NEXTmedia
Next Media Limited
Stock Code : 00282

INTERIM REPORT

2011/2012

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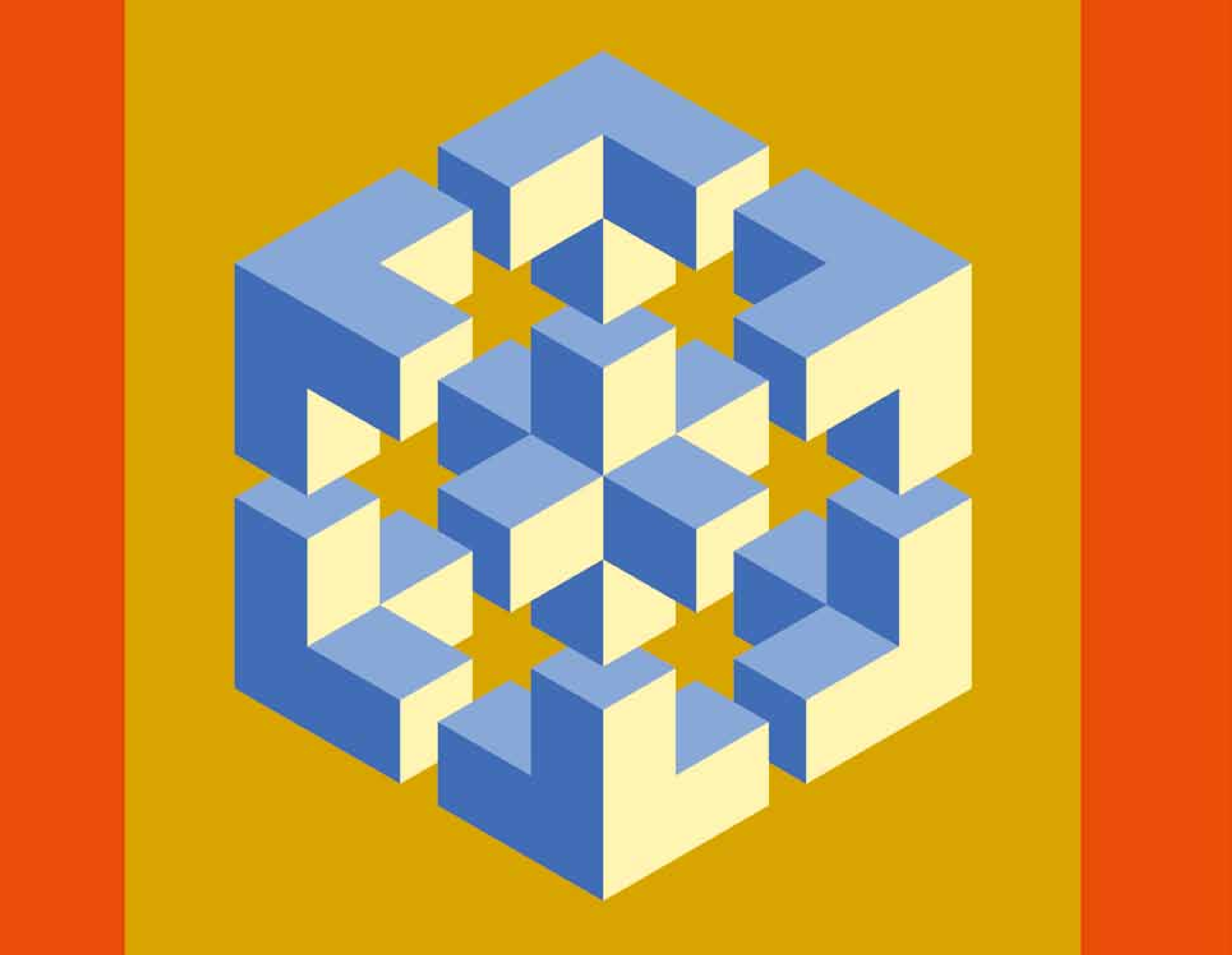

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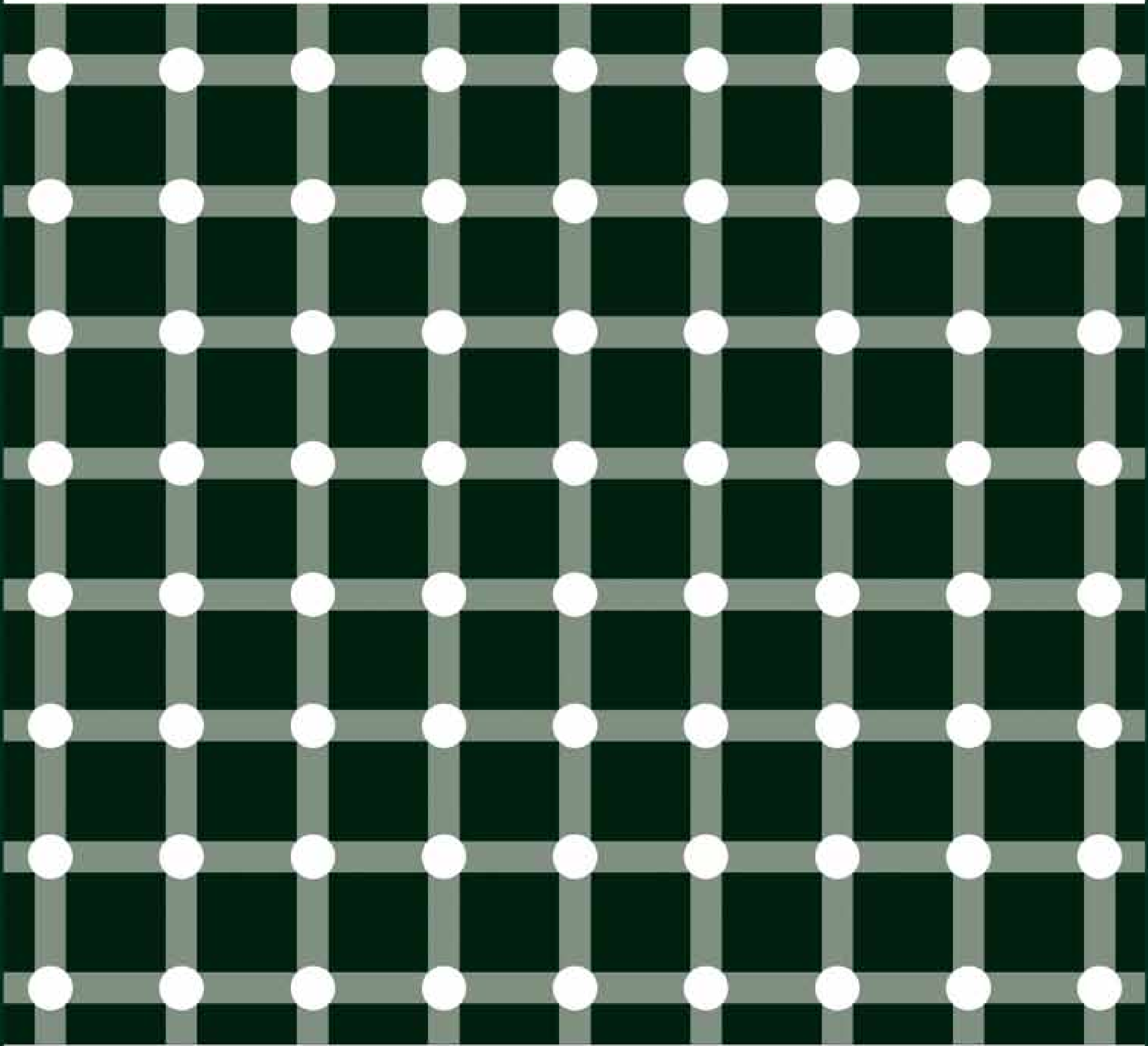

