

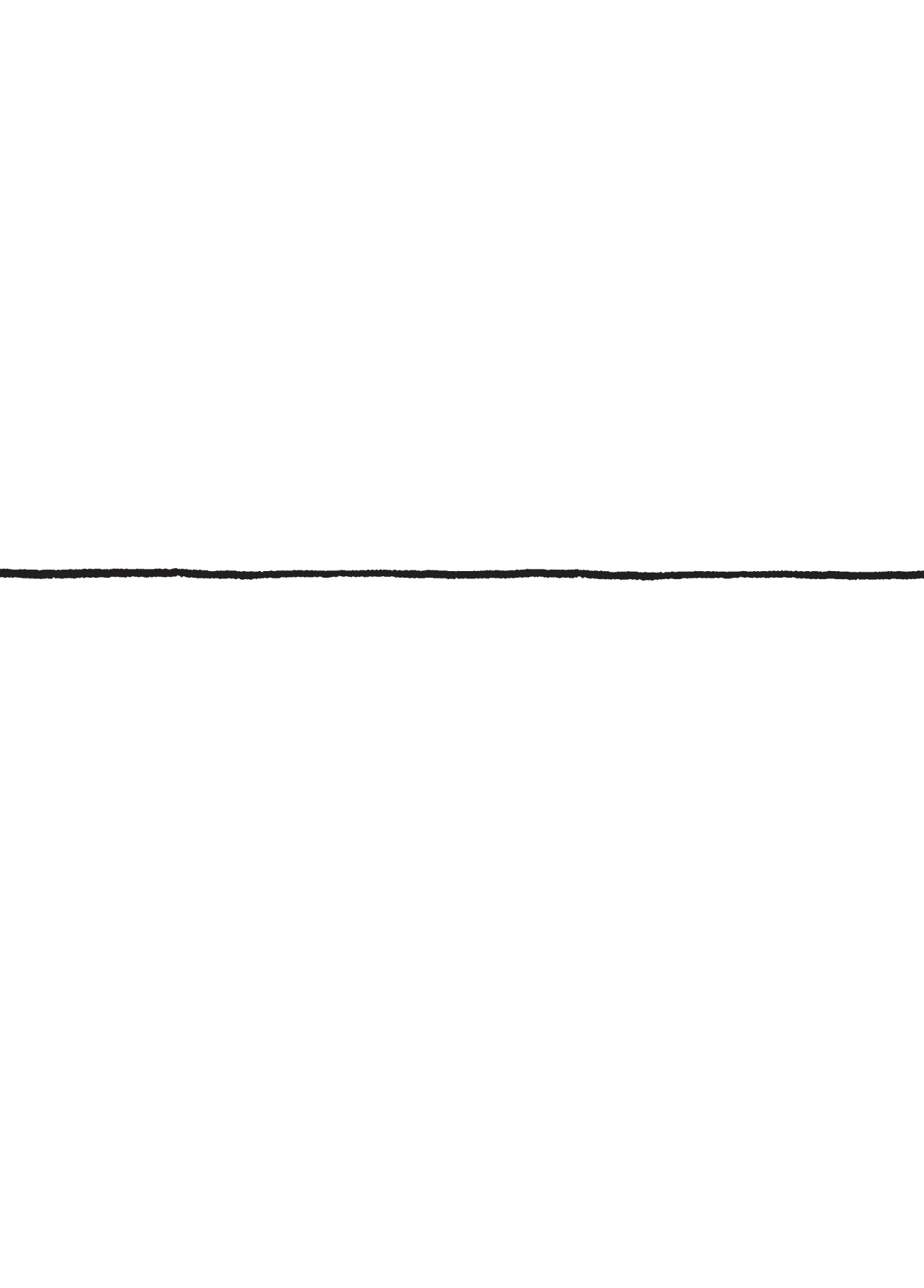
next

NEXTmedia

Next Media Limited

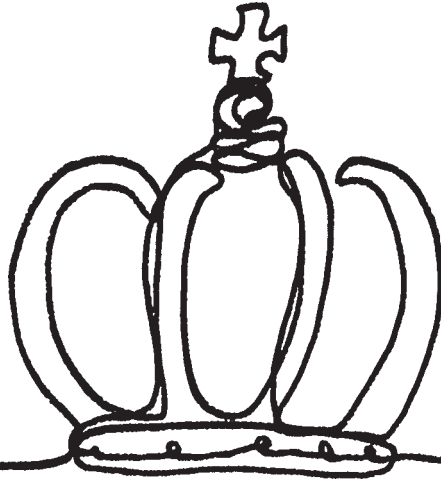
Interim Report 2008/09

Stock Code: 00282



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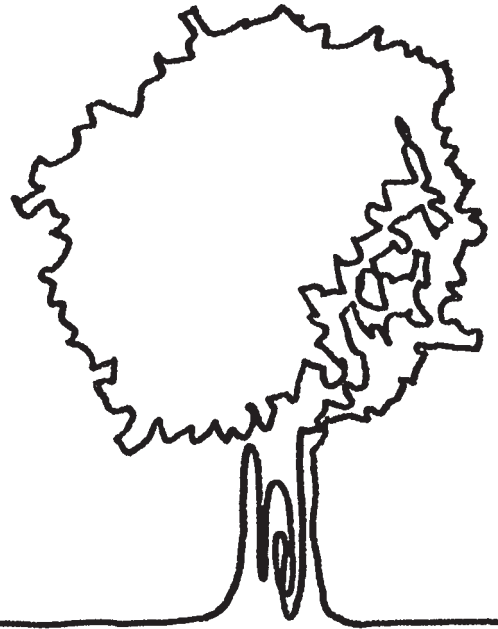
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Media empire

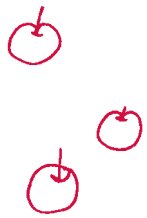
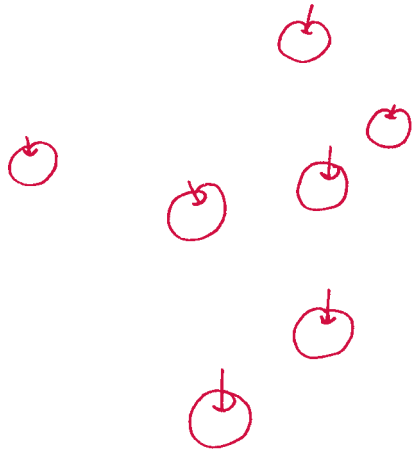
Next Media is extending its horizons beyond traditional print media. The Group is now engaged in developing new products and services, including internet TV, news animation and online forums.

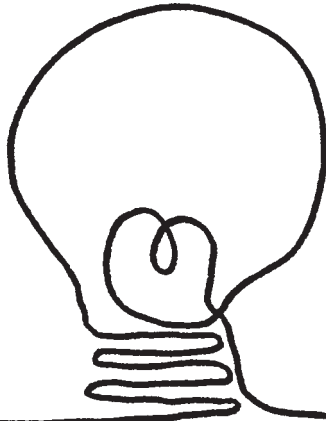




Building **on firm** **foundations**

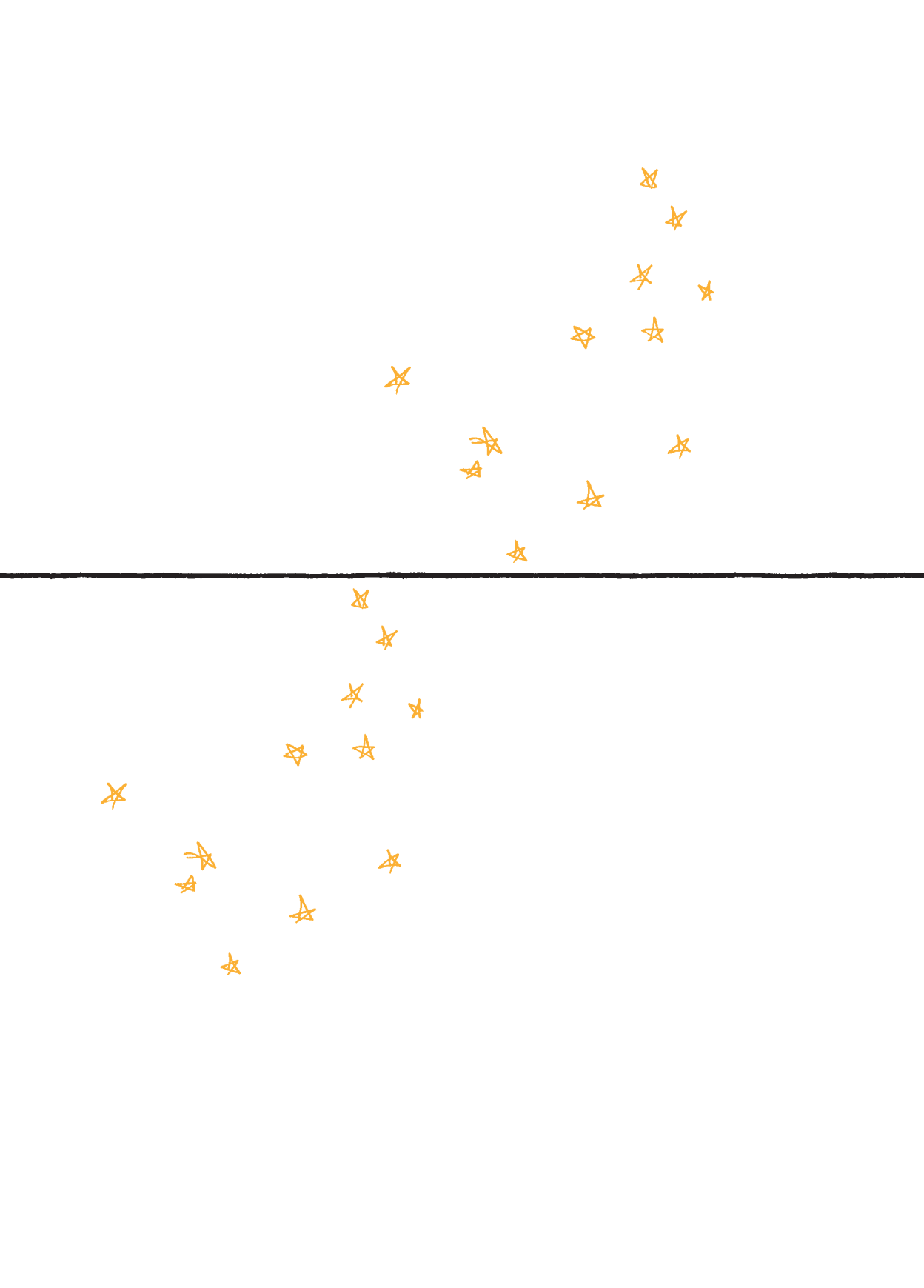
Next Media continued to achieve satisfactory results. These have been made possible by the powerful leading positions we have secured in various sectors of the Hong Kong and Taiwan print media industries.

