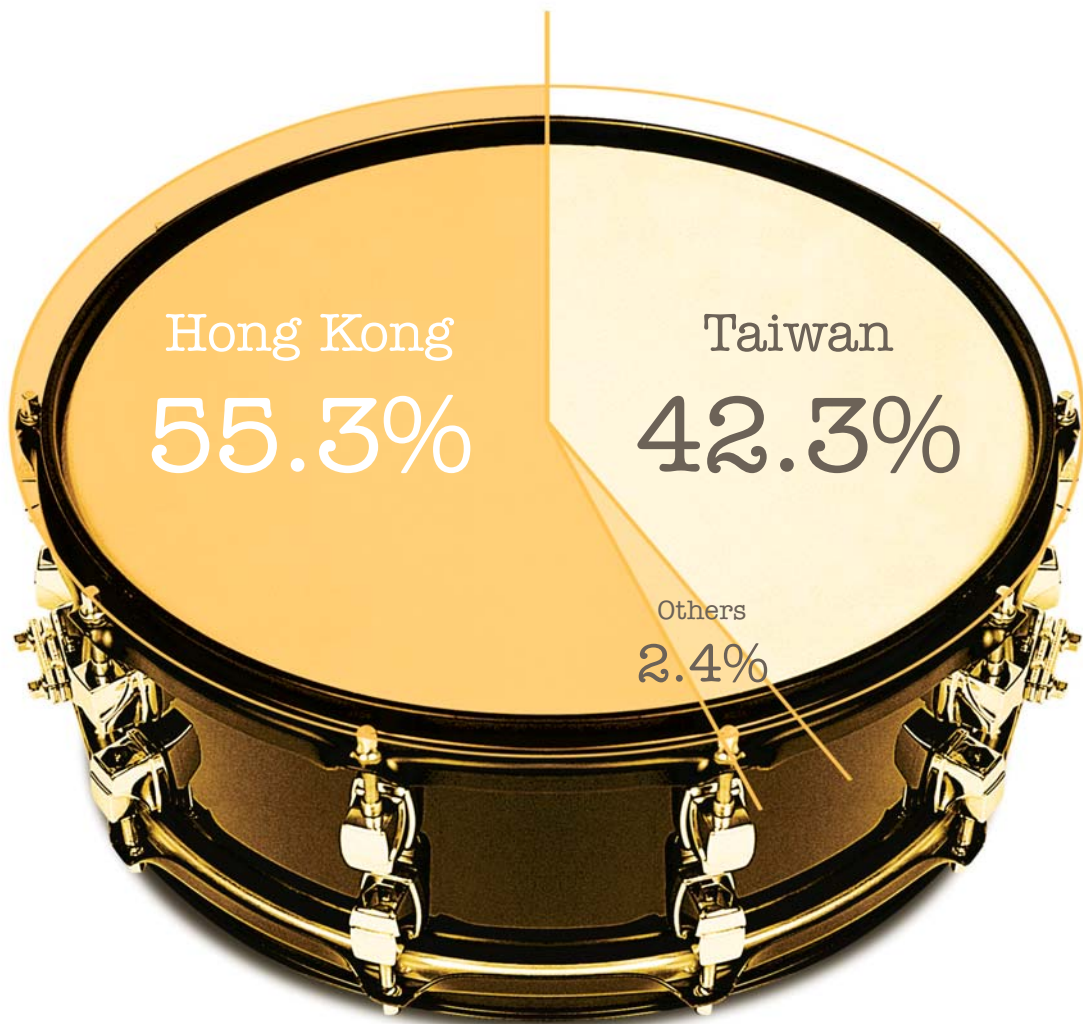
Apple Daily strengthened its position as Hong Kong's No. 2 daily newspaper during the past year, both in terms of its sales and readership. Despite continued strong competition in the market, its average daily sales between January and June 2007 increased to 309,261 copies, compared with the figure of 297,289 for the same period last year¹. Its readership among readers aged 12+ also grew to 1,297,000 during the same period, compared with the figure of 1,198,000 in the first half of 2006². As a result, *Apple Daily's* market share rose by 2% to 24%.

Though *Apple Daily's* advertising revenue totalled HK\$316.0 million, a slight decrease of 3.6% on the figure of HK\$327.9 million recorded during the same period of 2006, its circulation income rose by 4.8% to HK\$201.9 million, as a result of the increases in circulation and readership in the period under review.

Taiwan Apple Daily remained the island's most widely read daily. Its average daily sales climbed to 510,523 copies during the first six months of 2007, up from 495,894 in the same period last year³; while its readership also increased to 2,822,000, compared with 2,625,000 a year earlier⁴. Despite the credit card squeeze mentioned previously, *Taiwan Apple Daily's* revenue in the period under review amounted to HK\$604.9 million, compared with HK\$561.0 million in the same period of 2006, an increase of 7.8%.

Sharp, the free newspaper that the Group launched in Taipei during October 2006, continued to gain popularity among readers and advertisers alike, and it is set to break even during the coming 12 months. Around 150,000-160,000 copies are distributed to commuters outside the Metro stations every morning from Mondays to Fridays, and it is now the fifth most widely read newspaper in Taiwan. *Sharp* has succeeded in attracting a growing volume of advertising, especially from smaller local companies who find traditional print media too expensive. Its initial success has given the Group a strong head start in this market segment, which other players are likely to enter in the coming years.

The contributions from Hong Kong, Taiwan and others to the Group's total revenue for the period were 55.3%, 42.3% and 2.4% respectively.





The Group's external Hong Kong newspaper printing business continued to grow during the period under review, mainly as the result of its success in winning contracts to print the free newspapers that are being circulated in the city. Its revenue totalled HK\$74.5 million, a remarkable increase of 30.5% on the figure of HK\$57.1 million in the same period of 2006.

BOOKS AND MAGAZINES PUBLICATION DIVISION

The books and magazines publication division achieved stable results in a competitive market during the six months ended 30 September 2007. Its revenue totalled HK\$430.4 million, a modest increase of 1.1% on the figure of HK\$425.8 million achieved in the corresponding period of 2006. The division's segment profit grew by 17.3% from HK\$36.4 million to HK\$42.7 million during the period.

The Group retained its dominant position in the Hong Kong magazine market by publishing the city's three best-selling and most widely read weeklies. All of these substantially increased their readerships during the past 12 months.

Next Magazine generated HK\$133.0 million in revenue, a slight increase of 0.7% compared with the figure of HK\$132.1 million for the corresponding period last year. Moreover, it maintained its status as Hong Kong's second most widely read weekly publication, with a readership of 608,000 people aged 12+ during the six months ended 30 June 2007, compared with 530,000 readers in the same period a year earlier². Although its average weekly sales of 123,590 copies were lower than the 130,187 copies in the first six months of last year, they were marginally higher than the second half of 2006¹.

The revenue of the *Sudden Weekly Bundle* – consisting of *Sudden Weekly*, *Eat & Travel Weekly* and *ME!* – stood at HK\$122.8 million during the six months up to 30 September 2007, 16.7% higher than the HK\$105.2 million it generated in the same period of 2006. Its advertising income increased by 20.6% to HK\$84.8 million, compared with the figure of HK\$70.3 million for the corresponding period 2006. This encouraging improvement reflects the loyalty of its upmarket female readers, which has been further strengthened by the launch of *ME!* a new component of the bundle that is attracting advertisers of high-end products.