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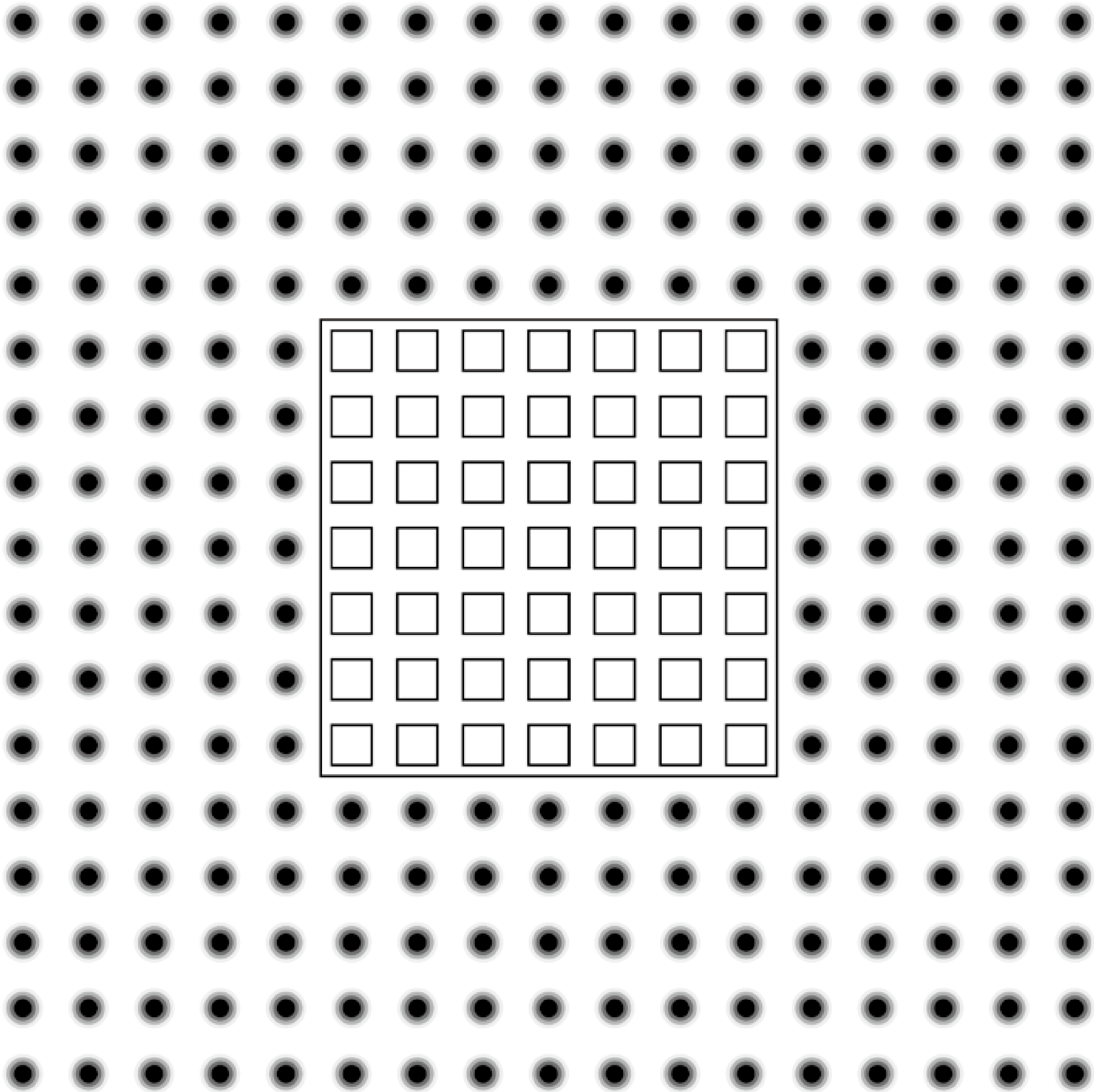

Perfect
PROFICIENCY

FINANCIAL HIGHLIGHTS

Results	(Unaudited) Six months ended 30 September **2011** HK$'000	2010 (Restated) HK$'000
Revenue	**1,842,459**	1,696,760
EBITDA before impairment and after non-controlling interests	**(93,114)**	198,879
(Loss) profit for the period from continuing operations	**(275,210)**	87,956
Basic (loss) earnings per share from continuing operations	**HK(11.4) cents**	HK3.7 cents
Diluted (loss) earnings per share from continuing operations	**HK(11.4) cents**	HK3.6 cents

Statement of Financial Position	**(Unaudited) As at 30 September 2011 HK$'000**	(Audited) As at 31 March 2011 HK$'000
Non-current assets	**3,725,068**	3,650,753
Current assets	**1,615,689**	1,838,331
Total assets	**5,340,757**	5,489,084
Current liabilities	**1,509,751**	804,325
Non-current liabilities	**624,928**	1,071,199
Total liabilities	**2,134,679**	1,875,524
Net assets	**3,206,078**	3,613,560

Ratio Analysis

Current ratio before assets and liabilities classified as held for sale	**102.9%**	228.6%
Quick ratio before assets and liabilities classified as held for sale	**77.7%**	198.8%
Gearing ratio before assets and liabilities classified as held for sale	**19.1%**	16.0%

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Next Media announces the unaudited interim results of the Group for the six months ended 30 September 2011, as well as the restated comparative figures for the same period of last year.

BUSINESSES

The Group's main business activities are the publication and printing of newspapers, magazines and books in Hong Kong and Taiwan. It also sells advertising space in these and on its Web portals, and subscriptions to the Web portals. Furthermore, it provides printing, reprographic and animation services, delivers Internet content, and operates TV channels in Taiwan and a Web commerce business.

DISCONTINUED OPERATION

On 10 June 2011, the Group entered into a sale and purchase agreement with Sum Tat Ventures Limited ("Sum Tat"), a company 100% beneficially owned by Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), the Company's Chairman and controlling shareholder, in respect of the sale of its 70% equity interest in Colored World Holdings Limited ("CWH", together with its subsidiaries, collectively, the "CWH Group") for a cash consideration of US$100.0 million (equivalent to HK$776.0 million) (the "Sale"). CWH Group is principally engaged in animation production and related services in Hong Kong and Taiwan. The Sale was approved by the independent Shareholders at an extraordinary general meeting of the Company held on 2 September 2011 and it was completed on 31 October 2011.

Upon completion of the Sale, the member companies of the CWH Group ceased to be subsidiaries of the Company, and the animation operation that is solely carried out by the CWH Group became a discontinued operation of the Group. Therefore, the comparative figures in this report for the period ended 30 September 2010 have been restated to reflect the present status of the animation operation as a discontinued operation.

FINANCIAL RESULTS

The Group's revenue from continuing operations totalled HK$1,842.5 million during the period under review. This was HK$145.7 million or 8.6% more than HK$1,696.8 million it recorded in the same months of 2010. The increase was mainly attributable to the Group's increased advertising income from its newspaper, magazine, television and multi-media operations.

The Group recorded a loss of HK$93.1 million for its continuing operations before interest, tax, depreciation, impairment and amortization but after non-controlling interests for the six months ended 30 September 2011 compared with a profit of HK$198.9 million for the corresponding period of 2010. The basic loss per share for continuing operations was HK11.4 cents, compared with basic earnings per share for continuing operations of HK3.7 cents in the same period of last year.

The Group's existing print businesses performed strongly during the six months ended 30 September 2011. Meanwhile, it continued to make considerable investments in building up its TV and multi-media operations in Taiwan, its Web commerce operations, and the establishment of *Hong Kong Sharp Daily*, its new free daily newspaper in Hong Kong. In doing so, it has laid the foundations for new business activities that have the potential to generate strong returns in the future.

In consequence of these investments, Next Media recorded an unaudited consolidated loss of HK$275.2 million on its continuing operations, compared with a profit of HK$88.0 million in the same period of 2010. Including the results of the animation operation for the period under review, the Group recorded an unaudited consolidated loss of HK$324.0 million, compared with a profit of HK$76.2 million in the same period of last year.

OVERVIEW OF MAJOR MARKETS

In general terms, the economic climate in Hong Kong and Taiwan remained favourable during the period under review, and this was reflected by the satisfactory half-year results of the Group's print operations.

However, concerns have been steadily building about the likely impact of a number of macro-economic factors. Like other places in the region, Hong Kong experienced accelerating inflation, which reached 5.7% in year-on-year terms in August 2011.

The prolonged debt crisis in the Euro Zone and the slow recovery of the US economy have made the world apprehensive about the possibility of another recession. This anxiety has resulted in large-scale sell-offs of equities in most markets, including Hong Kong's, during the summer months. The city's property market likewise became jittery and prices began to fall back from their record levels in the first six months of 2011.