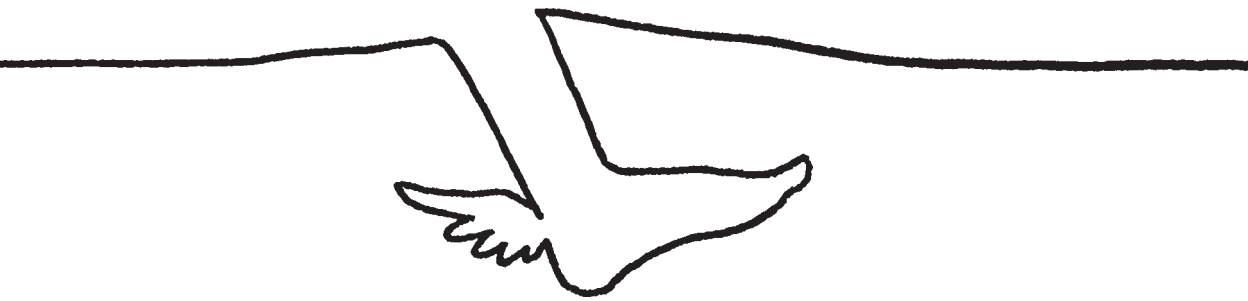


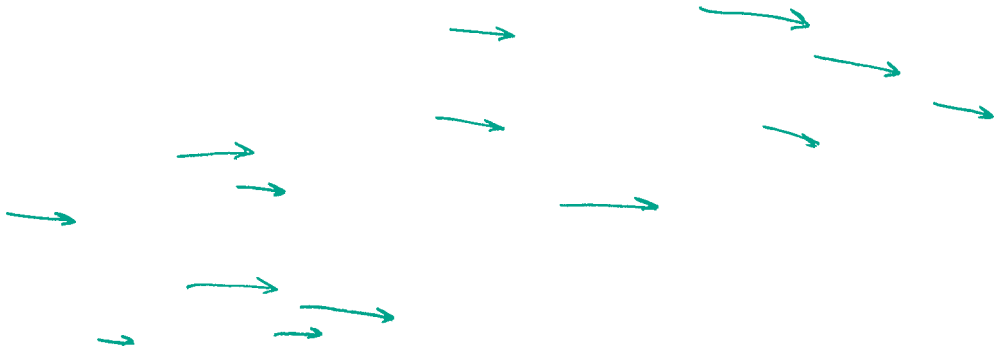


Ever vigilant

The Group closely watches developments in the industry and the broader business environment. This enables us to anticipate emerging trends and fine-tune our strategies to meet each new challenge as it arises.