The segment profit of the Books and Magazines Publication Division grew to HK\$42.7 million, an increase of 17.3%.

The *Sudden Weekly Bundle* remained Hong Kong's best-selling and most widely read weekly publication. Average sales rose to 199,914 copies during the first six months of 2007, compared with 190,406 in the same period last year¹; meanwhile, its readership increased to 732,000, compared with 667,000 in the first half of 2006².

The most popular infotainment weekly among Hong Kong youngsters, the *Easy Finder Bundle*, underwent a complete transformation in May 2007. *Easy Finder* was renamed as *FACE*, these changes have given it a new look and a more upmarket image that appeals to both readers and advertisers.

The FACE Bundle continued to perform steadily, and its revenue totalled HK\$57.1 million during the six months up to 30 September 2007, compared with HK\$65.3 million in the same period of 2006. Its circulation revenue fell by HK\$6.9 million, due to a reduction of the cover price from HK\$10.0 to HK\$5.0 in November 2006. Its average weekly sales between January and 23 May 2007 (being the last issue published in the name of *Easy Finder*) were 117,499 copies, up from 94,998 copies in the first half of 2006¹. Readership also grew to an average of 411,000 during the first half of 2007, compared with 343,000 in the first six months of 2006².

Taiwan Next Magazine remained the island's best-selling and most widely read weekly. Its revenue totalled HK\$117.0 million in the six months ended 30 September 2007, compared with HK\$122.7 million in the same period last year, a small drop of 4.6%. The weekly sales of *Taiwan Next Magazine* between January and June 2007 averaged 123,144 copies, compared with 134,051 copies in the same period of 2006³. Meanwhile, its readership remained stable at 1,348,000, compared with 1,350,000 a year earlier⁴.



BOOKS AND MAGAZINES PRINTING DIVISION

The books and magazines printing division continued to make a steady contribution to the Group's results. Even though the printing industry's pricing remained very competitive, both regionally and worldwide, the division still achieved a revenue of HK\$147.3 million during the six months ended 30 September 2007, which was 4.0% higher than the figure of HK\$141.7 million for the same period last year. This consisted of HK\$61.4 million from external magazine printing business and HK\$85.9 million from inter-segment transactions, which represented increases of 9.0% and 0.6% on the respective figures for the same period in 2006. The division also recorded a segment profit of HK\$32.2 million, which was 16.2% higher than its profit of HK\$27.7 million for the corresponding period of last year.

The division upheld its high reputation for quality within the printing industry. It is expected to remain a source of stable revenue and profit for the Group.

INTERNET DIVISION

The internet division continued to play a valuable role in strengthening the Group's brand image, especially among younger people, and its business remained stable. Additional resources were devoted to developing this division further during the period under review, especially in the area of webcasting. Its revenue totalled HK\$19.4 million, an increase of 25.2% on the figure of HK\$15.5 million recorded in the same months of 2006. However, this segment recorded a loss of HK\$1.2 million, a decline of 116.9% compared with a profit of HK\$7.1 million during the corresponding period of last year.



FUTURE PROSPECTS AND OUTLOOK

The Group is optimistic about Hong Kong's general economic conditions in the coming months, and believes its business environment will remain favourable. Taiwan's economic prospects also look stable. In fact, the approach of next year's presidential election on the island means its government will probably take steps to stimulate the economy in the near future. Political advertising is also set to increase during this period; and general business advertising is likely to grow as well. The Group expects these factors to benefit our publications, because their neutral positioning appeals to more-affluent readers seeking unbiased news.

Historically, the Group's business has usually been stronger in the second half of the year than during the first half. This seasonal factor will probably influence its results during the coming months.

The Group will maintain its strategy of building on the established strength and reputation of its core businesses in Hong Kong. At the same time, it will continue to look to the Taiwan market for further substantial growth in terms of both revenue and profit. Taiwan currently accounts for around 42.3% of the Group's revenue, and its contribution is expected to increase in the coming years to the point where both markets contribute roughly equal percentages.

SOURCES:

- ¹ Hong Kong Audit Bureau of Circulations Ltd.
- ² 2007 Nielsen Media Index: Hong Kong Report (Mid-year Report)
- ³ The Audit Bureau of Circulations, R.O.C.
- ⁴ Media Index (January-June 2007), Nielsen Media Research, Taiwan



LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations principally with cash flow generated from its operating activities and, to a lesser extent, bank facilities provided by its principal bankers.

As at 30 September 2007, the Group had available banking facilities totalling HK\$567.1 million, of which HK\$363.1 million had been utilized. All bank borrowings bear interest at floating rates. There is no seasonality for borrowing requirements. The Group's bank borrowings were denominated in Hong Kong Dollars and New Taiwan Dollars.

As at 30 September 2007, the Group had HK\$699.7 million in bank balances and cash reserves. The current ratio as at 30 September 2007 was 202.9%, compared to 259.5% as at 31 March 2007. The Group's gearing ratio as at 30 September 2007, which is calculated by dividing long-term liabilities including current portions by total asset value, decreased to 8.0%, compared with 9.0% as at 31 March 2007.

ASSETS PLEDGED

As at 30 September 2007, the Group had pledged its Hong Kong and Taiwan properties and certain printing equipment in Hong Kong and Taiwan with an aggregate carrying value of HK\$963.5 million, to various banks as security for bank loans and general banking facilities granted to the Group.

EXCHANGE EXPOSURE AND CAPITAL EXPENDITURE

The Group's assets and liabilities are mainly denominated either in Hong Kong Dollars or New Taiwan Dollars (NT\$). The Group's exchange exposure to New Taiwan Dollars is due to its existing magazine and newspaper publishing businesses in Taiwan.

As at 30 September 2007, the Group's net currency exposure was NT\$4,334.9 million (equivalent to about HK\$1,033.1 million).



The Group's strategy is to reduce its exchange rate exposure by arranging local currency bank loans. To this end, the Group has accepted a five-year term loan facility for a total amount of NT\$2.5 billion offered by a local bank in Taiwan. This loan is divided into two tranches. The first of these is scheduled to be drawn down during this current financial year. It will be used to repay the Group's existing Taiwan bank loans, with the aim of achieving considerable savings in interest payments over the coming five years. The second tranche will provide general working capital for the future development of the Group's operations in Taiwan. The Group has no definite schedule for drawing down this second tranche at the present time.

The Group will closely monitor its overall currency exposure and, when considered appropriate, it will take further necessary actions to hedge against such exposure.

During the six months ended 30 September 2007, the Group's capital expenditure amounted to HK\$30.9 million, including HK\$10.7 million for its Taiwan operations. As at 30 September 2007, the capital expenditure committed for its operations amounted to HK\$9.2 million, including HK\$2.2 million for its Taiwan operations.

SHARE CAPITAL STRUCTURE

As at 30 September 2007, the Company's total issued share capital was HK\$2,411,828,881. This was divided into 2,411,828,881 ordinary shares with a par value of HK\$1.0 each.

CONTINGENT LIABILITIES

As at 30 September 2007, the Group had contingent liabilities in respect of a number of litigation proceedings, arising from its publishing businesses in Hong Kong and Taiwan. In addition, the Group had a dispute with UDL Contracting Limited – the contractor assigned to construct the printing facility of its subsidiary Apple Daily Printing Limited – concerning amounts payable for the construction of its printing facility in Tseung Kwan O. This matter is currently under arbitration, and the final outcome of the proceedings is uncertain.