Even so, Hong Kong's real GDP grew by a strong 6.3% in the first half of the year, compared with 7.0% during 2010. Exports were up by 13.3% year-on-year in the first eight months of 2011, compared with 22.8% in 2010. The continued influx of Mainland visitors maintained the tourism industry's momentum and made a big contribution to retail sales, which rose in value by 25.1% year-on-year in the first seven months of the year, having increased by 18.3% last year. The unemployment rate fell to 3.2% in the June to August 2011 period, compared to 4.4% in 2010.

Taiwan's economy also made progress. According to government estimates, a 4.4% surge in the value of exports and 2.6% growth in the domestic sector resulted in a net 5.0% year-on-year increase in real GDP up to June 2011, although the rate is expected to slow in the second half. The island's relationship with Mainland China continued to grow warmer, which had a beneficial impact on its economy.

The negative trends mentioned above have not so far affected advertising budgets in Hong Kong, where total advertising spending reached a record high of HK$16.6 billion in the first half of 2011, 16.0% up on the same period of last year. Although the picture was less rosy in Taiwan, where advertisers cut back by around 11.0% during the second quarter of this year, the Group's publications still experienced an average year-on-year increase in advertising revenue, thereby exceeding their targets in most cases.

OPERATIONAL REVIEW

The Group's operations in Hong Kong and elsewhere accounted for about 55.8% of its revenue during the six months ended 30 September 2011, compared with 58.6% in the same months of 2010. Its Taiwan operations contributed 44.2%, against 41.4% for the corresponding months in 2010. Favourable economic conditions in these two markets enabled its existing operations — especially its print operations — to generate positive results.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

The most exciting development in this area of the Group's operations was the launch of *Hong Kong Sharp Daily* on 19 September 2011. Initially, 800,000 copies of this new free tabloid are being distributed in the main commercial areas and housing estates throughout the city every morning from Mondays to Fridays. The aim is to increase the figure to one million copies in the near future, which will make it the most widely read free daily in Hong Kong. A separate midday edition with a print run of 100,000 copies is also being handed out in the main commercial districts.

Hong Kong Sharp Daily intends to be a mass-market and fully multimedia newspaper that appeals to a wide cross-section of the public, especially the working population. Its broad mix of general news, plus coverage of entertainment, business and finance and other topics, is delivered without political bias and in a format that makes it an enjoyable and easy read for busy people who wish to catch up quickly on the latest happenings. Its multimedia features also make it unique by allowing readers to access audio and video versions of the stories on their smartphones and iPhones via QR (Quick Response) code links.

Although some commentators have questioned whether the Hong Kong free daily newspaper market is becoming overcrowded, the Group is confident that *Hong Kong Sharp Daily* will be a success in the long term. This is due to its ability to leverage on the economies of scale created by Next Media's vast editorial and production capabilities. It will also benefit from the Group's strong and trusted brand image among advertisers and the public.

The Newspapers Publication and Printing Division achieved satisfactory results that were ahead its expectations during the six months ended 30 September 2011. *Apple Daily* and *Taiwan Apple Daily* were the largest contributors to the Division's revenue, which totalled HK$1,283.0 million and accounted for 69.6% of the Group's total revenue. This represented an increase of 7.2% on the figure of HK$1,197.2 million for the corresponding period last year. Meanwhile, the Division's segment profit slightly increased by 0.4% to HK$221.8 million, compared with HK$221.0 million in the same period of 2010.

Apple Daily remained Hong Kong's most widely read paid-for daily during the past half-year, and one of its best-selling ones. Its sales averaged 288,055 copies per day between January and June 2011, compared with 303,047 in the same period last year[1]. It was read by an average of 1,571,000 people aged 12+ daily during the 12 months ended 30 June 2011, a slight decrease on the figure of 1,592,000 during the same months a year earlier[2].

Meanwhile, the newspaper's advertising revenue totalled HK$360.8 million during the period under review, an increase of 4.3% on the figure of HK$345.8 million recorded in the same period of 2010. The banking and telecommunication sectors accounted for the largest shares of this.

Taiwan Apple Daily remained the island's best-selling and most widely read daily, even though its readership decreased slightly to 3,089,000 during the six months ended 30 June 2011, compared with 3,157,000 a year earlier[4]. The newspaper's external revenue increased by 13.4% to HK$669.7 million in the period, compared with HK$590.6 million during the corresponding months of 2010. Between them, the property, department and chain store, cosmetics sectors accounted for the lion's share of its advertising income.

Taiwan Sharp Daily, the Group's free newspaper in Taipei with an average daily distribution of 183,633 copies, maintained its popularity among readers and advertisers. Copies of the newspaper are distributed to commuters outside the city's Metro stations every morning from Mondays to Fridays, and it continued to attract smaller local advertisers.

Apple Daily Printing Limited

This newspaper printing operation continued to contribute a stable income to the Group. During the period under review, its revenue amounted to HK$198.4 million, an increase of 1.3% over the figure of HK$195.8 million achieved in the corresponding period of last year.

The revenue derived from the external customers of Apple Daily Printing Limited (total revenue less transactions related to printing Next Media's own publications) amounted to HK$67.5 million during the period under review, which was 4.5% higher than the HK$64.6 million it achieved in the same months of 2010. This was mainly attributable to additional printing orders from external customers.

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

The Books and Magazines Publication and Printing Division performed well during the period under review, despite an extremely competitive business environment. Its external revenue totalled HK$535.1 million, an increase of 8.3% on the HK$493.9 million it achieved in the same period of 2010.

The Group retained its unassailable position in the Hong Kong Chinese-language media industry, where it publishes the two best-selling and most widely read weekly magazines.

The revenue of *Next Magazine Bundle*, consisting of its flagship title, *Next Magazine* and a supplement named *NEXT+ONe* amounted to HK$142.3 million in the six months ended 30 September 2011, an increase of 9.2% compared with the figure of HK$130.3 million for the corresponding period of last year. It was particularly popular with companies advertising toiletries, luxury products and health equipment.

Meanwhile, *Next Magazine*'s readership aged 12+ declined to 759,000 during the 12 months ended 30 June 2011, compared with 780,000 in the same period of 2010[2], and its sales averaged 118,577 copies a week in the first six months of 2011, compared with 124,527 in the same period last year[1].

Sudden Weekly Bundle — which consists *Sudden Weekly*, *Eat & Travel Weekly* and *ME!* — remained the best-selling and most widely read weekly publication in Hong Kong. Its sales averaged 153,608 copies a week in the first six months of 2011, compared with 168,196 in the corresponding period last year[1]; whereas its average weekly readership decreased to 796,000 in the year up to 30 June 2011, compared with 838,000 during the same period a year earlier[2].

Sudden Weekly Bundle's total revenue increased to HK$160.6 million in the six months up to 30 September 2011, compared with HK$150.8 million in the same period of 2010, representing an increase of 6.5%. Beauty salons, food and beverage companies and retail cosmetics shops formed the mainstay of *Sudden Weekly*'s advertising income; whereas food and beverages, restaurants and hotels accounted for the biggest shares of *Eat & Travel Weekly*'s advertising revenue. Perfume and cosmetics, fashion and accessories made up the bulk of *ME!*'s advertising.

FACE Bundle — which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express* — retained its appeal as an upmarket infotainment weekly targeting Hong Kong's younger readers. In the face of strong competition for advertising dollars in this segment, it achieved total revenue of HK$53.2 million in the six months up to 30 September 2011, compared with HK$47.5 million during the same period last year, an increase of 12.0%. Advertising for beauty and hair salons and education featured most prominently on its pages.

Its weekly sales averaged 49,833 copies between January and June 2011, against 58,063 in the same months of 2010; while it enjoyed an average weekly readership of 309,000 during the 12 months ended 30 June 2011, compared with 278,000 in the preceding 12 months[2].

Taiwan Next Magazine Bundle which consists *Taiwan Next Magazine* and *Taiwan ME!* retained its long-held lead in the island's weekly magazine market, both in terms of sales and readership. It sold an average of 104,233 copies a week between January and June 2011, compared with 106,198 copies in the same months last year[3], and its weekly readership averaged 1,831,000 during the same months, compared with 1,908,000 in the corresponding period of 2010[4]. The magazine earned a total of HK$126.1 million in external revenue during the first half of the financial year, compared with HK$111.6 million in the same period of last year, an increase of 13.0%. The bulk of its advertising was for cosmetics, perfume, electronic and computer products.