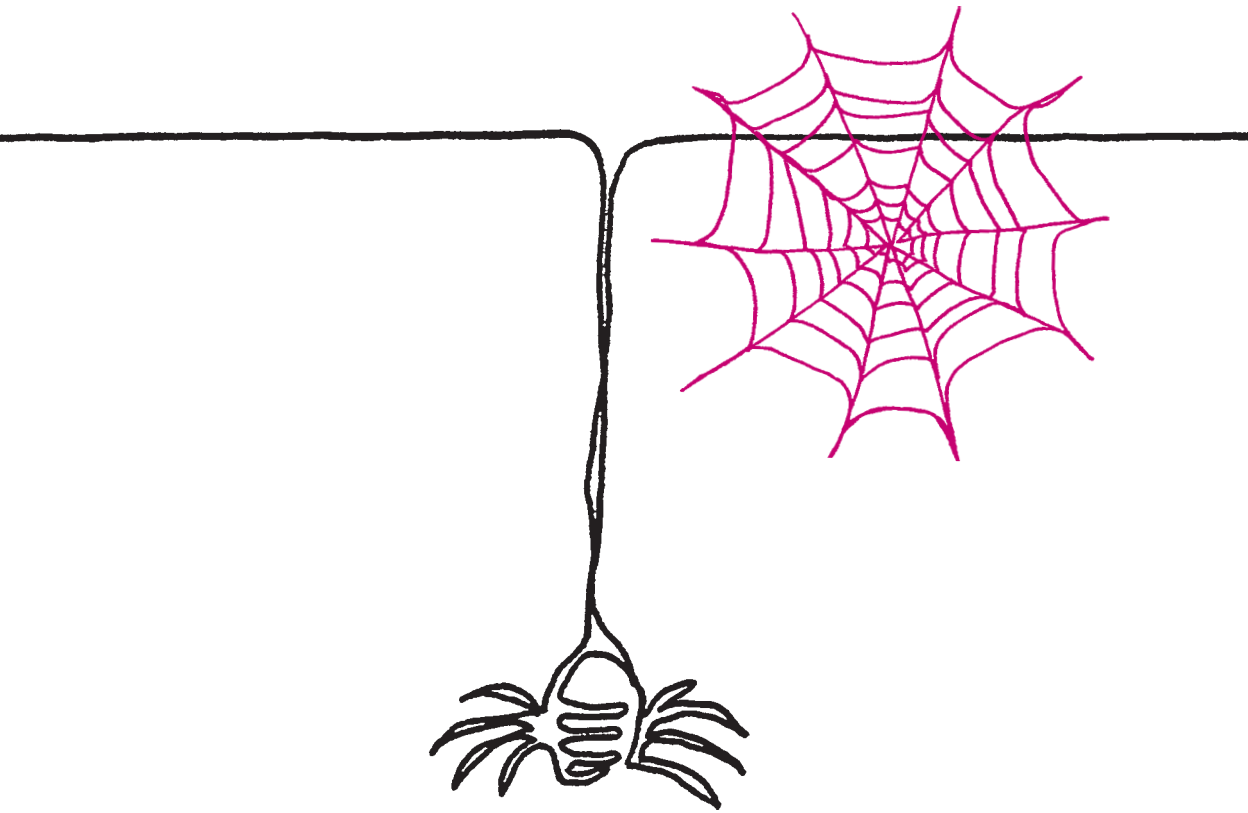






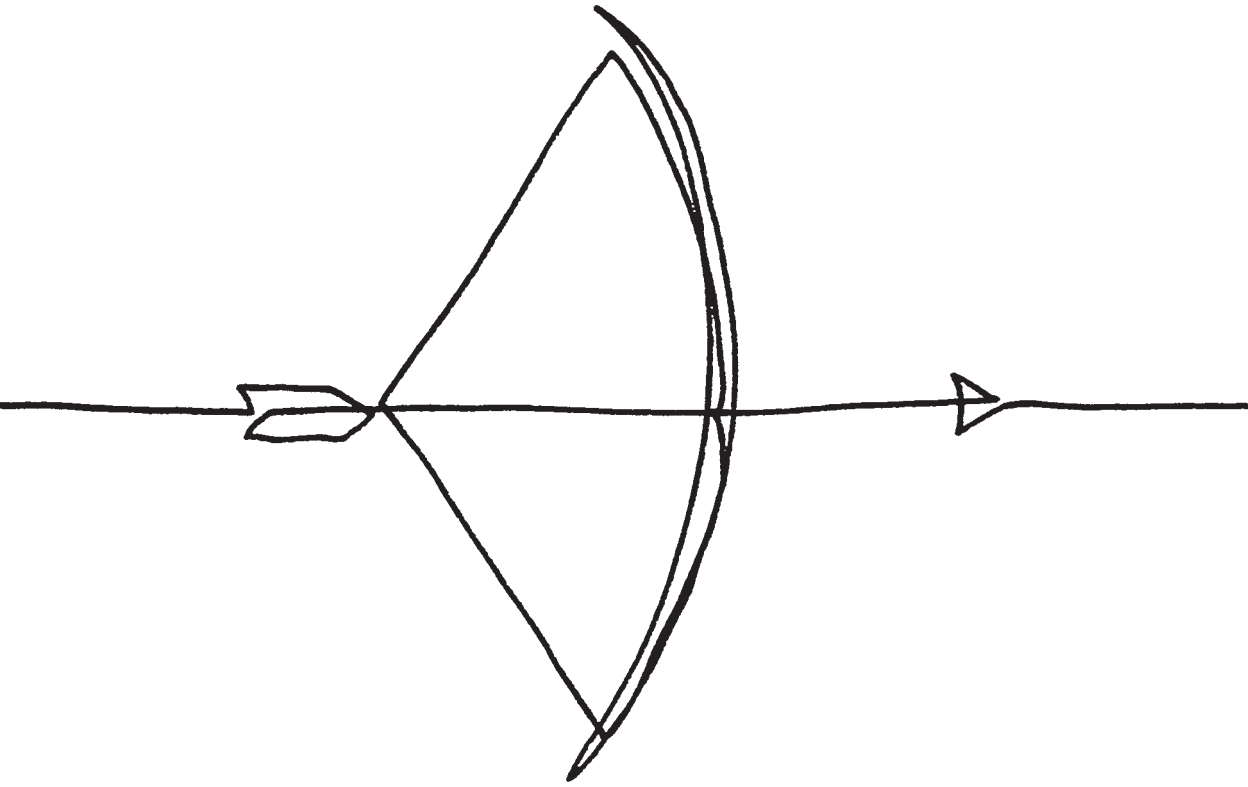
Proactive yet prudent

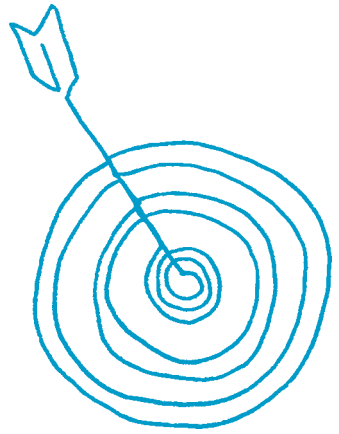
Next Media always remains ready to take the initiative to grasp fresh opportunities as they arise; yet we also manage every aspect of our business in a prudent manner.



People make the difference

Our Group's greatest strength is our employees. Our operations are run by highly resourceful and dedicated teams who are highly experienced in their respective fields. We empower their members to go all out to achieve the best results for our stakeholders.





Staying focused on our goals

We continue to devote all our efforts to providing our readers with objective, accurate and up-to-date information that broadens their horizons, enriches their lives, and enables them to make the right decisions.

financial highlights

	(Unaudited)	
	Six months ended 30 September	
Results	2008	2007
	HK\$'000	HK\$'000
Revenue	1,795,156	1,707,713
Earnings before interest, tax, depreciation, impairment and amortisation	312,882	334,054
Profit for the period	208,332	215,488
Basic earnings per share	8.6 cents	9.0 cents
Diluted earnings per share	8.6 cents	9.0 cents

	(Unaudited)	(Audited)
	As at	As at
Balance Sheet	30 September 2008	31 March 2008
	HK\$'000	HK\$'000
Current assets	1,409,625	1,650,478
Non-current assets	2,865,780	2,947,836
Total assets	4,275,405	4,598,314
Current liabilities	620,676	567,938
Non-current liabilities	548,034	620,837
Total liabilities	1,168,710	1,188,775
Net assets	3,106,695	3,409,539

Ratio Analysis

Current ratio	227.1%	290.6%
Quick ratio	183.5%	257.3%
Gearing ratio	7.2%	7.9%

management discussion
and analysis

The board of directors (the “Board” or the “Directors”) of Next Media Limited (“Next Media” or the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 September 2008, as well as the comparative figures for the same period of last year.

BUSINESSES

The Group is mainly engaged in publishing and printing newspapers, magazines and books. It also sells newspaper and magazine advertising space in Hong Kong and Taiwan, provides printing and reprographic services, delivers internet content, and sells advertising space on websites and internet subscriptions.

FINANCIAL RESULTS

The Group’s revenue totalled HK\$1,795.2 million during the six months ended 30 September 2008. This represents an increase of 5.1% on the figure of HK\$1,707.7 million for the same period in 2007. This increase was largely attributable to a rise in the advertising income of its newspapers and magazines.

The Group’s earnings during the period under review totalled HK\$312.9 million before interest, tax, depreciation, impairment and amortisation, a decline of 6.3% over the figure of HK\$334.1 million for the corresponding period of 2007. Basic earnings per share were HK8.6 cents, compared with HK9.0 cents in the same period last year.

The earnings of all the Group’s publications and other operations in Hong Kong and Taiwan remained at satisfactory levels, especially considering the difficult business environment in which they operate.

The Group also recorded an unaudited consolidated profit of HK\$208.3 million, which was 3.3% lower than the figure of HK\$215.5 million for the same period in 2007. This was mainly attributable to increased investment in its internet operations and the higher cost of paper.

OVERVIEW OF MAJOR MARKETS

Hong Kong's media and publishing industry continued to perform steadily during the six months ended 30 September 2008. While the city's economy performed well during the first quarter, the decline of the Hang Seng Index and property prices, as well as growing concerns about the global economic environment, had an increasing effect on consumer confidence during the second quarter of 2008. These factors also made the retail sector increasingly sluggish as the months passed.

The concerns of the business community and individual consumers also changed dramatically during the period under review. Whereas inflation was their biggest single worry earlier, the strong possibility of a worldwide recession came to dominate their thinking as time passed by. As a result, both retailers and consumers maintained a close watch on their spending throughout the first half of 2008.

Taiwan's economic performance remained relatively disappointing during the same six months. The inauguration of a new president in May heralded the establishment of a more stable relationship and closer ties with the Mainland. However, these factors have failed to translate into a long-awaited upturn in the island's economy, at least for the time being.

The Group's advertising revenues in both markets – which account for around two-thirds of its total revenue – achieved a satisfactory increase, while its circulation income – which makes up most of the remaining one-third – rose by a modest degree.

While the Group is satisfied with the results it achieved during the period under review, it feels somewhat disappointed that the unimpressive performance of Taiwan's economy prevented it from advancing closer to its goal of deriving 50% of its total revenue from the island. At present, its operations in Hong Kong and elsewhere continue to account for about 58.3% of the Group's revenue, while its Taiwan operations contribute the other 41.7%.

OPERATIONAL REVIEW

The Group remained very mindful of the negative impact of rising costs, especially, the paper cost, on its bottom line. In response, the Group continued to scrutinise its spending very closely. Strict controls were implemented over the ratios of editorial and advertising pages in all its publications, and their print runs were closely monitored to minimise wastage. At the same time, it stepped up its management of credit and receivables.

Meanwhile, the Group kept a vigilant watch on trends in the global business environment and adopted a very prudent approach to building up its cash reserves and investing them carefully.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

The Newspapers Publication and Printing Division accounted for 68.1% of the Group's total revenue during the six months up to 30 September 2008. *Apple Daily* and *Taiwan Apple Daily* made the largest contributions to the Division's revenue, which totalled HK\$1,221.9 million, an increase of 2.0% on the figure of HK\$1,197.4 million for the corresponding period last year. The Division's segment profit declined by 5.2% to HK\$180.0 million, compared with HK\$189.8 million in the same period of 2007.

Apple Daily maintained its position as Hong Kong's No. 2 daily newspaper during the past half-year, in terms of readership. Despite strong competition in the market, *Apple Daily's* sales between January and June 2008 increased to a daily average of 318,332 copies, compared with a figure of 309,261 in the same period last year¹. Meanwhile, its readership among readers aged 12+ grew to 1,622,000 in the 12 months ended 30 June 2008, a significant increase on the figure of 1,297,000 in the same period in 2007².

management discussion and analysis (continued)

Apple Daily's advertising revenue also grew by a satisfactory degree. It totalled HK\$344.3 million during the period under review, an increase of 9.0% on the figure of HK\$316.0 million recorded during the same period of 2007.

Taiwan Apple Daily became the island's most widely read daily. While its average daily sales dipped slightly to 502,083 copies during the first six months of 2008, compared with 510,523 in the same period last year³, its readership increased to 2,944,000, compared with 2,822,000 a year earlier⁴. Although the lacklustre performance of Taiwan's economy had an adverse effect on advertising income during the period under review, *Taiwan Apple Daily's* revenue increased by 1.8% to HK\$615.9 million, compared with HK\$604.9 million in the same period of 2007.

Sharp, the Group's free newspaper in Taipei, maintained its popularity among readers and advertisers alike. Copies of the newspaper are distributed to more than 140,000 commuters outside the city's Metro stations every morning from Mondays to Fridays. *Sharp* is particularly attractive to smaller local advertisers who find traditional print media too expensive, and it continued to attract a growing volume of advertising.

The Group derived HK\$57.3 million of its revenue from printing newspapers for other publishers during the six months ended 30 September 2008, a decrease of 23.1% compared with the figure of HK\$74.5 million during the same period of 2007. The decline was mainly due to the expiry of a contract to print one of the city's free dailies during the period under review which was not renewed because the publishers decided to do the work in house. However, this factor would be partly offset by the Group's success in winning contracts to print locally distributed copies of *Wall Street Journal Asia*, as well as two Japanese newspapers. Work on behalf of these new clients has begun since September 2008.