In connection with the acquisition of Database Gateway Limited in October 2001 (the “Acquisition”), Mr. Lai Chee Ying, Jimmy (“Mr. Lai”) has undertaken to provide unlimited personal indemnities (the “Indemnity”) to the Group against all payments, claims, suits, damages and settlement payments and associated costs and expenses in relation to certain legal proceedings (including the dispute with UDL Contracting Limited) involving the businesses acquired through the Acquisition. In relation to the Indemnity, Mr. Lai has procured a bank guarantee in favour of the Group of HK\$60.0 million in respect of his obligations under the Indemnity. This bank guarantee is valid up to October 2010. Having taken the advice of the Group’s legal counsel and the Indemnity given by Mr. Lai into consideration, the Directors are of the opinion that any ultimate liability under these proceedings will not have a material impact on the Group’s financial position.

As at 30 September 2007, the Company had contingent liabilities in relation to corporate guarantees given by the Company to financial institutions for facilities utilized by certain of its subsidiaries amounting to HK\$65.3 million.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2007, the Group employed a total of 3,515 employees, of whom 1,933 were in Hong Kong, 1,577 were in Taiwan, and 5 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share options schemes and staff development disclosed in the 2006/07 annual report. Total staff costs for the six months ended 30 September 2007 amounted to HK\$542.2 million, compared with the figure of HK\$528.4 million for the same period of last year.



INTERIM DIVIDEND

The Directors have declared an interim dividend of HK5.0 cents per ordinary share (2006/07: HK4.0 cents), amounting to HK\$120.6 million. This will be payable to shareholders whose names appear on the Register of Members of the Company on Monday, 14 January 2008.

BOOK CLOSURE

The Register of Members of the Company will be closed from Thursday, 10 January 2008 to Monday, 14 January 2008, both days inclusive, during which period no transfer of ordinary shares will be effected. To qualify for the interim dividend, all transfers of ordinary shares accompanied by relevant ordinary share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investors Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 9 January 2008. Dividend warrants will be despatched on or around Friday, 25 January 2008.

FORWARD LOOKING STATEMENTS

This interim report contains statements that are "forward-looking" or which use certain forward-looking terminology. These statements are based on the current beliefs, assumptions, expectations and projections of the Directors of the Company regarding the industry and markets in which the Group operates. These statements are subject to risks, uncertainties and other factors beyond the control of the Group.

Striving for

Fide



lity

Next Media strives to achieve the same high standards of candour in its corporate governance as it does in its publications.

BOARD OF DIRECTORS

As at 30 September 2007, the Board was composed of seven Directors – four Executive Directors and three Independent Non-executive Directors. The Executive Directors were Mr. Lai, the Chairman of the Board; Mr. Ting Ka Yu, Stephen who is also the Chief Executive Officer; Mr. Ip Yut Kin and Mr. Tung Chuen Cheuk. The Independent Non-executive Directors (“INEDs”) were Mr. Yeh V-Nee; Mr. Fok Kwong Hang, Terry, and Dr. Kao Kuen, Charles. Detailed profiles of the seven Directors are posted on the Company’s website at <http://www.nextmedia.com>.

The three INEDs also served on the Audit Committee and Remuneration Committee. They participated in the Company’s Board meetings to bring their independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct.

BOARD ACTIVITIES

The Board held one meeting during the six months ended 30 September 2007. With the exception of Mr. Ip Yut Kin, who was unable to attend, all the Directors were present at the meeting.

AUDIT COMMITTEE

The Audit Committee consisted solely of the Company’s three INEDs and it was chaired by Mr. Yeh V-Nee. Full details of the Audit Committee, including its role and terms of reference, can be found on the Company’s website. During the six months ended 30 September 2007, the Audit Committee held one meeting to review the audited financial statements of the Company for the year ended 31 March 2007. All its members attended the meeting. The Audit Committee also reviewed with the management the scope of services provided by existing external auditors regarding financial reporting, internal control and risk management systems, and the unaudited condensed consolidated financial statements for the six months ended 30 September 2007.

The Group’s external auditors, Deloitte Touche Tohmatsu, have reviewed the unaudited condensed consolidated financial statements for the six months ended 30 September 2007 of the Company in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, and Hong Kong Accounting Standard 34, “Interim Financial Reports”, both of which were issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The Remuneration Committee consisted of five members, of whom three were INEDs and the other two – (Mr. Ting Ka Yu, Stephen and Mr. Tung Chuen Cheuk) were Executive Directors. Full details of the Remuneration Committee, including its functions and terms of reference, can be found at <http://www.nextmedia.com>.

INTERNAL CONTROL

The Board acknowledges its responsibility to maintain sound and effective internal controls to safeguard the Group's assets and shareholders' interests. Monthly management meetings are held to review the Company's financial performance and strategic planning objectives. Stringent internal control policies and procedures are in place to ensure that transactions are carried out with proper approval by the senior management. The Board conducts half-year reviews of its internal control systems, particularly in the areas of financial reporting, operational controls, compliance and risk management, with the involvement of the Audit Committee and assistance of the external auditors. The Board has engaged professional firms to enhance its corporate governance framework further – in terms of all material controls, including financial, operational and compliance controls and risk management – and to conduct review of the effectiveness of the Group's internal control system since the 2006/07 financial year.

INVESTOR RELATIONS

The Company has provided various channels to communicate with its shareholders and investors. It disseminates information in a timely manner through the publication of press releases, formal announcements and corporate documents. The Company's annual general meeting provides a forum for Board members and shareholders to exchange opinions and ideas. The Company's 2007 Annual General Meeting was held on 30 July 2007, during which all resolutions taken were voted on by poll and the result of each poll was subsequently published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

Investors and shareholders can obtain updated information about the Group via the Company's website. They can also communicate directly with the Company by sending correspondence marked "for the attention of the Company Secretary" to the Company's registered office address, or via its designated investor relations e-mail account at: ir@nextmedia.com.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE “CODE”)

During the six months ended 30 September 2007, the Company fully complied with the applicable provisions of the Code, except for the following deviation:

Code provision E.1.2

Under Code provision E.1.2, the Chairman of the Board shall attend the Company’s annual general meeting.

Mr. Lai was unable to attend the 2007 Annual General Meeting held on 30 July 2007 as he had another business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Following specific enquiries by the Company, all its Directors have confirmed that they fully complied with the required standard of the Model Code throughout the period under review.