Paramount Printing Company Limited

Apart from printing the Group's own magazines, the Division continued to produce high-quality printing work for external customers. Against a backdrop of intense competition, this generated revenue of HK$51.4 million in the six months ended 30 September 2011, which was 1.2% less than the HK$52.0 million it earned during the same period last year.

TELEVISION & MULTI-MEDIA DIVISION

Next Media's TV and multi-media operations in Taiwan continued to make progress during the six months up to 30 September 2011. The Group entered this market because it offers an attractive opportunity for an innovative newcomer. The island's television industry has been stagnant for nearly two decades, with little innovation in either its content or technology. The existing channels are still produced and broadcast in analogue format, and four out of five households are served by analogue-only cable networks.

The introduction of Next TV into the Taiwan market has been a protracted process. The Group initially encountered challenges and delays in obtaining government approval to operate TV channels on the existing cable network. This was resolved when the National Communications Commission ("NCC") eventually granted a licence for a news channel to Next TV on 20 July 2011. This followed the issuing of licences for a sports channel and movie channel earlier. Subsequently, Next TV launched its News Channel, the only local station in Taiwan producing programmes in high definition (HD) format, on Chunghua Telecom's MOD and kbroVision's digital platform. Between them, they have an initial combined membership base of close to 250,000 households. Negotiations are also underway to launch the news channel on the cable networks, which will have a reach of up to five million households. A new application for an entertainment and general interest channel licence filed by the Group in July 2011 is currently being considered by the NCC.

To bring innovation to the market and reach out to viewers seeking alternatives to traditional cable channels, the TV and Multi-Media Division has meanwhile focused on developing a Web TV format based on an open Internet-based, digital and interactive IPTV platform, which was launched in December 2010.

During its first six months of operations, around 400,000 households have signed up as members of Next Multi-Media's Yi Wang Le Club. They are given a multi-media set-top decoder box on loan, so that they can watch a growing number of channels plus a great variety of the latest Hollywood movies and other popular local programmes via its video-on-demand service.

While the video-on-demand began to generate income immediately, both the multi-media service and IPTV channels rely significantly on advertising revenue. The capital expenditures of the Next TV and multi-media platform, including set-top boxes and related supportive costs incurred was HK$263.3 million during the period under review, compared with HK$39.9 million in the same period a year earlier. Consequently, the Division recorded an operating segment loss of HK$495.8 million, compared with a loss of HK$141.6 million in the same period of last year.

In the coming months, the Division will continue to work on creating original and attractive HD contents that will boost the number of viewers and increase advertising revenue. New services, such as online TV games and TV shopping, are also being tested and will be rolled out in the second half of this financial year. The Group is confident that this operation will eventually become a significant profit contributor while transforming the landscape of the Taiwan TV industry in a dramatic way.

INTERNET DIVISION

The Group's online portals, together with their iPhone, iPad and Android apps, maintained their important role of providing local and overseas users with a convenient and entertaining way to access Next Media publications. They also served to popularise the Group's array of publications, particularly among the younger generation.

During the period under review, the online version of *Apple Daily* maintained its status as Hong Kong's most-visited interactive news portal, and the popularity of the *Taiwan Apple Daily* portal further increased. In September 2011, the numbers of absolute unique visitors to the websites reached 3.7 million and 7.7 million in Hong Kong and Taiwan respectively[5]. To date, more than 1.5 million *Apple Daily* apps have been downloaded, making *Apple Action News* one of the most popular video news sources in these two markets.

The Division's external revenue consisted of subscription fees, advertising revenue that it shared with the respective publications, and content licensing payments. This amounted to HK$5.7 million during the period under review, compared with the figure of HK$5.7 million recorded in the same months last year. It made a segmental loss of HK$17.8 million, compared to a loss of HK$19.2 million in the corresponding period of 2010.

The Division continued to develop its animation operation during the first half of the financial year. On 2 September 2011, the independent Shareholders approved the sale of a 70% equity interest in CWH, the holding company of the Group's Taiwan-based animation operation, to Sum Tat for a total cash consideration of US$100.0 million. The transaction was completed on 31 October 2011.

Following the completion, Mr. Lai intends to commit additional resources to the animation operation, which both he and the Group believe has considerable scope for future development. The Group intends to use the proceeds from the Sale for general working capital purposes.

FUTURE PROSPECTS AND OUTLOOK

As previously mentioned, the economies of Hong Kong and Taiwan are currently robust and in growth mode. However, the severe and prolonged debt crisis in the Euro Zone and the slow and fragile nature of the US economic recovery, together with the gathering pace of inflation in a number of economies, are forming a dark cloud on the horizon. It is difficult to predict what impact they will have on the region — especially Mainland China, its principal growth engine — in the coming months.

Given its present strength in the market and the popularity of its publications among advertisers and key demographic sectors, Next Media is cautiously optimistic about the prospects for its established businesses in the second half of the financial year. It also intends to push ahead with its more recent ventures in the electronic and online media sectors. At the same time, it will always pay close attention to the bigger economic picture, and balance its enthusiasm to develop its operations further with a healthy degree of caution.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operation 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 2011, the Group had available banking facilities in a total of HK$1,621.7 million, of which HK$1,002.5 million had been utilised. All its bank borrowings bear interest at floating rates, and there is no seasonality for its borrowing requirements. The Group's bank borrowings are denominated in HK$ and NT$.

In August 2010, the Group accepted a term loan facility for an aggregate amount of HK$650.0 million offered by a syndicate of eight banks for general working capital purposes. The final maturity date of this facility is 36 months from the date of its first drawdown. Pursuant to the terms and conditions of this facility, the borrower, Apple Daily Limited, the Company, and certain subsidiaries which are acting as its guarantors, must ensure that Mr. Lai, the Company's controlling shareholder, will remain the Company's Chairman and that he will continue to hold directly or indirectly at least 51.0% of the total issued share capital of the Company. Non-compliance with the above condition may constitute a breach of general undertakings, and the banks in the syndicate may declare that any commitments under the facility are cancelled and/or declare that all outstanding amounts (together with interest thereon) are immediately due and payable. As of 30 September 2011, the Group had fully drawn down the facility.

As of 30 September 2011, the Group had HK$409.2 million in bank balances and cash reserves. Its current ratio, before assets and liabilities classified as held for sale, on the same date was 102.9%, compared to 228.6% as of 31 March 2011. The Group's gearing ratio, before assets and liabilities classified as held for sale, on the same date, which was calculated by dividing its long-term liabilities, including current portions by total asset value, amounted to 19.1%, compared to 16.0% as of 31 March 2011.

ASSETS PLEDGED

As of 30 September 2011, the Group had pledged its properties and printing equipment situated in Hong Kong and Taiwan with an aggregate carrying value of HK$1,377.2 million to various banks as security for bank loan facilities granted to it.

EXCHANGE EXPOSURE AND CAPITAL EXPENDITURE

The Group's assets and liabilities are mainly denominated in HK$ or NT$. Its exchange exposure to NT$ is due to its existing magazine and newspaper publishing, Internet businesses and television and multi-media operations in Taiwan.

As of 30 September 2011, the Group's net currency exposure stood at NT$7,336.0 million (equivalent to about HK$1,874.8 million), an increase of 6.4% on the figure of NT$6,893.8 million (equivalent to HK$1,825.2 million) as of 31 March 2011.

SHARE CAPITAL

As of 30 September 2011, the Company's total issued share capital was HK$2,412,496,881 divided into 2,412,496,881 ordinary shares with a par value of HK$1.0 each.

CONTINGENT LIABILITIES

As at 30 September 2011, 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 ADPL, over amounts payable in respect of the construction of the facility. As the aforesaid dispute is now under arbitration, the final outcome remains uncertain.

Other than the legal and professional expenses which have been accrued in other payables, amounting to HK$94.5 million (as at 31 March 2011: HK$88.3 million), no provision has been recognised in respect of the above mentioned outstanding legal proceedings. In accordance with advice obtained from legal counsel, the Directors are of the opinion that the Group can successfully defend the claims.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai, Chairman and a controlling 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 contractual dispute with UDL (the "Indemnity"). In relation to the Indemnity, Mr. Lai procured a bank guarantee of HK$60.0 million for a term of three years upto 25 October 2013 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2011, the Group employed a total of 5,436 employees, of whom 2,154 were in Hong Kong, 3,278 were in Taiwan and 4 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2010/11 annual report of the Company.