BOOKS AND MAGAZINES PUBLICATION DIVISION

The Books and Magazines Publication Division recorded a satisfactory performance within a highly competitive business environment during the six months ended 30 September 2008. Its revenue totalled HK\$470.7 million, an increase of 9.4% on the figure of HK\$430.4 million achieved in the corresponding period of 2007.

Due to rapidly escalating costs, particularly the rising price of paper, the Group decided to increase the cover prices of two of its magazines, *Sudden Weekly Bundle* and *FACE Bundle*, by HK\$3.0 each. These increases took effect in June 2008 and November 2007 respectively.

The Group retained its strong position in the Hong Kong magazine market by publishing the city's two best-selling and most widely read weeklies in the six months ended 30 June 2008. In fact, both of them substantially increased their readerships during this period.

Its flagship title, *Next Magazine*, generated HK\$136.3 million in revenue, a rise of 2.5% compared with the figure of HK\$133.0 million for the corresponding period last year. It also strengthened its status as Hong Kong's second most widely read weekly publication by achieving a considerable increase in its readership. This averaged 890,000 people aged 12+ during the 12 months ended 30 June 2008, compared with 608,000 in the same period of 2007². *Next Magazine's* average weekly sales also rose to 128,445 copies in the first six months of 2008, compared with 123,590 in the same period last year¹.

The total revenue of the *Sudden Weekly Bundle* – consisting of *Sudden Weekly*, *Eat & Travel Weekly* and *ME!* – increased considerably to HK\$143.0 million in the six months up to 30 September 2008, compared with the HK\$122.8 million it generated in the same period of 2007. This was mainly attributable to its success in attracting a much greater volume of consumer advertising.

Sudden Weekly Bundle remained Hong Kong's best-selling and most widely read weekly publication. Although its weekly sales declined slightly – to 193,640 copies during the first six months of 2008, compared with 199,914 in the same period last year¹ – its readership increased to 895,000 in the 12 months ended 30 June 2008, compared with 732,000 in the same period of 2007².

FACE Bundle – a popular infotainment weekly among Hong Kong youngsters that incorporates the former *Easy Finder*, *Auto Express* and *Trading Express* in a more upmarket package – achieved a total revenue of HK\$59.3 million during the six months up to 30 September 2008, compared with HK\$57.1 million in the same period last year. Its average weekly sales between January and June 2008 were 80,201 copies, compared with 117,499 between January and 23 May 2007 (the final months before it was revamped). Meanwhile, its readership averaged 296,000 people in the 12 months ended 30 June 2008, compared with 411,000 during the same period of 2007².

Taiwan Next Magazine remained the island's best-selling and most widely read weekly. Its revenue grew considerably in the period under review to HK\$130.7 million, compared with HK\$117.0 million in the same period last year, an increase of 11.7%.

The average weekly sales of *Taiwan Next Magazine* remained fairly stable at 122,460 copies between January and June 2008, compared with 123,144 copies in the same period last year³. However, its readership grew considerably to 1,593,000 people in this period, up from 1,348,000 in the first six months of 2007⁴.

BOOKS AND MAGAZINES PRINTING DIVISION

The Books and Magazines Printing Division continued to contribute to the Group's results. Despite the great pressures on its profit margins created by very competitive pricing conditions in the printing industry, both regionally and worldwide, the Division was able to achieve a revenue of HK\$170.5 million before the elimination of inter-segment transactions of HK\$90.0 million during the six months ended 30 September 2008. This was 15.8% higher than the figure of HK\$147.3 million in the same period last year. The Division also recorded a segment profit of HK\$28.6 million, which was 16.4% lower than its profit of HK\$34.2 million for the corresponding period of 2007.

The Division upheld its high reputation for quality work, and 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 the Group, especially as a channel to strengthen its brand image among younger people. The Division's business remained stable, and its revenue totalled HK\$23.5 million during the period under review. This was an increase of 21.1 % on the figure of HK\$19.4 million recorded in the same months of 2007. However, the investment it made in developing its web-casting and animation production during the same period meant that the Division recorded a segment loss of HK\$28.8 million, compared with a segment loss of HK\$1.2 million in the corresponding period of last year.

The Group continued to invest carefully in enhancing its online presence; and while the above-mentioned enhancement projects are already well underway, it will take a while before these translate into increased revenue.

FUTURE PROSPECTS AND OUTLOOK

As everyone is now aware, we are living in very uncertain times. The problems that first emerged in the banking systems of the US and other Western countries have since grown into a major financial downturn that is beginning to influence every country and region in the world.

While the effects and duration of this downturn are impossible to predict at the present time, the Group has been aware of the dark clouds gathering on the horizon for quite a while. It has responded to them by making every effort to bolster its financial strength and managing its businesses prudently, especially in terms of avoiding exposure to speculative risks.

These measures will help to place the Group in a better position to cope with the difficult business environment, and continue its mission of providing the public in Hong Kong and Taiwan with objective and up-to-date information – something it needs more than ever during times of crisis.

SOURCES:

1. Hong Kong Audit Bureau of Circulations Ltd.
2. 2008 Nielsen Media Index: Hong Kong Report (July 2007 – June 2008)
3. The Audit Bureau of Circulations, R.O.C.
4. Media Index (January – June 2008), Nielsen Media Research, Taiwan

LIQUIDITY AND FINANCIAL RESOURCES

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

As of 30 September 2008, the Group had available banking facilities totalling HK\$784.1 million, of which HK\$310.8 million had been utilized. All its bank borrowings bear interest at floating rates. There is no seasonality for its borrowing requirements. The Group's bank borrowings are denominated in New Taiwan Dollars.

As of 30 September 2008, the Group had HK\$511.1 million in bank balances and cash reserves. Its current ratio on the same date was 227.1%, compared to 290.6% on 31 March 2008. The Group's gearing ratio on the same date – calculated by dividing long-term liabilities including current portions by total asset value – decreased to 7.2%, compared with 7.9% as of 31 March 2008.

ASSETS PLEDGED

As of 30 September 2008, the Group had pledged its Taiwan properties and printing equipment with an aggregate carrying value of HK\$684.6 million to various banks as security for bank loans 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 newspaper and magazine publishing and internet businesses in Taiwan.

As of 30 September 2008, the Group's net currency exposure was NT\$3,550.6 million (equal to about HK\$857.0 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, for NT\$1.5 billion, was drawn down in December 2007. The Group subsequently drew NT\$725.0 million in November 2008 for general working capital.

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

During the six months ended 30 September 2008, the Group's capital expenditure amounted to HK\$36.1 million, including HK\$15.3 million for its Taiwan operations. As of 30 September 2008, the capital expenditure committed for its operations amounted to HK\$9.0 million, including HK\$4.0 million for its Taiwan operations.

SHARE CAPITAL STRUCTURE

As at 30 September 2008, the Company's total issued share capital was HK\$2,412,496,881. This was divided into 2,412,496,881 ordinary shares with a par value of HK\$1.0 each.

CONTINGENT LIABILITIES

During the period under review, Next Media incurred contingent liabilities arising as a result of a number of litigation proceedings in Hong Kong and Taiwan. Such proceedings are an occupational hazard in the publishing business.

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

management discussion and analysis (continued)

UDL also commenced a separate legal action by filing a writ with an endorsement 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 “Default Judgement”), and a statutory demand was served by UDL on ADPL for the sum of approximately HK\$162.0 million plus interest on 28 June 2007. ADPL’s application for a stay of execution was issued and heard on 3 July 2007.

Following an undertaking by UDL’s solicitors not to enforce the Default Judgement until the final determination of ADPL’s application to set aside the Default Judgement, the application for a stay was adjourned sine die with liberty to restore it. On 3 January 2008, a High Court hearing took place in relation to the applications to set aside the Default Judgement and the stay of proceedings to arbitration, and the High Court handed down its judgment (the “Judgement”) on 18 January 2008.

Pursuant to the Judgement, the Default Judgement dated 27 June 2007 against ADPL was set aside, and the proceedings against ADPL were referred to arbitration. UDL was ordered to pay 20% of ADPL’s costs for the application to set aside the Default Judgement. ADPL also obtained an order for the payment of all of its costs in relation to the application for a stay of proceedings to arbitration from UDL.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the “Acquired Group”) on 26 October 2001, Mr. Lai, the Company’s Chairman and one of its substantial shareholders, 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 contractual dispute with UDL (the “Indemnity”). Mr. Lai also procured a bank guarantee of HK\$60.0 million for a term of three years from 25 October 2007 in favour of the Company and the Acquired Group in respect of his obligations in relation to the Indemnity.

The Directors of the Company are of the opinion that, in view of the indemnity given by Mr. Lai, it is unlikely that the Group would have any liability if UDL pursues its various claims to their ultimate conclusion. It is therefore the opinion of the Company's Directors that the outstanding claims brought by UDL would not have any adverse material impact on the Group's financial position.

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As of 30 September 2008, these contingent liabilities stood at HK\$1.1 million.

EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2008, the Group employed a total of 3,831 employees, of whom 2,015 were in Hong Kong, 1,811 were in Taiwan, and 5 were in North America. There were no material changes to the policies regarding employee remuneration, bonuses, share options schemes and staff development disclosed in the 2007/08 annual report. The Group's total staff costs for the six months ended 30 September 2008 amounted to HK\$586.7 million, compared with HK\$542.2 million during the same period of last year.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2008 (for the six months ended 30 September 2007: HK5.0 cents per ordinary share).