Directors

Lai Chee Ying, Jimmy (Chairman)
Ting Ka Yu, Stephen
Ip Yut Kin
Tung Chuen Cheuk
Yeh V-Nee*
Fok Kwong Hang, Terry*
Kao Kuen, Charles*
* Independent Non-executive Directors

Authorized Representatives

Ting Ka Yu, Stephen
Tung Chuen Cheuk

Company Secretary

Wong Shuk Ha, Cat

Auditors

Deloitte Touche Tohmatsu

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
The Shanghai Commercial & Savings Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
Fortis Bank
China Construction Bank (Asia) Corporation Limited

Legal Advisors

Simmons & Simmons
Deacons
Richards Butler

Registered Office

8 Chun Ying Street
Tseung Kwan O Industrial Estate West
Tseung Kwan O
New Territories
Hong Kong

**Share Registrars and
Transfer Office**

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F., Hopewell Centre
183 Queen's Road East
Hong Kong

Shareholders' Enquiries

For additional information, please contact the Company Secretary by mail to the Company's registered office address or by fax at (852) 2247 4154 or by e-mail at ir@nextmedia.com

Website

<http://www.nextmedia.com>

Share Information

As at 30 September 2007

Shareholders of Ordinary Shares

– Mr. Lai Chee Ying, Jimmy (“Mr. Lai”)	74.06%
– Directors other than Mr. Lai	0.76%
– Others	25.18%

Authorised Share Capital

HK\$4,600,000,000
4,600,000,000 Ordinary Shares at HK\$1.00 each

Issued Share Capital

HK\$2,411,828,881

Share Options for Ordinary Shares granted under the 2000 Share Option Scheme of the Company and remaining unexpired

– at an exercise price of HK\$1.670 each	2,942,000 Option Shares
– at an exercise price of HK\$3.325 each	1,000,000 Option Shares
– at an exercise price of HK\$3.102 each	18,850,000 Option Shares
– at an exercise price of HK\$2.784 each	600,000 Option Shares
– at an exercise price of HK\$2.600 each	3,500,000 Option Shares
– at an exercise price of HK\$2.760 each	400,000 Option Shares

Market Capitalisation

– at HK\$2.20 per Ordinary Share (closing price on 28 September 2007)	HK\$5.31 billion
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Stock Code

– The Stock Exchange of Hong Kong Limited Main Board	282
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Board Lot

2,000 Ordinary Shares

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2007, the Directors and the Chief Executive of the Company and their associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules:

(a) Interests in the Company

The table below sets out the long positions in the shares and underlying shares of each Director and the Chief Executive of the Company:

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Mr. Lai	1,720,594,935 (Note 3)	–	1,000,000	64,538,230	–	1,786,133,165	74.06
Mr. Ting Ka Yu, Stephen	90,314	–	–	–	5,118,000 (Note 1)	5,208,314	0.22
Mr. Ip Yut Kin	10,200,377	2,630,000	–	–	–	12,830,377	0.53
Mr. Tung Chuen Cheuk	3,472,800	30,000	–	–	3,000,000 (Note 1)	6,502,800	0.27
Mr. Yeh V-Nee	300,000	–	–	–	–	300,000	0.01
Mr. Fok Kwong Hang, Terry	1,500,000	–	–	–	–	1,500,000	0.06

(b) Interests in Associated Corporations

The table below sets out the long positions in underlying shares of the Company's associated corporations (within the meaning of Part XV of the SFO) of each Director and the Chief Executive of the Company:

Apple Daily Publication Development Limited ("ADPDL")

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Mr. Ting Ka Yu, Stephen	100,000 (Note 3)	–	–	–	–	100,000	0.94
Mr. Ip Yut Kin	100,000 (Note 3)	–	–	–	100,000 (Note 2)	200,000	1.87
Mr. Tung Chuen Cheuk	50,000 (Note 3)	–	–	–	–	50,000	0.47

Notes:

- (1) These interests represented the share options granted by the Company under its 2000 Share Option Scheme to these Directors as beneficial owners, the details of which are set out in the section headed "Share Options".
- (2) These interests represented the share options granted by ADPDL under its 2002 Share Option Scheme to the Director as beneficial owner, the details of which are set out in the section headed "Share Options".
- (3) These interests represented the shares of ADPDL issued pursuant to the exercise of the share options granted under the 2007 Subsidiary Share Option Scheme (as defined below) of ADPDL during the period, the details of which are set out in the section headed "Share Options".

Save as disclosed above and as disclosed in the section headed "Discloseable Interests and Short Positions of Shareholders under the SFO" below, none of the Directors and the Chief Executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2007.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 September 2007, the following person (other than a person who is a Director or Chief Executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Number of shares/ underlying shares held	Percentage of issued share capital
Li Wan Kam, Teresa	1,786,133,165 (Note)	74.06

Note: These represent the same total number of shares held by Mr. Lai as disclosed in the section headed "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures". Ms. Li Wan Kam, Teresa, is the spouse of Mr. Lai and is deemed to be interested in these shares.

Save as disclosed above, the Company had not been notified of any other person (other than Directors or the Chief Executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 September 2007.

SHARE OPTIONS**(a) Share Option Schemes of the Company**

The Company adopted a share option scheme on 29 December 2000 (the "2000 Share Option Scheme") and amended its terms on 31 July 2002 to comply with the requirements under Chapter 17 of the Listing Rules. Upon adoption of the 2007 Share Option Scheme (as defined below), the operation of the 2000 Share Option Scheme was terminated. However, options granted under the 2000 Share Option Scheme that remained unexpired shall continue to be exercisable in accordance with their terms of issue.

On 30 July 2007, the Company adopted a new share option scheme (the "2007 Share Option Scheme") with terms that complied with the requirements under Chapter 17 of the Listing Rules. During the period ended 30 September 2007, no options were granted, exercised or cancelled in relation to the 2007 Share Option Scheme.

Details of the outstanding share options granted under the 2000 Share Option Scheme as at 30 September 2007 are as follows:

2000 Share Option Scheme

Name or category of Participant/s	No. of options as at 01/04/2007	Date of grant	Exercise price per share	Exercisable period	Outstanding as at 30/09/2007
Directors					
Ting Ka Yu, Stephen	1,618,000	18/03/2002	HK\$1.67	19/03/2003-28/12/2010	1,618,000
	3,500,000	25/01/2007	HK\$2.60	26/01/2008-28/12/2010	3,500,000
Tung Chuen Cheuk	3,000,000	06/12/2006	HK\$3.102	07/12/2007-28/12/2010	3,000,000
Employees					
In aggregate	1,324,000	18/03/2002	HK\$1.670	19/03/2003-28/12/2010	1,324,000
	1,000,000	24/08/2005	HK\$3.325	25/08/2006-28/12/2010	1,000,000
	15,850,000	06/12/2006	HK\$3.102	07/12/2007-28/12/2010	15,850,000
	600,000	08/01/2007	HK\$2.784	09/01/2008-28/12/2010	600,000
	400,000	09/03/2007	HK\$2.760	10/03/2008-28/12/2010	400,000
Total outstanding					27,292,000

No options were granted, exercised, lapsed or cancelled under the 2000 Share Option Scheme of the Company during the period.

The options granted under the 2000 Share Option Scheme (except the 1 million options granted on 6 December 2006) vest as follows:

On the first anniversary of the date of grant	30% vested
On the second anniversary of the date of grant	Further 30% vested
On the third anniversary of the date of grant	Remaining 40% vested

The 1 million options granted under the 2000 Share Option Scheme on 6 December 2006 vest as follows:

On the first anniversary of the date of grant	20% vested
On the second anniversary of the date of grant	Further 20% vested
On the third anniversary of the date of grant	Further 20% vested
The seven-month period after the third anniversary of the date of grant	Remaining 40% vested

(b) Subsidiary Share Option Schemes

On 31 July 2002, ADPDL and Next Media Publishing Limited (“NMPL”), two subsidiaries of the Company, both adopted a share option scheme (together the “2002 Subsidiary Share Option Schemes”), which complied with the requirements under Chapter 17 of the Listing Rules.

On 28 July 2004, the shareholders of ADPDL and the shareholders of the Company approved the refreshment of the mandate limit of the ADPDL 2002 share option scheme up to a new 10% limit.