The Group's total staff costs for the continuing operations for the six months ended 30 September 2011 amounted to HK$812.5 million, compared to HK$671.1 million for the corresponding period of last year. The increase in the total staff costs of the Group was mainly due to the increase of headcounts of the Television and Multi-Media Division during the period.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2011 (Six months ended 30 September 2010: HK$Nil).

FORWARD-LOOKING STATEMENTS

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

SOURCES:

1. *Hong Kong Audit Bureau of Circulations Limited*
2. *2011 Nielsen Media Index: Hong Kong Report (July 2010–June 2011)*
3. *The Audit Bureau of Circulations, R.O.C.*
4. *Media Index (January–June 2011), Nielsen Media Research, Taiwan*
5. *Google Analytics*

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

As of 30 September 2011, the Board consisted of eight Directors — five EDs and three INEDs. The EDs were Mr. Lai Chee Ying, Jimmy, the Chairman of the Board; Mr. Chu Wah Hui, the CEO; Mr. Cheung Ka Sing, Cassian, the Co-CEO; Mr. Ting Ka Yu, Stephen, the COO and CFO; and Mr. Ip Yut Kin. The INEDs were Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny.

On 2 October 2011, Mr. Chu Wah Hui has ceased to act as ED and vacated his position as CEO and Mr. Cheung Ka Sing, Cassian has been re-designated from the position of Co-CEO to CEO.

Detailed profiles of the current Directors are posted on the Company's website at http://www.nextmedia.com.

The three INEDs participated in the Company's Board meetings in order 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 respectively.

BOARD ACTIVITIES

Below is an overview of the dates of the various board meetings and a record of the attendance of its members during the six months ended 30 September 2011:

	Number of Meetings Attended/Held	
	Board Meeting	Audit Committee Meeting
EDs		
Lai Chee Ying, Jimmy (Chairman)	1/1 (100%)	N/A
Chu Wah Hui (CEO) (ceased to act as ED on 2 October 2011)	1/1 (100%)	N/A
Cheung Ka Sing, Cassian (CO-CEO)	1/1 (100%)	N/A
Ting Ka Yu, Stephen (COO and CFO)	1/1 (100%)	N/A
Ip Yut Kin	1/1 (100%)	N/A
INEDs		
Fok Kwong Hang, Terry	1/1 (100%)	1/1 (100%)
Wong Chi Hong, Frank	1/1 (100%)	1/1 (100%)
Lee Ka Yam, Danny	1/1 (100%)	1/1 (100%)
Dates of Meetings	03.06.2011	01.06.2011

AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three INEDs, and it was chaired by Dr. Lee Ka Yam, Danny. Full details of the Audit Committee, including its role and terms of reference, can be found on the Company's website. All the members of the Audit Committee attended the meeting held on 1 June 2011, together with the external auditor and in the absence of the EDs. The Audit Committee reviewed the following matters before they were submitted to the Board for its consideration:

- The Group's audited consolidated financial statements for the year ended 31 March 2011;
- The continuing connected transactions of the Group for the year ended 31 March 2011;
- The internal control review report for the year ended 31 March 2011; and
- The valuation report of the Group's mastheads and publishing rights for the year ended 31 March 2011.

The Audit Committee also reviewed, with the management, the Group's accounting principles and practices, internal controls and risk management systems, and financial reporting matters, including the review of the Interim Financial Statements.

Deloitte has reviewed the Interim Financial Statements 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 the HKAS 34 "Interim Financial Reporting", both of which were issued by the HKICPA.

REMUNERATION COMMITTEE

The Remuneration Committee consisted of three members, all of whom were INEDs. Full details of the Remuneration Committee, including its functions and terms of reference, can be found on the Company's website at http://www.nextmedia.com.

During the six months ended 30 September 2011, the Remuneration Committee has approved the respective salary increment for Mr. Cheung Ka Sing, Cassian and Mr. Ip Yut Kin, both being EDs with effect from 1 October 2011 by written resolutions.

INTERNAL CONTROLS

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 auditor. Since 1 April 2006, the Board had engaged professional firms to conduct assessments to evaluate the Group's entity-level controls with reference to the COSO (The Committee of Sponsoring Organisations) framework covering control environment, risk assessment, control activities, information and communication and monitoring.

During the six months ended 30 September 2011, the audit for each control unit has been completed, RSM would issue an internal audit report with details of the findings it identified their possible impact and suggested recommendations to the management for its comments. The management's feedback, including action plans, will be incorporated into the final report submitted to the Audit Committee and the Board for their consideration. Follow-up reviews of each audit will also be conducted, and follow-up review report summarising the status of the implementation of action plans will be issued thereafter.

Based on its assessment and findings during the period under review, RSM considers that a high level of awareness about these controls exists within the Group. Its findings and recommendations concerning improvements to the controls have been reported to the Audit Committee and the Board.

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 general meetings also provide a forum for Board members and Shareholders to exchange opinions and ideas. The Company's 2011 AGM was held on 18 July 2011. All the resolutions tabled at the meeting were voted on by poll, and the result of each poll was subsequently published on the websites of the Stock Exchange and the Company respectively on the same day.

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: ir@nextmedia.com.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2011, the Company fully complied with the applicable provisions of the Code, except for the Code provision E.1.2. Due to another business engagement, Mr. Lai, the Chairman of the Board, did not attend the 2011 AGM. Instead, Mr. Chu Wah Hui, a former ED and the CEO who has ceased to act as an ED and vacated his position of the CEO with effect from 2 October 2011, chaired the 2011 AGM in accordance with the provisions of Next Media's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code. Following specific enquiries by the Company, all current Directors have confirmed that they fully complied with the required standard of the Model Code throughout the period under review.

UPDATE ON CORPORATE GOVERNANCE PRACTICES

On 3 October 2011, the Company has adopted the whistle-blowing policy and the external communication policy for the Group's operation in Taiwan.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lai Chee Ying, Jimmy (Chairman)
Cheung Ka Sing, Cassian (CEO)*
Ting Ka Yu, Stephen (COO and CFO)
Ip Yut Kin

Independent Non-executive Directors

Fok Kwong Hang, Terry
Wong Chi Hong, Frank
Lee Ka Yam, Danny

AUTHORISED REPRESENTATIVES

Cheung Ka Sing, Cassian*
Ting Ka Yu, Stephen

COMPANY SECRETARY

Wong Shuk Ha, Cat

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

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

LEGAL ADVISORS

Reed Smith Richards Butler
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: Company's registered office address
Fax: (852) 2623 9386
E-mail: ir@nextmedia.com

WEBSITE

http://www.nextmedia.com

* On 2 October 2011, Mr. Chu Wah Hui has ceased to act as an ED and authorized representative of the Company and vacated his position as CEO. Mr. Cheung Ka Sing, Cassian has been re-designed from the position of Co-CEO to CEO and appointed as authorized representative on the same date.

SHARE INFORMATION

As at 30 September 2011

Shareholders of Ordinary Shares

Mr. Lai Chee Ying, Jimmy	74.05%
Directors other than Mr. Lai Chee Ying, Jimmy	0.62%
Others	25.33%

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 2007 Share Option Scheme of the Company and remaining unexpired

at an exercise price of HK$1.880 each	10,000,000 Option Shares
at an exercise price of HK$1.000 each	11,080,000 Option Shares
at an exercise price of HK$1.070 each	400,000 Option Shares
at an exercise price of HK$1.064 each	9,000,000 Option Shares
at an exercise price of HK$1.110 each	4,000,000 Option Shares
at an exercise price of HK$1.370 each	650,000 Option Shares
at an exercise price of HK$1.100 each	10,000,000 Option Shares
at an exercise price of HK$1.050 each	19,614,000 Option Shares
at an exercise price of HK$1.090 each	400,000 Option Shares
at an exercise price of HK$1.150 each	9,000,000 Option Shares
Total	**74,144,000 Option Shares**

Market Capitalisation

at HK$0.73 per Ordinary Share (closing price on 30 September 2011)	HK$1.76 billion

Stock Code

The Stock Exchange of Hong Kong Limited

Main Board	00282
Board Lot	2,000 Ordinary Shares

OTHER INFORMATION

THE DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 September 2011, the Directors and 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 corporation (with 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 in the Listing Rules:

(a) Interests in the Company

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

Name of Director/ Chief Executive	Number of Shares: Personal interests	Number of Shares: Family interests	Number of Shares: Corporate interests	Number of Shares: Other interests	Interests in underlying Shares/ equity derivatives	Total Shares	Percentage of issued share capital
Lai Chee Ying, Jimmy	1,720,594,935	—	1,000,000	64,938,230	—	1,786,533,165	74.05
Chu Wah Hui*	20,000	10,000	—	—	30,000,000 (Note 1)	30,030,000	1.24
Cheung Ka Sing, Cassian	172,000	—	—	—	18,000,000 (Note 2)	18,172,000	0.75
Ting Ka Yu, Stephen	90,314	—	—	—	1,194,000 (Note 3) 1,618,000 (Note 4)	2,902,314	0.12
Ip Yut Kin	10,200,377	2,630,000	—	—	1,060,000 (Note 3)	13,890,377	0.58
Fok Kwong Hang, Terry	1,800,000	—	—	—	510,000 (Note 4)	2,310,000	0.10
Wong Chi Hong, Frank	—	—	—	—	510,000 (Note 4)	510,000	0.02
Lee Ka Yam, Danny	—	—	—	—	510,000 (Note 4)	510,000	0.02

* Mr. Chu Wah Hui has ceased to act as ED and vacated his position as the CEO of the Group with effect from 2 October 2011.