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.

corporate governance

BOARD OF DIRECTORS

As at 30 September 2008, the Board was composed of seven Directors – four Executive Directors and three Independent Non-executive Directors. The Executive Directors were Mr. Lai Chee Ying, Jimmy, the Chairman of the Board; Mr. Ting Ka Yu, Stephen who is also the Chief Operating 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 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. They also served on the Audit Committee and Remuneration Committee.

Mr. Chu Wah Hui was appointed as an Executive Director of the Company and the Group’s Chief Executive Officer (“CEO”) on 2 October 2008, and Mr. Cheung Ka Sing, Cassian was also appointed as a Non-executive Director of the Company on 24 November 2008. Their profiles can also be found on the Company’s website.

BOARD ACTIVITIES

During the six-month period ended 30 September 2008, the Board held two meetings on 26 May 2008 and 22 September 2008. All the Directors attended both meetings, with the exceptions of Mr. Ting Ka Yu, Stephen, who was only available to attend the meeting on 26 May 2008, and Dr. Kao Kuen, Charles, who was unable to attend either 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 2008, the Audit Committee held one meeting to review the audited financial statements and to consider and discuss the internal control review report of the Company for the year ended 31 March 2008. With the exception of Dr. Kao Kuen, Charles, who was unable to attend, all its members were present at 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 2008.

The Group's external auditors, Deloitte Touche Tohmatsu, have reviewed the Company's unaudited condensed consolidated financial statements for the six months ended 30 September 2008 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 Reporting", 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 the assistance of the external auditors. The Board has engaged a professional firm to conduct an assessment to evaluate the Group's entity-level controls with reference to the COSO (Committee of Sponsoring Organizations) framework covering control environment, risk assessment, control activities, information and communication and monitoring. During the period ended 30 September 2008, the Group:

- evaluated several business units with reference to the COSO framework;
- followed up opportunities for improvements identified in the previous financial year's assessment and the implementation status of the management's action plans;
- processed documentation and tested the controls of different business units;
- updated the risk assessment plan for the year ending 31 March 2009; and
- implemented the self-assessment of controls conducted by various departments.

INVESTOR RELATIONS

The Company has established various channels for communicating 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 also provides a forum for Board members and shareholders to exchange opinions and ideas. The Company's 2008 Annual General Meeting was held on 21 July 2008. All the resolutions tabled at the meeting were voted on by poll, and the result of each poll was subsequently published on the website of Hong Kong Exchanges and Clearing Limited and the Company's own website.

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 2008, the Company fully complied with the applicable provisions of the Code, except for the following deviations:

Code provision A.2.1

Under Code provision A.2.1, the roles of Chairman and CEO should be separate and should not be performed by the same individual.

Mr. Lai, the executive Chairman, took up the position of CEO of the Group, with effect from 1 January 2008. To bring the Group into compliance with the above-mentioned provision, Mr. Chu Wah Hui was appointed as its CEO, with effect from 2 October 2008. Mr. Lai ceased to act as the Group's CEO on the same date, but he continued to serve as its executive Chairman.

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 2008 Annual General Meeting held on 21 July 2008 due to 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.

corporate information

Directors	Lai Chee Ying, Jimmy (Chairman) Chu Wah Hui (Chief Executive Officer, appointed on 2 October 2008) Ting Ka Yu, Stephen Ip Yut Kin Tung Chuen Cheuk Cheung Ka Sing, Cassian ^A (appointed on 24 November 2008) Yeh V-Nee* Fok Kwong Hang, Terry* Kao Kuen, Charles* ^A Non-executive Director * 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 The Shanghai Commercial & Savings Bank Limited The Hongkong and Shanghai Banking Corporation Limited DBS Bank (Hong Kong) Limited Sumitomo Mitsui Banking Corporation China Construction Bank (Asia) Corporation Limited
Legal Advisors	Richards Butler in association with Reed Smith LLP Deacons
Registered Office	1/F., 8 Chun Ying Street Tseung Kwan O Industrial Estate 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 2008

Shareholders of Ordinary Shares

- Mr. Lai Chee Ying, Jimmy ("Mr. Lai")	74.04%
- Directors other than Mr. Lai	0.76%
- Others	25.20%

Authorised Share Capital

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

Issued Share Capital

HK\$2,412,496,881

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	2,274,000 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\$2.760 each	400,000 Option Shares

Market Capitalisation

- at HK\$1.90 per Ordinary Share (closing price on 30 September 2008)	HK\$4.58 billion
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Stock Code

- The Stock Exchange of Hong Kong Limited Main Board	00282
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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 2008, 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	-	1,000,000	64,538,230	-	1,786,133,165	74.04
Mr. Ting Ka Yu, Stephen	90,314	-	-	-	1,618,000 (Note 1) 1,194,000 (Note 2)	2,902,314	0.12
Mr. Ip Yut Kin	10,200,377	2,630,000	-	-	1,060,000 (Note 2)	13,890,377	0.58
Mr. Tung Chuen Cheuk	3,472,800	130,000	-	-	3,000,000 (Note 1) 1,650,000 (Note 2)	8,252,800	0.34
Mr. Yeh V-Nee	300,000	-	-	-	-	300,000	0.01
Mr. Fok Kwong Hang, Terry	1,500,000	-	-	-	-	1,500,000	0.06

other information (continued)

(b) Interests in Associated Corporation

The table below sets out the long positions in underlying shares of the Company's associated corporation (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	108,344 (Note 3)	-	-	-	-	108,344	1.00
Mr. Ip Yut Kin	200,000 (Note 3)	-	-	-	-	200,000	1.85
Mr. Tung Chuen Cheuk	54,172 (Note 3)	-	-	-	-	54,172	0.50

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 Incentive Schemes".
2. These interests represented the Shares to be subscribed for under the invitations issued by the Company pursuant to its share subscription and financing plan to these Directors as beneficial owners, the details of which are set out in the Section headed "Share Incentive Schemes".
3. These interests represented the shares of ADPDL issued upon the exercise of the share options granted under the 2007 ADPDL Share Option Scheme, the details of which are set out in the Section headed "Share Incentive Schemes".

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 2008.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 September 2008, the following persons (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 and so far as is known to any Directors or Chief Executive of the Company:

Name of shareholder	Number of shares/ underlying shares held	Percentage of issued share capital
Li Wan Kam, Teresa	1,786,133,165 (Note)	74.04
Matthews International Capital Management LLC	122,698,000	5.09

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 and so far as is known to any Directors or Chief Executive of the Company as at 30 September 2008.

SHARE INCENTIVE SCHEMES

(a) Share Option Schemes of the Company

2000 Share Option Scheme

The share option scheme was adopted by the Company on 29 December 2000 and amended to comply with the requirements of Chapter 17 of the Listing Rules on 31 July 2002 (the "2000 Share Option Scheme"). The limit of number of ordinary shares of HK\$1.00 each of the Company (the "Shares") which may be issued upon exercise of all options to be granted was refreshed to 10% of the issued ordinary share capital of the Company as at 31 July 2002. The 2000 Share Option Scheme was terminated by the shareholders of the Company at its 2007 annual general meeting held on 30 July 2007. However, options granted under the 2000 Share Option Scheme that remain unexpired shall continue to be exercisable in accordance with their terms of issue.

Details of the outstanding share options granted under the 2000 Share Option Scheme as at 30 September 2008 are as follows:

Name or category of participants	Date of grant	Exercise price per share	Exercisable period	Balance as at 01.04.2008	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30.09.2008
Directors								
Ting Ka Yu, Stephen	18.03.2002	HK\$1.670	19.03.2003-28.12.2010	1,618,000	-	-	-	1,618,000
Tung Chuen Cheuk	06.12.2006	HK\$3.102	07.12.2007-28.12.2010	3,000,000	-	-	-	3,000,000
Employees								
In aggregate	18.03.2002	HK\$1.670	19.03.2003-28.12.2010	1,324,000	668,000	-	-	656,000
	24.08.2005	HK\$3.325	25.08.2006-28.12.2010	1,000,000	-	-	-	1,000,000
	06.12.2006	HK\$3.102	07.12.2007-28.12.2010	14,850,000	-	-	-	14,850,000
	06.12.2006	HK\$3.102	07.12.2007-28.12.2010	1,000,000	-	-	-	1,000,000
	08.01.2007	HK\$2.784	09.01.2008-28.12.2010	600,000	-	-	-	600,000
	09.03.2007	HK\$2.760	10.03.2008-28.12.2010	400,000	-	-	-	400,000
Total outstanding				23,792,000	668,000	-	-	23,124,000

other information (continued)

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

On 1st anniversary of the date of grant	30% vested
On 2nd anniversary of the date of grant	further 30% vested
On 3rd 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 1st anniversary of the date of grant	20% vested
On 2nd anniversary of the date of grant	further 20% vested
On 3rd anniversary of the date of grant	further 20% vested
The seven-month period after the 3rd anniversary of the date of grant	remaining 40% vested

2007 Share Option Scheme

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 six months ended 30 September 2008, no options were granted, exercised, lapsed or cancelled under the 2007 Share Option Scheme of the Company.

(b) Share Option Schemes of the Subsidiaries

2002 Subsidiary Share Option Schemes

On 31 July 2002, each of ADPDL and Next Media Publishing Limited (“NMPL”), both are subsidiaries of the Company (each hereinafter referred to as “Subsidiary”), adopted a share option scheme with terms in compliance with Chapter 17 of the Listing Rules (“2002 ADPDL Share Option Scheme” and “2002 NMPL Share Option Scheme”, collectively, “2002 Subsidiary Share Option Schemes”).