On 30 July 2007, ADPDL and NMPL both adopted a new share option scheme (together known as the “2007 Subsidiary Share Option Schemes”), the terms of which complied with the requirements under Chapter 17 of the Listing Rules. Upon adoption of the 2007 Subsidiary Share Option Schemes, the operation of the 2002 Subsidiary Share Option Schemes was terminated. However, options granted under the 2002 Subsidiary Option Schemes that remained unexpired shall continue to be exercisable in accordance with their terms of issue.

The tables below set out movements in the share options under the Subsidiary Share Option Schemes during the period under review:

ADPDL 2002 Subsidiary Share Option Scheme

Name or category of participant/s	No. of options as at 01/04/2007	No. of options granted during the period	Date of grant	Exercise price per share	Exercisable period	No. of options cancelled during the period	Outstanding as at 30/09/2007
Directors							
Ting Ka Yu, Stephen	50,000	–	22/01/2003	(Note)	Not yet determined	50,000	–
	25,000	–	26/03/2003	(Note)	Not yet determined	25,000	–
	25,000	–	11/01/2003	(Note)	Not yet determined	25,000	–
Ip Yut Kin	100,000	–	22/01/2003	(Note)	Not yet determined	100,000	–
	50,000	–	26/01/2004	(Note)	Not yet determined	–	50,000
	50,000	–	11/01/2006	(Note)	Not yet determined	–	50,000
Tung Chuen Cheuk	50,000	–	26/03/2003	(Note)	Not yet determined	50,000	–
Employees							
In aggregate	205,000	–	08/01/2003	(Note)	Not yet determined	205,000	–
	50,000	–	26/03/2003	(Note)	Not yet determined	50,000	–
	50,000	–	23/04/2003	(Note)	Not yet determined	50,000	–
	25,000	–	05/11/2003	(Note)	Not yet determined	25,000	–
	50,000	–	19/04/2004	(Note)	Not yet determined	50,000	–
	40,000	–	28/12/2005	(Note)	Not yet determined	40,000	–
In aggregate and total outstanding							100,000

2007 Subsidiary Share Option Scheme

Name or category of participant/s	No. of options as at 01/04/2007	No. of options granted during the period	Date of grant	Exercise price per share	Exercisable period	No. of options exercised during the period	Outstanding as at 30/09/2007
Directors							
Ting Ka Yu, Stephen	–	100,000	04/08/2007	HK\$0.01	20/08/2007–09/09/2007	100,000	–
Ip Yut Kin	–	100,000	04/08/2007	HK\$0.01	20/08/2007–09/09/2007	100,000	–
Tung Chuen Cheuk	–	50,000	04/08/2007	HK\$0.01	20/08/2007–09/09/2007	50,000	–
Employees							
In aggregate	–	420,000	04/08/2007	HK\$0.01	20/08/2007–09/09/2007	420,000	–
In aggregate and total outstanding							Nil

NMPL

2002 Subsidiary Share Option Scheme

Name or category of participant/s	No. of options as at 01/04/2007	No. of options granted during the period	Date of grant	Exercise price per share	Exercisable period	No. of options lapsed during the period	No. of options cancelled during the period	Outstanding as at 30/09/2007
Employees								
In aggregate	75,000	–	08/01/2003	(Note)	Not yet determined	75,000	–	–
	100,000	–	12/01/2004	(Note)	Not yet determined	–	100,000	–
	175,000	–	03/01/2005	(Note)	Not yet determined	–	175,000	–
In aggregate and total outstanding								Nil

2007 Subsidiary Share Option Scheme

Name or category of participant/s	No. of options as at 01/04/2007	No. of options granted during the period	Date of grant	Exercise price per share	Exercisable period	No. of options exercised during the period	Outstanding as at 30/09/2007
Employees							
In aggregate	–	275,000	04/08/2007	HK\$0.01	20/08/2007–09/09/2007	275,000	–
In aggregate and total outstanding							Nil

Note: The exercise price shall be the higher of (i) such amount representing not more than four times the "Latest Earnings Per Share" as defined in the 2002 Subsidiary Share Option Schemes and (ii) the nominal value of a share of the Subsidiary. For any option granted during the period commencing six months before the lodgement of an application with the relevant stock exchange for the listing and at any time thereafter, the subscription price of a share shall not be less than the higher of (i) the issue price of a share at the listing; (ii) such amount representing not more than four times the "Latest Earnings Per Share" as defined in the 2002 Subsidiary Share Option Schemes, and (iii) the nominal value of a share of the Subsidiary.

No options were granted or exercised in relation to the 2002 Subsidiary Share Option Schemes during the period.

The Company has assessed the fair value of the share options granted under the 2007 Subsidiary Share Option Schemes during the six months ended 30 September 2007 by using the Black-Scholes Model. This is an appropriate method to assess the fair value of an option which can be exercised before the expiry of the option period.

The assumptions in the calculation are:

Risk free rate	4.371% per annum
Expected volatility	32.73% per annum
Expected dividend yield	0% per annum
Weighted expected term	5 years

According to the valuation, the value of the share options granted on 4 August 2007 was HK\$208,000 for ADPDL and HK\$1,843,000 for NMPL, respectively, and an amount of HK\$2,051,000 was therefore recognized in the income statement for the six months ended 30 September 2007.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the percentage of the Shares in public hands exceed 25% as at 30 September 2007, the latest practicable date to ascertain such information prior to the issue of this interim report.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2007.

By order of the Board

Ting Ka Yu, Stephen

Director

Hong Kong, 17 December 2007

Condensed Consolidated Income Statement

For the six months ended 30 September 2007

	NOTES	Six months ended 30 September	
		2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Revenue	3	1,707,713	1,636,286
Production costs			
Cost of materials consumed		(639,578)	(623,416)
Other overheads		(73,547)	(76,406)
Staff costs		(333,004)	(334,356)
Other income	3	26,809	20,117
Administrative expenses			
Staff costs excluding direct production staff costs		(209,244)	(194,036)
Depreciation of property, plant and equipment		(67,026)	(68,340)
Other administrative expenses		(145,994)	(157,425)
Finance costs	5	(8,785)	(3,845)
Profit before tax		257,344	198,579
Income tax expense	6	(41,856)	(40,824)
Profit for the period	7	215,488	157,755
Attributable to:			
Equity holders of the parent		215,488	157,755
Minority interests		–	–
		215,488	157,755
Dividends	9	422,070	300,729
Earnings per share	10		
Basic		HK9.0 cents	HK10.6 cents
Diluted		HK9.0 cents	HK6.5 cents

Condensed Consolidated Balance Sheet

At 30 September 2007

	NOTES	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
NON-CURRENT ASSETS			
Intangible assets		1,300,881	1,300,881
Property, plant and equipment	11	1,542,455	1,571,665
Prepaid lease payments	12	69,642	70,541
Deferred tax assets		4,741	4,014
Deposit for acquisition of property, plant and equipment		8,334	5,442
		2,926,053	2,952,543
CURRENT ASSETS			
Inventories		171,766	202,739
Trade and other receivables	14	656,790	575,908
Prepaid lease payments	12	1,797	1,797
Derivative financial instruments		94	746
Restricted bank balances	13	5,411	5,411
Bank balances and cash		694,320	862,283
		1,530,178	1,648,884
CURRENT LIABILITIES			
Trade and other payables	15	560,905	485,700
Borrowings	17	144,228	127,186
Obligations under finance leases	16	932	887
Tax liabilities		47,955	21,534
		754,020	635,307
NET CURRENT ASSETS		776,158	1,013,577
TOTAL ASSETS LESS CURRENT LIABILITIES		3,702,211	3,966,120
NON-CURRENT LIABILITIES			
Borrowings	17	214,040	285,352
Obligations under finance leases	16	382	718
Retirement benefits obligations		19,115	18,340
Deferred tax liabilities		302,672	304,887
		536,209	609,297
NET ASSETS		3,166,002	3,356,823
CAPITAL AND RESERVES			
Share capital	18	2,411,829	2,411,829
Reserves		754,130	944,956
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		3,165,959	3,356,785
MINORITY INTERESTS		43	38
TOTAL EQUITY		3,166,002	3,356,823