(b) Interests in Associated Corporation

The table below sets out the long positions in the 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:

ADPDL

Name of Director/ Chief Executive	Number of shares: Personal interests	Family interests	Corporate interests	Other interests	Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
Ting Ka Yu, Stephen	108,344 (Note 5)	—	—	—	—	108,344	1.00
Ip Yut Kin	216,688 (Note 5)	—	—	—	—	216,688	2.00

Notes:

(1) These interests represented options granted under the 2007 Share Option Scheme of the Company to the Director as beneficial owner, pursuant to the terms of an employment agreement entered into by the Director and a wholly-owned subsidiary of the Company dated 22 September 2008, and provided that the Director continues to be employed by the Group at the relevant time, details of which are set out in the section headed "Share Incentive Schemes". The employment contract expired on 2 October 2011 and all the options granted thereunder also lapsed on the same date.

(2) These interests represented options granted under the 2007 Share Option Scheme of the Company to the Director as beneficial owner, details of which are set out in the section headed "Share Incentive Schemes". Further options representing rights to subscribe for 9,000,000 Shares would be granted to the Director under the 2007 Share Option Scheme, pursuant to the terms of an employment agreement entered into by the Director and a wholly-owned subsidiary of the Company dated 3 November 2009, provided that the Director continues to be employed by the Group at the relevant time.

(3) These interests represented Shares to be subscribed for under invitations issued by the Company pursuant to the Subscription and Financing Plan to Directors as beneficial owners, details of which are set out in the section headed "Share Incentive Schemes".

(4) These interests represented options granted under the 2007 Share Option Scheme of the Company to the Director as beneficial owner, details of which are set out in the section headed "Share Incentive Schemes".

(5) These interests represented shares of ADPDL issued upon the exercise of options granted under the 2007 ADPDL Share Option Scheme.

Apart from the details disclosed above and in the section headed "Discloseable Interests and Short Positions of Shareholders under the SFO" below, none of the Directors or 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 2011.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As of 30 September 2011, 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 and so far as is known to any of the Directors or Chief Executives of the Company:

Name of Shareholder	Number of Shares/ underlying Shares held	Percentage of issued share capital
Li Wan Kam, Teresa	1,786,533,165 (Note)	74.05

Note:

These represent the same total number of Shares held by Mr. Lai Chee Ying, Jimmy, as disclosed in the Section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures". Ms. Li Wan Kam, Teresa, is the spouse of Mr. Lai Chee Ying, Jimmy, 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 the Directors or Chief Executives 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 of the Directors or Chief Executives of the Company as at 30 September 2011.

SHARE INCENTIVE SCHEMES

(a) Company Share Option Schemes

2007 Share Option Scheme

On 30 July 2007, the Company adopted the 2007 Share Option Scheme. Its terms comply with the requirements of Chapter 17 of the Listing Rules.

Details of outstanding options granted under the 2007 Share Option Scheme as at 30 September 2011 are as follows:

Name or category of participant	Date of grant	Exercise price per Share	Vesting date (%)	Exercisable period	Balance as at 01.04.2011	Granted during the period	Lapsed during the period	Balance as at 30.09.2011
Directors								
Chu Wah Hui *	02.10.2008	HK$1.880	02.10.2009 (100%)	03.10.2008–01.10.2013	10,000,000	—	—	10,000,000
	02.10.2009	HK$1.000	02.10.2010 (100%)	03.10.2009–01.10.2014	10,000,000	—	—	10,000,000
	04.10.2010	HK$1.100	04.10.2011 (100%)	05.10.2010–03.10.2015	10,000,000	—	—	10,000,000
Cheung Ka Sing, Cassian	01.02.2010	HK$1.064	01.02.2011 (100%)	02.02.2010–31.01.2013	9,000,000	—	—	9,000,000
	01.02.2011	HK$1.150	01.02.2012 (100%)	02.02.2011–31.01.2014	9,000,000	—	—	9,000,000
Ting Ka Yu, Stephen	10.12.2010	HK$1.050	11.12.2011 (30%) 11.12.2012 (60%) 11.12.2013 (100%)	11.12.2010–29.07.2017	1,618,000	—	—	1,618,000
Fok Kwong Hang, Terry	10.12.2010	HK$1.050	11.12.2011 (30%) 11.12.2012 (60%) 11.12.2013 (100%)	11.12.2010–29.07.2017	510,000	—	—	510,000
Wong Chi Hong, Frank	10.12.2010	HK$1.050	11.12.2011 (30%) 11.12.2012 (60%) 11.12.2013 (100%)	11.12.2010–29.07.2017	510,000	—	—	510,000
Lee Ka Yam, Danny	10.12.2010	HK$1.050	11.12.2011 (30%) 11.12.2012 (60%) 11.12.2013 (100%)	11.12.2010–29.07.2017	510,000	—	—	510,000

Name or category of participant	Date of grant	Exercise price per Share	Vesting date (%)	Exercisable period	Balance as at 01.04.2011	Granted during the period	Lapsed during the period	Balance as at 30.09.2011
Employees and Advisor								
In aggregate	20.01.2009	HK$1.000	06.01.2010 (100%)	06.01.2009–04.01.2014	400,000	—	—	400,000
	05.01.2010	HK$1.070	05.01.2011 (100%)	06.01.2010–04.01.2015	400,000	—	—	400,000
	01.03.2010	HK$1.110	02.03.2011 (50%) 02.03.2012 (100%)	02.03.2010–29.07.2017	4,000,000	—	—	4,000,000
	15.04.2010	HK$1.370	16.04.2011 (30%) 16.04.2012 (60%) 16.04.2013 (100%)	16.04.2010–29.07.2017	650,000	—	—	650,000
	10.12.2010	HK$1.050	11.12.2011 (30%) 11.12.2012 (60%) 11.12.2013 (100%)	11.12.2010–29.07.2017	16,966,000	—	(500,000)	16,466,000
	05.01.2011	HK$1.090	05.01.2012 (100%)	06.01.2011–04.01.2016	400,000	—	—	400,000
	08.07.2011	HK$1.000	09.07.2012 (30%) 09.07.2013 (60%) 09.07.2014 (100%)	09.07.2011–29.07.2017	—	680,000	—	680,000
Total outstanding					73,964,000	680,000	(500,000)	74,144,000

* Mr. Chu Wah Hui has ceased to act as ED and vacated his position as the CEO with effect from 2 October 2011.

Apart from the abovementioned movements, no options were exercised or cancelled under the 2007 Share Option Scheme during the six months ended 30 September 2011.

The Company has used the Binomial Model for assessing the fair values of the options granted during the six months ended 30 September 2011. This is an appropriate method for assessing the fair value of an option that can be exercised before the expiry of the option period. The values of the respective options granted during the six months ended 30 September 2011 were calculated as follows:

Date of grant	No. of options granted	Closing price per Share immediately prior to the date of grant (HK$)	Risk-free Rate	Expected life (years)	Expected volatility	Expected dividend yield	Fair value per option (HK$)	Remarks
08.07.2011	680,000	0.910	1.71%	6.05	47.72%	0%	0.37	Note

Note: 30% of the 680,000 options granted to employees on 8 July 2011 will vest on 9 July 2012; and a further 30% will vest on 9 July 2013, while the remaining 40% will vest on 9 July 2014. The fair value per option stated above is an averaged fair value of such options.