On 28 July 2004, the shareholders of ADPDL and the shareholders of the Company approved the refreshment of the mandate limit of the 2002 ADPDL Share Option Scheme up to a new 10% limit.

On 30 July 2007, the 2002 Subsidiary Share Option Schemes were terminated by the respective shareholders of ADPDL and NMPL and the shareholders of the Company. However, the options granted under the 2002 Subsidiary Share Option Schemes that remain unexpired shall continue to be exercisable in accordance with their terms of issue.

other information (continued)

The table below set out the movements in the share options under the 2002 ADPDL Share Option Scheme during the period:

2002 ADPDL Share Option Scheme

Name or category of participants	Date of grant	Exercise price per share	Exercisable period	Balance as at 01.04.2008	Cancelled during the period	Outstanding as at 30.09.2008
Director						
Ip Yut Kin	26.01.2004	(Note)	Not yet determined	50,000	50,000	-
	11.01.2006	(Note)	Not yet determined	50,000	50,000	-
In aggregate and total outstanding				100,000	100,000	-

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 ADPDL Share Option Scheme and (ii) the nominal value of a share of ADPDL. For any option granted during the period commencing six months before the lodgment 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 highest 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 ADPDL Share Option Scheme and (iii) the nominal value of a share of ADPDL.

2002 NMPL Share Option Scheme

No share options were outstanding under the 2002 NMPL Share Option Scheme during the six months ended 30 September 2008.

Subsidiary Share Option Schemes

During the financial year ended 31 March 2008, the following subsidiaries of the Company (each hereinafter referred to as “Subsidiary”) adopted their respective share option schemes (collectively, “Subsidiary Share Option Schemes”) with terms in compliance with the requirements under Chapter 17 of the Listing Rules:

Name of subsidiary	Adoption date	Share option scheme title
ADPDL	30 July 2007	2007 ADPDL Share Option Scheme
NMPL	30 July 2007	2007 NMPL Share Option Scheme
Apple Community Infonet Limited (“ACIL”)	22 February 2008	2008 ACIL Share Option Scheme
Next Media Animation Limited (“NMAL”)	22 February 2008	2008 NMAL Share Option Scheme
Next Media Webcast Limited (“NMWL”)	22 February 2008	2008 NMWL Share Option Scheme

other information (continued)

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

2007 ADPDL Share Option Scheme

Name or category of participants	Date of grant	Exercise price per share	Exercisable period	Balance as at 01.04.2008	Granted during the period	Exercised during the period	Outstanding as at 30.09.2008
Directors							
Ting Ka Yu, Stephen	25.08.2008	HK\$0.01	09.09.2008-23.09.2008	-	8,344	8,344	-
Ip Yut Kin	25.08.2008	HK\$0.01	09.09.2008-23.09.2008	-	100,000	100,000	-
In aggregate and total outstanding				-	108,344	108,344	-

2008 ACIL Share Option Scheme

Name or category of participants	Date of grant	Exercise price per share	Exercisable period	Balance as at 01.04.2008	Granted during the period	Exercised during the period	Outstanding as at 30.09.2008
Employees							
In aggregate	01.04.2008	(Note)	Not yet determined	-	60,000	-	60,000
In aggregate and total outstanding				-	60,000	-	60,000

Note: The exercise price shall be determined solely by the board of ACIL but shall always be higher than or equal to the nominal value of a share of ACIL. For any option granted after ACIL has resolved to seek a listing or 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 exercise price shall be not less than the higher of (i) the issue price of a share at listing; and (ii) the nominal value of a share of ACIL.

The Company has used the Black-Scholes Model to assess the fair values of the share options granted under the 2007 ADPDL Share Option Scheme and 2008 ACIL Share Option Scheme during the six months ended 30 September 2008. 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 used in the calculation are as follows:

	2007 ADPDL Share Option Scheme	2008 ACIL Share Option Scheme
Risk free rate	0.940% per annum	2.016% per annum
Expected volatility	43.93% per annum	39.94% per annum
Expected dividend yield	0% per annum	0% per annum
Weighted expected term	0.0822 year	5 years

According to the valuation, the value of the share options granted during the period was HK\$38.29 per share for ADPDL and HK\$0.004 per share for ACIL, respectively, and a total amount of HK\$3,187,000 was therefore recognized in the consolidated income statement for the six months ended 30 September 2008.

In calculating the respective fair values of the share options granted under the 2007 ADPDL Share Option Scheme and 2008 ACIL Share Option Scheme during the six months ended 30 September 2008, no allowance has been made for forfeiture prior to vesting. It should be noted that the value of a share option under each grant varies with different variables of certain subjective assumptions; and change in variables so adopted may materially affect the fair value estimate.

Save for the above movements in the 2007 ADPDL Share Option Scheme and 2008 ACIL Share Option Scheme, no options were granted, exercised, lapsed or cancelled under the other Subsidiary Share Option Schemes during the period ended 30 September 2008.

Share Subscription and Financing Plan

The share subscription and financing plan adopted by the Company on 29 October 2007 (the “Plan”) allows the Board to make invitations to eligible persons to subscribe for new Shares of the Company.

The table below sets out movements of the invitations for subscription issued pursuant to the Plan during the period:

Name or category of participants	Invitation date	Subscription price per share	Subscription period	Balance as at 01.04.2008	Lapsed during the period	Outstanding as at 30.09.2008
Directors						
Ting Ka Yu, Stephen	08.11.2007	HK\$2.120	09.11.2008-07.11.2012	1,194,000	–	1,194,000
Tung Chuen Cheuk	08.11.2007	HK\$2.120	09.11.2008-07.11.2012	1,650,000	–	1,650,000
Ip Yut Kin	08.11.2007	HK\$2.120	09.11.2008-07.11.2012	1,060,000	–	1,060,000
Employees						
In aggregate	08.11.2007	HK\$2.120	09.11.2008-07.11.2012	42,178,000	140,000	42,038,000
	25.02.2008	HK\$2.490	26.02.2009-24.02.2013	1,000,000	–	1,000,000
In aggregate and total outstanding				47,082,000	140,000	46,942,000

The vesting conditions of the invitations for subscription made under the Plan are as follows:

After 1st anniversary of the invitation date	1/3 vested
After 2nd anniversary of the invitation date	further 1/3 vested
After 3rd anniversary of the invitation date and before the expiry date of the subscription period	remaining 1/3 vested

During the period, no invitations for subscription under the Plan were issued and cancelled.

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 2008, 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 2008.

By order of the Board
Chu Wah Hui
Director

Hong Kong, 1 December 2008

condensed consolidated income statement

For the six months ended 30 September 2008

	NOTES	Six months ended 30 September	
		2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Revenue	3	1,795,156	1,707,713
Production costs			
Cost of materials consumed		(700,522)	(639,578)
Other overheads		(89,411)	(73,547)
Staff costs		(362,415)	(333,004)
Personnel costs excluding direct production staff costs		(224,298)	(209,244)
Other income	3	40,756	29,624
Depreciation of property, plant and equipment		(67,866)	(67,026)
Other expenses		(147,283)	(148,809)
Finance costs	5	(6,121)	(8,785)
Profit before tax		237,996	257,344
Income tax expense	6	(29,664)	(41,856)
Profit for the period	7	208,332	215,488
Attributable to:			
Equity holders of the parent		208,332	215,488
Minority interests		-	-
		208,332	215,488
Dividends	9	458,375	422,070
Earnings per share	10		
Basic		HK8.6 cents	HK9.0 cents
Diluted		HK8.6 cents	HK9.0 cents

condensed consolidated balance sheet

At 30 September 2008

	NOTES	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
NON-CURRENT ASSETS			
Intangible assets		1,300,881	1,300,881
Property, plant and equipment	11	1,496,559	1,576,617
Prepaid lease payments	12	67,845	68,744
Deposit for acquisition of property, plant and equipment		495	1,594
		2,865,780	2,947,836
CURRENT ASSETS			
Inventories		270,385	189,091
Trade and other receivables	14	626,116	581,204
Prepaid lease payments	12	1,797	1,797
Derivative financial instruments		247	972
Restricted bank balances	13	5,411	5,411
Bank balances and cash		505,669	872,003
		1,409,625	1,650,478
CURRENT LIABILITIES			
Trade and other payables	15	499,921	462,966
Borrowings	16	72,411	76,805
Obligations under finance leases	17	569	914
Tax liabilities		47,775	27,253
		620,676	567,938
NET CURRENT ASSETS		788,949	1,082,540
TOTAL ASSETS LESS CURRENT LIABILITIES		3,654,729	4,030,376
NON-CURRENT LIABILITIES			
Borrowings	16	235,337	288,018
Obligations under finance leases	17	-	54
Retirement benefits obligations		19,792	20,207
Deferred tax liabilities		292,905	312,558
		548,034	620,837
NET ASSETS		3,106,695	3,409,539
CAPITAL AND RESERVES			
Share capital	18	2,412,497	2,411,829
Reserves		694,155	997,667
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		3,106,652	3,409,496
MINORITY INTERESTS		43	43
TOTAL EQUITY		3,106,695	3,409,539