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2007

	Attributable to equity holders of the parent								
	Share capital	Share premium	Translation reserve	Share option reserve	Retained profits (accumulated losses)	Total	Share option reserve of subsidiaries	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006 (audited)	3,101,643	228,140	19,773	1,540	46,441	3,397,537	-	2,060	3,399,597
Exchange differences arising on translation of foreign operations and recognised directly in equity	-	-	(20,746)	-	-	(20,746)	-	-	(20,746)
Profit for the period	-	-	-	-	157,755	157,755	-	-	157,755
Total recognised income and expense for the period	-	-	(20,746)	-	157,755	137,009	-	-	137,009
Employee share option benefits	-	-	-	3,691	-	3,691	-	-	3,691
Dividends	-	-	-	-	(268,529)	(268,529)	-	-	(268,529)
Exercise of share options	186	124	-	-	-	310	-	-	310
At 30 September 2006 and 1 October 2006 (unaudited)	3,101,829	228,264	(973)	5,231	(64,333)	3,270,018	-	2,060	3,272,078
Exchange differences arising on translation of foreign operations and recognised directly in equity	-	-	(8,566)	-	-	(8,566)	-	-	(8,566)
Profit (loss) for the period	-	-	-	-	186,680	186,680	-	(2,022)	184,658
Total recognised income and expense for the period	-	-	(8,566)	-	186,680	178,114	-	(2,022)	176,092
Employee share option benefits	-	-	-	5,126	-	5,126	-	-	5,126
Dividends	-	-	-	-	(96,473)	(96,473)	-	-	(96,473)
Conversion of preferences shares	(690,000)	690,000	-	-	-	-	-	-	-
At 31 March 2007 and 1 April 2007 (audited)	2,411,829	918,264	(9,539)	10,357	25,874	3,356,785	-	38	3,356,823
Exchange differences arising on translation of foreign operations and recognised directly in equity	-	-	7,050	-	-	7,050	-	-	7,050
Profit for the period	-	-	-	-	215,488	215,488	-	-	215,488
Total recognised income and expense for the period	-	-	7,050	-	215,488	222,538	-	-	222,538
Dividends	-	-	-	-	(422,070)	(422,070)	-	-	(422,070)
Minority shareholder's share of loss previously not recognised	-	-	-	-	2,056	2,056	-	(2,056)	-
Employee share option benefits	-	-	-	6,650	-	6,650	2,051	-	8,701
Exercise of share options of subsidiaries	-	-	-	-	-	-	(2,051)	2,051	-
Capital contribution from minority interests	-	-	-	-	-	-	-	10	10
At 30 September 2007 (unaudited)	2,411,829	918,264	(2,489)	17,007	(178,652)	3,165,959	-	43	3,166,002

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2007

	Six months ended 30 September	
	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Net cash from operating activities	335,308	250,146
Net cash used in investing activities		
Acquisition of property, plant and equipment	(25,472)	(100,946)
Interest income	14,303	8,594
Deposits for purchase of property, plant and equipment	(8,334)	(3,134)
Other investing cash flow	709	1,315
	(18,794)	(94,171)
Net cash used in financing activities		
Dividends paid	(422,070)	(300,729)
Repayments of borrowings	(55,874)	(43,030)
Other financing cash flow	(9,066)	(1,444)
	(487,010)	(345,203)
Net decrease in cash and cash equivalents	(170,496)	(189,228)
Cash and cash equivalents at beginning of the period	862,283	671,033
Effect of foreign exchange rate changes	2,533	(882)
Cash and cash equivalents at end of the period	694,320	480,923
Analysis of cash and cash equivalents		
Bank balances and cash	694,320	480,923

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2007, other than those set out in note 11(b).

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2007. The adoption of these new HKFRSs had no material effect on how the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective standards. The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 12	Service Concession Arrangements ²
HK(IFRIC) – INT 13	Customer Loyalty Programmes ³
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

3. REVENUE AND OTHER INCOME

The Group is engaged in the publication of newspapers, books and magazines, the sales of advertising space in newspapers, books and magazines, the provision of printing and reprographic services, the sales of advertising space on websites, internet subscription and the provision of internet content. Revenue recognised during the period is as follows:

	Six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Revenue		
Sales of newspapers	395,705	385,789
Sales of books and magazines	128,667	137,159
Newspapers advertising income	725,210	694,980
Books and magazines advertising income	301,642	288,660
Printing and reprographic service income	137,120	114,222
Advertising income, internet subscription and content provision ("Internet businesses")	19,369	15,476
	1,707,713	1,636,286
Other income		
Sales of waste materials	10,847	9,960
Interest income on bank deposits	14,303	8,594
Rental income	762	796
Others	897	767
	26,809	20,117
Total	1,734,522	1,656,403

4. SEGMENTAL INFORMATION

The Group's primary format for reporting segment information is business segments. The Group's major business segments and their corresponding regions of operations are summarised below:

Business segments	Regions of operations
Newspapers publication and printing	Hong Kong and Taiwan
Books and magazines publication	Hong Kong and Taiwan
Books and magazines printing	Hong Kong, North America, Europe and Australasia
Internet businesses	Hong Kong and Taiwan

All transactions between the different business segments are charged at market rates.

Six months ended 30 September 2007

	Newspapers publication and printing HK\$'000	Books and magazines publication HK\$'000	Books and magazines printing HK\$'000	Internet businesses HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External sales	1,196,665	430,309	61,370	19,369	–	1,707,713
Inter-segment sales	781	112	85,914	45	(86,852)	–
	1,197,446	430,421	147,284	19,414	(86,852)	1,707,713
RESULTS						
Segment results	189,941	42,668	32,152	(1,214)	–	263,547
Unallocated expenses						(13,380)
Unallocated income						15,962
Finance costs						(8,785)
Profit before tax						257,344
Income tax expense						(41,856)
Profit for the period						215,488

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 September 2007

4. SEGMENTAL INFORMATION – continued

Six months ended 30 September 2006

	Newspapers publication and printing HK\$'000	Books and magazines publication HK\$'000	Books and magazines printing HK\$'000	Internet businesses HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External sales	1,138,669	425,819	56,322	15,476	–	1,636,286
Inter-segment sales	–	–	85,426	–	(85,426)	–
	<u>1,138,669</u>	<u>425,819</u>	<u>141,748</u>	<u>15,476</u>	<u>(85,426)</u>	<u>1,636,286</u>
RESULTS						
Segment results	<u>129,957</u>	<u>36,418</u>	<u>27,702</u>	<u>7,143</u>	–	<u>201,220</u>
Unallocated expenses						(8,953)
Unallocated income						10,157
Finance costs						<u>(3,845)</u>
Profit before tax						198,579
Income tax expense						<u>(40,824)</u>
Profit for the period						<u>157,755</u>