An amount of HK$5,457,000 was recognised in the consolidated statement of comprehensive income for the six months ended 30 September 2011 in respect of the values of options granted in current and prior periods.

When calculating the fair value of the options, no allowance was made for forfeiture prior to vesting. It should be noted that the value of an option varies according to the different variables of certain subjective assumptions, and changes in the variables adopted may materially affect the fair value estimate.

Apart from the abovementioned movements, no options were exercised or cancelled under the 2007 Share Option Scheme.

(b) Subsidiary Share Option Schemes

(i) Hong Kong Subsidiary Share Option Schemes

During the period the following Hong Kong subsidiaries of the Company had their own respective share option schemes (collectively referred to as the "Hong Kong Subsidiary Share Option Schemes"). Their terms of reference complied with the requirements of Chapter 17 of the Listing Rules.

Name of subsidiary		Adoption date	Share option scheme title
Apple Daily Publication Development Limited (ADPDL)		30 July 2007	2007 ADPDL Share Option Scheme
Next Media Publishing Limited (NMPL)		30 July 2007	2007 NMPL Share Option Scheme
Apple Community Infonet Limited (ACIL)		20 February 2008	2008 ACIL Share Option Scheme
Next Media Animation Limited (NMAL)	Note	20 February 2008	2008 NMAL Share Option Scheme
Next Media Webcast Limited (NMWL)		20 February 2008	2008 NMWL Share Option Scheme
Aim High Investments Limited (AHIL)		12 June 2009	2009 AHIL Share Option Scheme

Note: NMAL has ceased to be a subsidiary of the Group upon completion of the sale of 70% equity interest in CWH, the holding company of the Group's animation operations, to Sum Tat, a company 100% beneficiary owned by Mr. Lai on 31 October 2011.

The tables below set out movements in options under the Hong Kong Subsidiary Share Option Schemes during the six months ended 30 September 2011:

2008 NMAL Share Option Scheme

Name or category of participant	**Date of grant**	**Exercise price per share**	**Vesting date (%)**	**Exercisable period**	**Balance as at 01.04.2011**	**Granted during the period**	**Lapsed during the period**	**Balance as at 30.09.2011**
Employees								
In aggregate	14.10.2009	Note	15.10.2010 (30%) 15.10.2011 (60%) 15.10.2012 (100%)	Not yet determined	637,000	—	(16,000)	621,000
	04.01.2010	Note	05.01.2011 (30%) 05.01.2012 (60%) 05.01.2013 (100%)	Not yet determined	35,000	—	—	35,000
	15.10.2010	Note	16.10.2011 (30%) 16.10.2012 (60%) 16.10.2013 (100%)	Not yet determined	70,000	—	—	70,000
	15.12.2010	Note	16.12.2011 (30%) 16.12.2012 (60%) 16.12.2013 (100%)	Not yet determined	200,000	—	—	200,000
Total outstanding					942,000	—	(16,000)	926,000

Note: The exercise price shall be determined solely by the board of NMAL but shall always be higher than or equal to the nominal value of a share of NMAL. For any option granted after NMAL has resolved to seek a listing or 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 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 NMAL.

Apart from the abovementioned movements, no options were granted or exercised or cancelled under the 2008 NMAL Share Option Scheme during the six months ended 30 September 2011.

(ii) Taiwan Subsidiary Share Option Schemes

During the period the following Taiwan subsidiaries of the Company had their own respective share option schemes (collectively referred to as the "Taiwan Subsidiary Share Option Schemes") with terms in compliance with the requirements of Chapter 17 of the Listing Rules.

Name of subsidiary	Adoption date	Share option scheme title
Next TV Broadcasting Limited (Next TV)	16 September 2010	2010 Next TV Share Option Scheme
Next Multi-media Entertainment Services Limited (NMES)	16 September 2010	2010 NMES Share Option Scheme
Next Media Lifestyle Entertainment Services Limited (NMLE)	16 September 2010	2010 NMLE Share Option Scheme

The tables below set out movements in options under the Taiwan Subsidiary Share Option Schemes during the six months ended 30 September 2011:

2010 Next TV Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2011	Granted during the period	Lapsed during the period	Balance as at 30.09.2011
Employees								
In aggregate	15.12.2010	Note	16.12.2011 (30%) 16.12.2012 (60%) 16.12.2013 (100%)	Not yet determined	291,600	—	(31,200)	260,400
Total outstanding					291,600	—	(31,200)	260,400

Note: The exercise price shall be determined solely by the board of Next TV but shall always be higher than or equal to the nominal value of a share of Next TV. For any option granted after Next TV has resolved to seek a listing or 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 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 Next TV.

Apart from the abovementioned movements, no options were granted or exercised or cancelled under the 2010 Next TV Share Option Scheme during the six months ended 30 September 2011.

2010 NMES Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2011	Granted during the period	Lapsed during the period	Balance as at 30.09.2011
Employees								
In aggregate	15.12.2010	Note	16.12.2011 (30%) 16.12.2012 (60%) 16.12.2013 (100%)	Not yet determined	6,000	—	—	6,000
	08.07.2011	Note	09.07.2012 (30%) 09.07.2013 (60%) 09.07.2014 (100%)	Not yet determined	—	3,500	—	3,500
Total outstanding					6,000	3,500	—	9,500

Note: The exercise price shall be determined solely by the board of NMES but shall always be higher than or equal to the nominal value of a share of NMES. For any option granted after NMES has resolved to seek a listing or 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 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 NMES.

Apart from the abovementioned movements, no options were exercised or lapsed or cancelled under the 2010 NMES Share Option Scheme during the six months ended 30 September 2011.

2010 NMLE Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2011	Granted during the period	Lapsed during the period	Balance as at 30.09.2011
Employees								
In aggregate	08.07.2011	Note	09.07.2012 (30%) 09.07.2013 (60%) 09.07.2014 (100%)	Not yet determined	—	5,000	—	5,000
Total outstanding					—	5,000	—	5,000

Note: The exercise price shall be determined solely by the board of NMLE but shall always be higher than or equal to the nominal value of a share of NMLE. For any option granted after NMLE has resolved to seek a listing or 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 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 NMLE.

Apart from the above movements, there were no options were exercised or lapsed or cancelled under the 2010 NMLE Share Option Scheme during the six months ended 30 September 2011.

The Company has used the Binomial Model to assess the fair values of options granted under the 2010 NMES Share Option Scheme and 2010 NMLE Share Option Scheme during the six months ended 30 September 2011. This is an appropriate method for assessing the fair value of an option that can be exercised before the expiry of the option period.

The values of the respective options granted during the six months ended 30 September 2011 were calculated as follows:

Date of grant	No. of options granted	Risk-free Rate	Expected life (years)	Expected volatility	Expected dividend yield	Fair value per option (HK$)	Remarks
2010 NMES Share Option Scheme							
08.07.2011	3,500	1.4187%	9.19	70.77%	0%	3.80	Note 1
2010 NMLE Share Option Scheme							
08.07.2011	5,000	1.4187%	9.19	70.77%	0%	17.63	Note 2

Note 1: 30% of the 3,500 options granted to an employee on 8 July 2011 will vest on 9 July 2012; and a further 30% will vest on 9 July 2013, while the remaining 40% will vest on 9 July 2014. The fair value per option stated above is an averaged fair value of such options at NT$52,000 equivalent to HK$13,289.

Note 2: 30% of the 5,000 options granted to the employees on 8 July 2011 will vest on 9 July 2012; and a further 30% will vest on 9 July 2013, while the remaining 40% will vest on 9 July 2014. The fair value per option stated above is an averaged fair value of such options at NT$345,000 equivalent to HK$88,168.

No expense was recognised in the consolidated statement of comprehensive income for the six months ended 30 September 2011 in respect of the value of options granted during the period under the Taiwan Subsidiary Share Option Schemes.

When calculating the fair values of options granted under the 2010 NMES Option Scheme and the 2010 NMLE Share Option Scheme during the period, no allowance was made for forfeiture prior to vesting. It should be noted that the value of an option under each grant varies according to different variables of certain subjective assumptions; and changes in the variables adopted may materially affect the fair value estimate.

SHARE SUBSCRIPTION AND FINANCING PLAN

The Share Subscription and Financing Plan allows the Board to invite eligible persons to subscribe for new Shares in the Company.