condensed consolidated statement of changes in equity

For the six months ended 30 September 2008

	Attributable to equity holders of the parent								
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000	Share option reserve of subsidiaries HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 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 for the period	-	-	7,050	-	215,488	222,538	-	-	222,538
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
Dividends	-	-	-	-	(422,070)	(422,070)	-	-	(422,070)
Exercise of share options	-	-	-	-	-	-	(2,051)	2,061	10
At 30 September 2007 (unaudited)	2,411,829	918,264	(2,489)	17,007	(178,652)	3,165,959	-	43	3,166,002
Exchange differences arising on translation of foreign operations and recognised directly in equity	-	-	43,454	-	-	43,454	-	-	43,454
Profit for the period	-	-	-	-	305,835	305,835	-	-	305,835
Total recognised income for the period	-	-	43,454	-	305,835	349,289	-	-	349,289
Employee share option benefits	-	-	-	14,777	-	14,777	62	-	14,839
Dividends	-	-	-	-	(120,591)	(120,591)	-	-	(120,591)
Exercise of share options	-	-	-	-	-	-	(62)	62	-
Forfeiture of share options	-	-	-	(2,995)	2,995	-	-	-	-
Minority shareholder's share of loss previously not recognised	-	-	-	-	62	62	-	(62)	-
At 31 March 2008 (audited)	2,411,829	918,264	40,965	28,789	9,649	3,409,496	-	43	3,409,539
Exchange differences arising on translation of foreign operations and recognised directly in equity	-	-	(71,419)	-	-	(71,419)	-	-	(71,419)
Profit for the period	-	-	-	-	208,332	208,332	-	-	208,332
Total recognised income and expense for the period	-	-	(71,419)	-	208,332	136,913	-	-	136,913
Dividends	-	-	-	-	(458,375)	(458,375)	-	-	(458,375)
Employee share option benefits	-	-	-	14,315	-	14,315	3,187	-	17,502
Exercise of share options	668	448	-	-	-	1,116	(3,187)	3,187	1,116
Minority shareholder's share of loss previously not recognised	-	-	-	-	3,187	3,187	-	(3,187)	-
At 30 September 2008 (unaudited)	2,412,497	918,712	(30,454)	43,104	(237,207)	3,106,652	-	43	3,106,695

condensed consolidated cash flow statement

For the six months ended 30 September 2008

	Six months ended 30 September	
	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Net cash from operating activities	176,285	335,308
Net cash used in investing activities		
Acquisition of property, plant and equipment	(34,498)	(25,472)
Interest income	4,315	14,303
Deposits for purchase of property, plant and equipment	(495)	(8,334)
Other investing cash flow	520	709
	(30,158)	(18,794)
Net cash used in financing activities		
Dividends paid	(458,375)	(422,070)
Repayments of bank borrowings	(36,205)	(55,874)
Other financing cash flow	(5,404)	(9,066)
	(499,984)	(487,010)
Net decrease in cash and cash equivalents	(353,857)	(170,496)
Cash and cash equivalents at beginning of the period	872,003	862,283
Effect of foreign exchange rate changes	(12,477)	2,533
Cash and cash equivalents at end of the period	505,669	694,320
Analysis of cash and cash equivalents		
Bank balances and cash	505,669	694,320

notes to condensed consolidated financial statements

For the six months ended 30 September 2008

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 2008.

In the current interim period, the Group has applied, for the first time, the following new amendments and interpretations (“new Interpretations”) issued by HKICPA, which are effective for the Group’s financial year beginning on 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ⁵
HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39 (Amendment)	Eligible Hedged Items ²
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

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

² Effective for annual periods beginning on or after 1 July 2009

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

⁴ Effective for annual periods beginning on or after 1 October 2008

⁵ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

For the six months ended 30 September 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	
	2008	2007
	HK\$'000	HK\$'000
Revenue		
Sales of newspapers	408,018	395,705
Sales of books and magazines	139,088	128,667
Newspapers advertising income	754,211	725,210
Books and magazines advertising income	331,372	301,642
Printing and reprographic service income	138,997	137,120
Advertising income, internet subscription and content provision ("Internet businesses")	23,470	19,369
	1,795,156	1,707,713
Other income		
Sales of waste materials	14,575	10,847
Interest income on bank deposits	4,315	14,303
Rental income	852	762
Net exchange gain	18,611	2,815
Others	2,403	897
	40,756	29,624
Total	1,835,912	1,737,337

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 different business segments are charged at market rates.

Six months ended 30 September 2008

	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	1,220,756	470,460	80,470	23,470	-	1,795,156
Inter-segment sales	1,102	273	90,026	1	(91,402)	-
Total	1,221,858	470,733	170,496	23,471	(91,402)	1,795,156
RESULTS						
Segment results	179,991	79,106	28,556	(28,758)	-	258,895
Unallocated expenses						(22,348)
Unallocated income						7,570
Finance costs						(6,121)
Profit before tax						237,996
Income tax expense						(29,664)
Profit for the period						208,332

notes to condensed consolidated financial statements (continued)

For the six months ended 30 September 2008

4. SEGMENTAL INFORMATION (continued)

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)	-
Total	1,197,446	430,421	147,284	19,414	(86,852)	1,707,713
RESULTS						
Segment results	189,787	40,734	34,240	(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

4. SEGMENTAL INFORMATION (continued)

Secondary reporting format – geographical segments

	Six months ended 30 September 2008		Six months ended 30 September 2007	
	Revenue HK\$'000	Segment results HK\$'000	Revenue HK\$'000	Segment results HK\$'000
Hong Kong	991,803	202,937	943,846	158,630
Taiwan	748,037	43,074	722,908	88,175
North America	25,721	4,786	22,998	7,983
Europe	20,377	5,576	11,684	5,698
Australasia	8,580	2,348	4,613	2,250
Others	638	174	1,664	811
	1,795,156	258,895	1,707,713	263,547
Unallocated expenses		(22,348)		(13,380)
Unallocated income		7,570		15,962
Finance costs		(6,121)		(8,785)
Profit before tax		237,996		257,344
Income tax expense		(29,664)		(41,856)
Profit for the period		208,332		215,488

5. FINANCE COSTS

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
Interest expense on bank borrowings wholly repayable within five years	6,082	8,764
Interest expenses on finance lease	39	21
	6,121	8,785

For the six months ended 30 September 2008

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
The charge comprises:		
Current tax:		
Hong Kong	42,673	38,089
Other jurisdictions	6,368	6,670
Deferred tax:		
Credit for the period	(1,189)	(2,903)
Attributable to change in tax rate	(18,188)	-
	29,664	41,856

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. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30 September 2008. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the six months ended 30 September 2008.

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% (2007: 27%) which is the rates prevailing in the relevant jurisdictions.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
Profit for the period has been arrived at after charging (crediting) the following items:		
(Reversal of) allowance for bad and doubtful debt (included in other expenses)	(6,114)	13,387
Operating lease expenses on:		
Properties	3,579	3,108
Plant and equipment	6,585	6,528
Amortisation of prepaid lease payments (included in other expenses)	899	899
Loss (gain) on disposal of property, plant and equipment	88	(54)
Legal and professional fees	26,390	25,262

8. SHARE INCENTIVE 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 2008, no share options were granted, exercised or cancelled under the 2007 Share Option Scheme since its adoption.

For the six months ended 30 September 2008

8. SHARE INCENTIVE SCHEMES (continued)

(a) Share Option Schemes adopted by the Company (continued)

The Group and the Company recognised a total expense of HK\$2,853,000 for the period ended 30 September 2008 (2007: HK\$6,650,000) in relation to the 2000 Share Option Scheme.

2000 Share Option Scheme

	Number of options
At 1 April 2008	23,792,000
Exercised during the period	(668,000)
At 30 September 2008	23,124,000

(b) Share Subscription and Financing Plan adopted by the Company

The Company adopted a Share Subscription and Financing Plan (the "Share Subscription Plan") on 29 October 2007. Under the Share Subscription Plan, the Company may issue share invitations to any of their employees (including part-time or full-time) and Directors (including executive or non-executive) of the relevant Group subsidiaries to subscribe for shares in the Company except that a director of the relevant Group subsidiaries cannot apply for a plan loan. The number of shares which may be issued upon exercise of all outstanding share invitations issued under the Share Subscription Plan is limited to 70,000,000 shares, representing 2.9% of the total issued shares of the Company as at 29 October 2007.

Share Subscription Plan

	Number of shares under relevant invitations
At 1 April 2008	47,082,000
Lapsed during the period	(140,000)
At 30 September 2008	46,942,000

The Group and the Company recognised a total expense of HK\$11,461,000 for the period ended 30 September 2008 (2007: nil) in relation to Share Subscription Plan of the Company.

8. SHARE INCENTIVE SCHEMES (continued)

(c) Share Option Scheme 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 share option schemes on 31 July 2002 (the “2002 Subsidiary Share Option Schemes”). Under the 2002 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. The number of shares which may be issued upon exercise of all outstanding options granted under the 2002 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.

On 30 July 2007, the Subsidiaries adopted another subsidiary share option schemes (the “2007 Subsidiary Share Option Schemes”). 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 remain unexpired, shall continue to be exercisable in accordance with their terms of issue.