4. SEGMENTAL INFORMATION – continued
Secondary reporting format – geographical segments

	Six months ended 30 September 2007		Six months ended 30 September 2006	
	Revenue HK\$'000	Segment results HK\$'000	Revenue HK\$'000	Segment results HK\$'000
Hong Kong	943,846	158,630	908,468	146,311
Taiwan	722,908	88,175	683,713	37,699
North America	22,998	7,983	25,871	8,512
Europe	11,684	5,698	14,131	6,762
Australasia	4,613	2,250	3,713	1,802
Others	1,664	811	390	134
	1,707,713	263,547	1,636,286	201,220
Unallocated expenses		(13,380)		(8,953)
Unallocated income		15,962		10,157
Finance costs		(8,785)		(3,845)
Profit before tax		257,344		198,579

5. FINANCE COSTS

	Six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Interest expense on bank borrowings wholly repayable within five years	8,764	3,845
Interest expenses on finance lease	21	–
	8,785	3,845

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
The charge comprises:		
Current tax:		
Hong Kong	38,089	37,051
Other jurisdictions	6,670	649
Deferred tax:		
Current period	(2,903)	3,124
	41,856	40,824

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17.5% for both periods.

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 27% (2006: 27%) which is the rates prevailing in the relevant jurisdictions.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting) the following items:		
Allowance for bad and doubtful debt	13,387	11,953
Operating lease expenses on:		
Properties	3,108	2,913
Plant and equipment	6,528	6,100
Depreciation of property, plant and equipment	67,026	68,340
Amortisation of prepaid lease payments (included in administrative expenses)	899	899
(Gain) loss on disposal of property, plant and equipment	(54)	393
Legal and professional fees	25,262	37,201

8. SHARE OPTION SCHEMES

(a) Share Option Schemes adopted by the Company

The Company adopted a share option scheme on 29 December 2000 (the “2000 Share Option Scheme”), which was amended pursuant to an ordinary resolution dated 31 July 2002, and a new share option scheme on 30 July 2007 (the “2007 Share Option Scheme”) respectively. Upon adoption of the 2007 Share Option Scheme, the operation of the 2000 Share Option Scheme was terminated. However, options granted under the 2000 Share Option Scheme, which remained unexpired, shall continue to be exercisable in accordance with their terms of issue. As at 30 September 2007, there were 27,292,000 share options outstanding under the 2000 Share Option Scheme and no share options were granted, exercised or cancelled under the 2007 Share Option Scheme since its adoption.

Details of the share options outstanding under the 2000 Share Option Scheme are as follows:

	30 September 2007	31 March 2007
Number of share options outstanding	27,292,000	27,292,000

(b) Share Option Schemes adopted by certain subsidiaries

Each of Apple Daily Publication Development Limited (“ADPDL”) and Next Media Publishing Limited (“NMPL”) (collectively the “Subsidiaries”), subsidiaries of the Company, adopted two share option schemes (collectively, the “Subsidiary Share Option Schemes”) on 31 July 2002 (the “2002 Subsidiary Share Option Schemes”) and 30 July 2007 (the “2007 Subsidiary Share Option Schemes”) respectively. Under the Subsidiary Share Option Schemes, the Subsidiaries may grant to any of their full-time employees and Directors or employees and Directors of any of their subsidiaries options to subscribe for the respective ordinary shares of ADPDL and NMPL pursuant to the terms as stipulated therein. The number of shares which may be issued upon exercise of all outstanding options granted under the Subsidiary Share Option Schemes and any other share option scheme of the Subsidiaries is limited to 30% of the Subsidiaries’ shares in issue from time to time.

Upon adoption of the 2007 Subsidiary Share Option Schemes, the operation of the 2002 Subsidiary Share Option Schemes was terminated. However, share options granted under the 2002 Subsidiary Share Option Schemes, which remained unexpired, shall continue to be exercisable in accordance with their terms of issue.

8. SHARE OPTION SCHEMES – continued**(b) Share Option Schemes adopted by certain subsidiaries – continued**

Movements in the number of share options granted pursuant to the Subsidiary Share Option Schemes during the period are as follows:

(i) 2002 Subsidiary Share Option Schemes

	Number of options	
	ADPDL	NMPL
At 1 April 2007	770,000	350,000
Cancelled/lapsed during the period	(670,000)	(350,000)
At 30 September 2007	100,000	–

(ii) 2007 Subsidiary Share Option Schemes

	Number of options	
	ADPDL	NMPL
At 1 April 2007	–	–
Granted during the period	670,000	275,000
Exercised during the period	(670,000)	(275,000)
At 30 September 2007	–	–

The Company has used the Black-Scholes Model for assessing the fair value of the share options granted under the 2007 Subsidiary Share Option Schemes during the period, and the Group recognised the total expense of HK\$2,051,000 for the period ended 30 September 2007 (2006: Nil) in relation to share options granted by the Subsidiaries.

9. DIVIDENDS

	Six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Ordinary shares:		
Final dividend for 2006/07 – HK8.5 cents (2005/06: HK18.0 cents) per share	205,005	268,529
Special dividend for 2006/07 – HK9.0 cents (2005/06: Nil) per share	217,065	–
	422,070	268,529
Preference shares:		
Preference shares dividend for 2006/07 – Nil (2005/06: HK3.5 cents) per share	–	32,200
	422,070	300,729

Interim dividend proposed and declared after the balance sheet date of the interim period:

	Six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Ordinary shares:		
Interim dividend for 2007/08 – HK5.0 cents (2006/07: HK4.0 cents) per share	120,591	96,473

Special dividend for 2005/06 – HK25.0 cents per share was paid in January 2006.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share for the period	215,488	157,755
	No. of shares	No. of shares
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,411,828,881	1,486,568,787
Effect of dilutive potential ordinary shares:		
Share options	994,891	3,243,356
Convertible preference shares	–	920,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,412,823,772	2,409,812,143

11. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
COST	
At 1 April 2007	2,369,063
Currency realignment	10,297
Additions	30,914
Disposals	(3,214)
At 30 September 2007	2,407,060
ACCUMULATED DEPRECIATION	
At 1 April 2007	797,398
Currency realignment	2,740
Charge for the period	67,026
Eliminated on disposals	(2,559)
At 30 September 2007	864,605
CARRYING VALUES	
At 30 September 2007	1,542,455
At 31 March 2007	1,571,665

Notes:

- (a) The carrying amount of the Group's property, plant and equipment includes an amount of HK\$1,104,000 (At 31 March 2007: HK\$1,452,000) in respect of assets held under finance leases.
- (b) Pursuant to the lease agreements dated 25 May 1999 and 22 December 1999 with Hong Kong Science and Technology Parks Corporation ("HKSTP") (formerly known as "The Hong Kong Industrial Estates Corporation"), the buildings situated in Hong Kong are solely used for the publishing and printing of newspapers, magazines, directories and books. The Group's interests in the properties are transferable subject to the right of first refusal to purchase by HKSTP.

Since the use of the properties in Hong Kong is restricted to specific industry and the properties are not freely transferable in the market, the Directors have considered that measuring these properties using the cost model would result in a more appropriate presentation. The Group has changed its measurement of these properties from revaluation model to cost model in the current period. The change in measurement had no material effect on the results or financial position of the Group for the current or prior accounting periods.