On 22 February 2008, each of Apple Community Infonet Limited (“ACIL”), Next Media Animation Limited (“NMAL”) and Next Media Webcast Limited (“NMWL”) (collectively the “Other Subsidiaries”) adopted their respective share option schemes (the “2008 Subsidiary Share Option Schemes”). Under the 2008 Subsidiary Share Option Schemes, the Other Subsidiaries may grant to any of their full-time employees and Directors or employees and Directors of any of their subsidiaries and any person who the Directors of the Other Subsidiaries considers to be able to enhance the operation or value of the Other Subsidiaries options to subscribe for the respective ordinary shares of ACIL, NMAL and NMWL.

For the six months ended 30 September 2008

8. SHARE INCENTIVE SCHEMES (continued)

(c) Share Option Scheme adopted by certain subsidiaries (continued)

Movements in the number of share options granted pursuant to the 2007 and 2008 Subsidiary Share Option Schemes during the period are as follows:-

(i) 2002 Subsidiary Share Option Schemes

	Number of share options ADPDL
At 1 April 2008	100,000
Cancelled during the period	(100,000)
At 30 September 2008	-

(ii) 2007 Subsidiary Share Option Schemes

	Number of share options ADPDL
At 1 April 2008	-
Granted during the period	108,344
Exercised during the period	(108,344)
At 30 September 2008	-

8. SHARE INCENTIVE SCHEMES (continued)

(c) Share Option Scheme adopted by certain subsidiaries (continued)

(iii) 2008 Subsidiary Share Option Schemes

	Number of share options ACIL
At 1 April 2008	–
Granted during the period	60,000
At 30 September 2008	60,000

The Company has used the Black-Scholes Model for assessing the fair values of the share options granted during the period, and the Group recognised the total expense of HK\$3,187,000 for the period ended 30 September 2008 (2007: 2,051,000) in relation to share options granted by ADPDL and ACIL.

9. DIVIDENDS

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
Dividends recognised as distribution during the period:		
Ordinary shares:		
Final dividend for 2007/08 – HK9.0 cents (2006/07: HK8.5 cents) per share	217,125	205,005
Special dividend for 2007/08 – HK10.0 cents (2006/07: HK9.0 cents) per share	241,250	217,065
	458,375	422,070

For the six months ended 30 September 2008

9. DIVIDENDS (continued)

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

	Six months ended 30 September	
	2008 HK\$'000	2007 HK\$'000
Ordinary shares:		
Interim dividend for 2008/09 – Nil (2007/08: HK5.0 cents) per share	–	120,591

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2008.

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	
	2008 HK\$'000	2007 HK\$'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share for the period	208,332	215,488
	No. of shares	No. of shares
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,412,219,460	2,411,828,881
Effect of dilutive potential ordinary shares:		
Share options	11,346,797	994,891
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,423,566,257	2,412,823,772

The computation of diluted earnings per share does not assume certain share options granted since their exercise price was higher than the average market price of the Company's shares.

11. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment HK\$'000
<hr/>	
COST	
At 1 April 2008	2,519,198
Currency realignment	(67,335)
Additions	36,092
Disposals	(4,905)
<hr/>	
At 30 September 2008	2,483,050
<hr/>	
ACCUMULATED DEPRECIATION	
At 1 April 2008	942,581
Currency realignment	(19,659)
Charge for the period	67,866
Eliminated on disposals	(4,297)
<hr/>	
At 30 September 2008	986,491
<hr/>	
CARRYING VALUES	
At 30 September 2008	1,496,559
<hr/>	
At 31 March 2008	1,576,617
<hr/>	

Notes:

- (a) The carrying amount of the Group's property, plant and equipment includes an amount of HK\$406,644 (At 31 March 2008: HK\$755,198) 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.

For the six months ended 30 September 2008

12. PREPAID LEASE PAYMENTS

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

Analysed as:

	30 September 2008 HK\$'000	31 March 2008 HK\$'000
Non-current assets	67,845	68,744
Current assets	1,797	1,797
	69,642	70,541

13. RESTRICTED BANK BALANCES

The amount is 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 2008 HK\$'000	31 March 2008 HK\$'000
Trade receivables, net	570,213	522,545
Prepayments	14,092	15,058
Rental and other deposits	19,314	18,317
Others	22,497	25,284
	626,116	581,204

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

14. TRADE AND OTHER RECEIVABLES (continued)

The following is an aged analysis of the trade receivables net of allowance for doubtful debt at the balance sheet date:

	30 September 2008 HK\$'000	31 March 2008 HK\$'000
0 – 1 month	235,306	267,343
1 – 3 months	298,338	239,853
Over 3 months	36,569	15,349
	570,213	522,545

15. TRADE AND OTHER PAYABLES

	30 September 2008 HK\$'000	31 March 2008 HK\$'000
Trade payables	180,222	130,468
Other payables	319,699	332,498
	499,921	462,966

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

	30 September 2008 HK\$'000	31 March 2008 HK\$'000
0 – 1 month	127,442	92,484
1 – 3 months	40,652	24,441
Over 3 months	12,128	13,543
	180,222	130,468

For the six months ended 30 September 2008

16. BORROWINGS

	30 September 2008 HK\$'000	31 March 2008 HK\$'000
Secured bank loans (Note)	307,748	364,823

An analysis of the above is as follows:

	30 September 2008 HK\$'000	31 March 2008 HK\$'000
Secured bank loans repayable		
– within one year	72,411	76,805
– in the second year	72,411	76,805
– in the third year	72,411	76,805
– in the fourth year	72,411	76,805
– in the fifth year	18,104	57,603
	307,748	364,823
Less: Current portion	(72,411)	(76,805)
Non-current portion	235,337	288,018

During the period, the Group has repaid a bank loan amounting to HK\$36.2 million.

Note:

At 30 September 2008, 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\$403.5 million (At 31 March 2008: HK\$429.9 million); and
- Certain of the Group's plant and machinery with an aggregate carrying value of approximately HK\$281.1 million (At 31 March 2008: HK\$313.1 million).

17. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	30 September 2008	31 March 2008	30 September 2008	31 March 2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases:				
Within one year	626	1,001	569	914
In more than one year but not more than two years	-	63	-	54
	626	1,064	569	968
Less: future finance charges	(57)	(96)	-	-
Present value of lease obligations	569	968	569	968
Less: Amount due for settlement within twelve months (shown under current liabilities)			(569)	(914)
Amount due for settlement after twelve months			-	54

For the six months ended 30 September 2008

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 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, 1 April 2008 and 30 September 2008	-	-	4,600,000,000	4,600,000
			Issued and fully paid Ordinary shares	
			No. of shares	HK\$'000
At 1 April 2007, 30 September 2007 and 1 April 2008			2,411,828,881	2,411,829
Exercise of share options			668,000	668
At 30 September 2008			2,412,496,881	2,412,497

19. CONTINGENCIES

(a) Pending litigations

As at 30 September 2008, 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 financial year ended 31 March 2008, 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 “Default 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 Default Judgement until the final determination of ADPL’s application to set aside the Default Judgement, the application for a stay was adjourned sine die with liberty to restore. On 3 January 2008, a High Court hearing in relation to the applications to set aside the Default Judgement and the stay of proceedings to arbitration was heard, and the judgement was handed down by the High Court on 18 January 2008 (the “Judgement”). Pursuant to the Judgement, the Default Judgement dated 27 June 2007 against ADPL had been set aside and the proceedings against ADPL had been referred to arbitration. UDL had been ordered to pay 20% of ADPL’s costs on the application to set aside the Default Judgement. ADPL also obtained an order for payment of all of its costs in relation to the application for a stay of proceedings to arbitration from UDL.

19. CONTINGENCIES (continued)

(a) Pending litigations (continued)

Other than the legal and professional expenses which have been accrued in other payables, amounting to HK\$61,893,000 (At 31 March 2008: HK\$47,239,000) in note 15, no provision has been recognised in respect of the above mentioned outstanding legal proceedings as based on advice obtained from legal counsel, the Directors are of the opinion that the claims can be successfully defended by the Group.

(b) Guarantees

In connection with the acquisition of Database Gateway Limited (“DGL”) and its subsidiaries (the “Acquired Group”) on 26 October 2001, Mr. Lai, Chairman and a substantial 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 25 October 2007 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 unlikely in light of the indemnity given by Mr. Lai that if UDL pursues its various claims to their ultimate conclusion, the Group would have any liability. Accordingly, it is the opinion of the Directors of the Company that the outstanding claims brought by UDL would not have 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 2008 HK\$'000	31 March 2008 HK\$'000
Authorised but not contracted for	727	988
Contracted but not provided for	8,302	18,009
	9,029	18,997

(b) Commitments under operating leases

At 30 September 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 September 2008			31 March 2008		
	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	5,744	7,093	12,837	6,116	9,431	15,547
In the second to fifth years inclusive	1,800	5,070	6,870	2,981	6,509	9,490
	7,544	12,163	19,707	9,097	15,940	25,037

Leases are negotiated for lease term of 2 to 3 years and rentals are fixed during lease period.

For the six months ended 30 September 2008

21. RELATED PARTY DISCLOSURE

Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	THE GROUP	
	Six months ended	
	30 September	
	2008	2007
	HK\$'000	HK\$'000
Short-term benefits	8,781	8,974
Share-based payments	4,739	1,529
	13,520	10,503

There are no other related party transactions for the six months ended 30 September 2008 and 30 September 2007.



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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 39 to 65, which comprises the condensed consolidated balance sheet of Next Media Limited and its subsidiaries as of 30 September 2008 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 with 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

1 December 2008