12. PREPAID LEASE PAYMENTS

	HK\$'000
<hr/>	
COST	
At 1 April 2007 and 30 September 2007	76,259
<hr/>	
AMORTISATION AND IMPAIRMENT LOSS	
At 1 April 2007	3,921
Charge for the period	899
<hr/>	
At 30 September 2007	4,820
<hr/>	
CARRYING VALUES	
At 30 September 2007	71,439
<hr/>	
At 31 March 2007	72,338
<hr/>	

Leasehold land situated in Hong Kong is amortised on a straight line basis over the lease terms of 50 years.

Analysed as:

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Non-current assets	69,642	70,541
Current assets	1,797	1,797
<hr/>		
	71,439	72,338
<hr/>		

13. RESTRICTED BANK BALANCES

The amount was restricted for the use of settling certain debts and claims as stipulated as part of a share capital reduction exercise carried out in the year ended 31 March 2003.

14. TRADE AND OTHER RECEIVABLES

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Trade receivables, net	598,882	510,389
Prepayments	18,987	22,085
Rental and other deposits	17,889	21,318
Others	21,032	22,116
	656,790	575,908

The Group's sales are made on credit terms of 7 to 120 days.

The following is an aged analysis of trade receivables net of impairment losses allowance at the balance sheet date:

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
0 – 1 month	258,757	238,372
1 – 3 months	319,070	232,882
Over 3 months	21,055	39,135
	598,882	510,389

15. TRADE AND OTHER PAYABLES

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Trade payables	145,936	150,124
Other payables	414,969	335,576
	560,905	485,700

The following is an aged analysis of the trade payables at the balance sheet date:

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
0 – 1 month	104,544	107,286
1 – 3 months	28,774	29,584
Over 3 months	12,618	13,254
	145,936	150,124

16. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	30 September	31 March	30 September	31 March
	2007	2007	2007	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases:				
Within one year	1,002	939	932	887
In more than one year but not more than two years	438	751	382	664
In more than two years but not more than three years	–	63	–	54
	1,440	1,753	1,314	1,605
Less: future finance charges	(126)	(148)	–	N/A
Present value of lease obligations	1,314	1,605	1,314	1,605
Less: Amount due for settlement within twelve months (shown under current liabilities)			(932)	(887)
Amount due for settlement after twelve months			382	718

17. BORROWINGS

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Secured bank loans (Note)	358,268	412,538

An analysis of the above is as follows:

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Secured bank loans repayable		
– within one year	144,228	127,186
– in the second year	117,380	140,149
– in the third year	64,660	81,203
– in the fourth year	32,000	64,000
	358,268	412,538
Less: Current portion	(144,228)	(127,186)
Non-current portion	214,040	285,352

During the period, the Group has repaid a bank loan amounting to HK\$55.9 million.

Note:

At 30 September 2007, the Group's banking facilities were secured by the following:

- Certain of the Group's freehold land and buildings situated outside Hong Kong with an aggregate carrying value of approximately HK\$661.1 million (At 31 March 2007: HK\$657.8 million); and
- Certain of the Group's plant and machinery with an aggregate carrying value of approximately HK\$326.4 million (At 31 March 2007: HK\$324.0 million).

18. SHARE CAPITAL

	Authorised			
	2% convertible non-voting, non-cumulative, preference shares ("Preference shares")		Ordinary shares	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Preference shares of HK\$1.75 each and ordinary shares of HK\$1.00 each				
At 1 April 2006 and 1 April 2007	1,160,000,000	2,030,000	2,570,000,000	2,570,000
Alteration of the authorised share capital on 30 July 2007	(1,160,000,000)	(2,030,000)	2,030,000,000	2,030,000
At 30 September 2007	–	–	4,600,000,000	4,600,000
	Issued and fully paid			
	Preference shares		Ordinary shares	
	No. of shares	HK\$'000	No. of shares	HK\$'000
At 1 April 2006	920,000,000	1,610,000	1,491,643,281	1,491,643
Conversion of preference shares	(920,000,000)	(1,610,000)	920,000,000	920,000
Exercise of share options	–	–	185,600	186
At 31 March 2007, 1 April 2007 and 30 September 2007	–	–	2,411,828,881	2,411,829

19. CONTINGENCIES

Contingent liabilities

As at 30 September, 2007, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

In addition, the Group had a dispute with UDL Contracting Limited (“UDL”) as contractor for the construction of a printing facility of a subsidiary of the Company, Apple Daily Printing Limited (“ADPL”), over amounts payable in respect of the construction of the facility. As this dispute is now under arbitration, the final outcome remains uncertain.

During the period, UDL has taken a separate legal action by filing the writ with indorsement of claim dated 8 June 2007 with the High Court against ADPL and Mr. Lai Chee Ying, Jimmy (“Mr. Lai”) in respect of the above claim. A judgement in default of notice of intention to defend was entered against ADPL on 27 June, 2007 (the “Judgement”), and a statutory demand was served by UDL on ADPL for the sum of approximately HK\$162 million plus interest on 28 June 2007. ADPL’s application for a stay of execution was issued and heard on 3 July 2007. Upon the undertaking by UDL’s solicitors not to enforce the Judgement until the final determination of ADPL’s application to set aside the Judgement, the application for a stay was adjourned sine die with liberty to restore. UDL’s solicitors have also confirmed that they will not take steps to seek liquidation of ADPL until the final determination of ADPL’s application to set aside the Judgement which has fixed to take place on 3 January 2008.

Other than the legal and professional expenses which have been accrued in other payables, amounting to HK\$109,142,000 (At 31 March 2007: HK\$85,238,000) in note 15, no provision has been recognised in respect of the above mentioned outstanding legal proceedings as the Directors are of the opinion that the claims can be successfully defended by the Group.

Guarantees

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the “Acquired Group”) on 26 October 2001, Mr. Lai, Chairman and a major shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third party claims made against the Acquired Group on and before 26 October 2001, (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001 and (3) the contractor dispute with UDL (the “Indemnity”). In relation to the Indemnity, Mr. Lai also procured a bank guarantee of HK\$60,000,000 for a term of three years from 26 October 2001 and renewed on 25 October 2007 for another three years in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors of the Company are of the opinion that it is not probable that the Group would be required to make any payments to the claimants upon eventual settlement of these proceedings and hence there would not be any adverse material impact on the financial position of the Group.

20. COMMITMENTS

(a) Capital commitments in respect of the acquisition of property, plant and equipment

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Authorised but not contracted for	66	15
Contracted but not provided for	9,174	8,869
	9,240	8,884

(b) Commitments under operating leases

At 30 September 2007, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 September 2007			31 March 2007		
	Plant and		Total	Plant and		Total
	Properties	equipment		Properties	equipment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	3,197	11,132	14,329	4,377	7,204	11,581
In the second to fifth years inclusive	708	7,354	8,062	894	5,917	6,811
	3,905	18,486	22,391	5,271	13,121	18,392

Leases are negotiated for an average term of 2 years and rentals are fixed during lease period.

Report on Review of Interim Financial Information



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TO THE BOARD OF DIRECTORS OF NEXT MEDIA LIMITED

壹傳媒有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 33 to 55, which comprises the condensed consolidated balance sheet of Next Media Limited as of 30 September 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17 December 2007