The table below sets out movements of the invitations for subscriptions issued under the Share Subscription and Financing Plan during the period:

Name or category of participant	Invitation date	Subscription price per Share	Vesting date (%)	Subscription period	Balance as at 01.04.2011	Lapsed during the period	Balance as at 30.09.2011
Directors							
Ting Ka Yu, Stephen	08.11.2007	HK$2.120	09.11.2008 ($33^{1}/_{3}$%) 09.11.2009 ($66^{2}/_{3}$%) 09.11.2010 (100%)	09.11.2008– 07.11.2012	1,194,000	—	1,194,000
Ip Yut Kin	08.11.2007	HK$2.120	09.11.2008 ($33^{1}/_{3}$%) 09.11.2009 ($66^{2}/_{3}$%) 09.11.2010 (100%)	09.11.2008– 07.11.2012	1,060,000	—	1,060,000
Employees							
In aggregate	08.11.2007	HK$2.120	09.11.2008 ($33^{1}/_{3}$%) 09.11.2009 ($66^{2}/_{3}$%) 09.11.2010 (100%)	09.11.2008– 07.11.2012	37,514,000	(2,616,000)	34,898,000
	25.02.2008	HK$2.490	26.02.2009 ($33^{1}/_{3}$%) 26.02.2010 ($66^{2}/_{3}$%) 26.02.2011 (100%)	26.02.2009– 24.02.2013	1,000,000	—	1,000,000
Total outstanding					40,768,000	(2,616,000)	38,152,000

No invitations for subscriptions under the Share Subscription and Financing Plan were issued, subscribed for or cancelled during the period ended 30 September 2011.

RELATED-PARTY TRANSACTIONS

During the period, the Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles, details of which are set out in note 25 to the Interim Financial Statements. These mainly concerned contracts entered into by the Group in the ordinary course of business. These contracts were negotiated on normal commercial terms and on an arm's length basis with reference to prevailing market conditions.

Save as disclosed above and note 25 to the Interim Financial Statements, no other contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries were entered into or existed during the period.

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 the public's hands exceed 25.0% as at 30 September 2011, the latest practicable date to ascertain such information prior to the issue of this interim report.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption of the Company's listed Shares by the Company or any of its subsidiaries during the six months ended 30 September 2011.

On behalf of the Board
Lai Chee Ying, Jimmy
Chairman

Hong Kong, 18 November 2011

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

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 46 to 90, which comprises the condensed consolidated statement of financial position of Next Media Limited and its subsidiaries as of 30 September 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows 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 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company 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 HKICPA. A review of interim financial information consists of making inquiries, 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

18 November 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	NOTES	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited and restated)
Continuing operations			
Revenue	3	**1,842,459**	1,696,760
Production costs			
Cost of raw materials consumed		**(639,480)**	(554,449)
Film production costs		**(192,360)**	(6,818)
Other overheads		**(191,073)**	(112,851)
Staff costs		**(478,235)**	(401,512)
Changes in programmes and film rights		**98,653**	—
		(1,402,495)	(1,075,630)
Personnel costs excluding direct production staff costs		**(334,226)**	(269,611)
Other income	3	**37,622**	22,560
Depreciation of property, plant and equipment		**(127,869)**	(66,878)
Release of prepaid lease payments to profit or loss		**(899)**	(899)
Other expenses		**(234,978)**	(175,938)
Finance costs	5	**(10,499)**	(3,148)
Share of results of a jointly controlled entity		**(1,172)**	891
Impairment loss on unlisted convertible note	15	**(7,800)**	—
(Loss) profit before tax		**(239,857)**	128,107
Income tax expense	7	**(35,353)**	(40,151)
(Loss) profit for the period from continuing operations	8	**(275,210)**	87,956
Discontinued operation			
Loss for the period from discontinued operation	19	**(48,807)**	(11,801)
(Loss) profit for the period		**(324,017)**	76,155
Other comprehensive (expenses) income			
Exchange differences arising on translation		**(89,103)**	19,149
Total comprehensive (expenses) income for the period		**(413,120)**	95,304

For the six months ended 30 September 2011

	NOTE	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited and restated)
(Loss) profit for the period attributable to:			
Owners of the Company			
— (Loss) profit for the period from continuing operations		**(275,534)**	87,803
— Loss for the period from discontinued operation		**(48,807)**	(11,801)
		(324,341)	76,002
Non-controlling interests			
— Profit for the period from continuing operations		**324**	153
		(324,017)	76,155
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(413,335)**	95,134
Non-controlling interests		**215**	170
		(413,120)	95,304
(Loss) earnings per share			
From continuing and discontinued operations	11		
Basic		**HK(13.4) cents**	HK3.2 cents
Diluted		**HK(13.4) cents**	HK3.1 cents
From continuing operations			
Basic		**HK(11.4) cents**	HK3.7 cents
Diluted		**HK(11.4) cents**	HK3.6 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	NOTES	30 September 2011 HK$'000 (unaudited)	31 March 2011 HK$'000 (audited)
NON-CURRENT ASSETS			
Intangible assets		**1,300,881**	1,300,881
Goodwill	6	**9,888**	—
Property, plant and equipment	12	**2,188,429**	2,132,185
Prepaid lease payments	13	**62,453**	63,352
Deposit for acquisition of property, plant and equipment	14	**163,417**	145,363
Interest in a jointly controlled entity		**—**	1,172
Investment in an unlisted convertible note	15	**—**	6,216
Derivatives embedded in the investment in an unlisted convertible note	15	**—**	1,584
		3,725,068	3,650,753
CURRENT ASSETS			
Programmes and film rights		**166,893**	68,240
Inventories		**208,423**	171,000
Trade and other receivables	16	**746,638**	711,610
Prepaid lease payments	13	**1,797**	1,797
Tax recoverable		**3,254**	1,716
Restricted bank balances	17	**5,411**	5,411
Bank balances and cash		**403,800**	878,557
		1,536,216	1,838,331
Assets classified as held for sale	18	**79,473**	—
		1,615,689	1,838,331

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2011

	NOTES	30 September 2011 HK$'000 (unaudited)	31 March 2011 HK$'000 (audited)
CURRENT LIABILITIES			
Trade and other payables	20	**757,400**	653,594
Borrowings	21	**694,263**	127,107
Obligations under finance leases		**4**	4
Tax liabilities		**41,501**	23,620
		1,493,168	804,325
Liabilities associated with assets classified as held for sale	18	**16,583**	—
		1,509,751	804,325
NET CURRENT ASSETS		**105,938**	1,034,006
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,831,006**	4,684,759
NON-CURRENT LIABILITIES			
Borrowings	21	**308,254**	752,176
Retirement benefits plans		**26,977**	27,242
Deferred tax liabilities		**289,697**	291,781
		624,928	1,071,199
NET ASSETS		**3,206,078**	3,613,560
CAPITAL AND RESERVES			
Share capital	22	**2,412,497**	2,412,497
Reserves		**788,772**	1,196,650
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,201,269**	3,609,147
NON-CONTROLLING INTERESTS		**4,809**	4,413
TOTAL EQUITY		**3,206,078**	3,613,560

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Attributable to owners of the Company						Attributable to non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share based payment reserve HK$'000	Accumulated profits (losses) HK$'000	Sub total HK$'000	Share based payment reserve of subsidiaries HK$'000	Share of net assets of subsidiaries HK$'000	Sub total HK$'000	Total HK$'000
At 1 April 2010 (audited)	2,412,497	918,712	(14,976)	58,774	139,466	3,514,473	–	3,338	3,338	3,517,811
Exchange differences arising on translation	–	–	19,132	–	–	19,132	–	17	17	19,149
Profit for the period	–	–	–	–	76,002	76,002	–	153	153	76,155
Total comprehensive income for the period	–	–	19,132	–	76,002	95,134	–	170	170	95,304
Recognition of equity-settled share based payments	–	–	–	4,979	–	4,979	3	–	3	4,982
Lapse of share options	–	–	–	(2,699)	2,699	–	–	–	–	–
Acquisition of additional interest in a subsidiary	–	–	–	–	(6,606)	(6,606)	–	–	–	(6,606)
At 30 September 2010 (unaudited)	2,412,497	918,712	4,156	61,054	211,561	3,607,980	3	3,508	3,511	3,611,491
Exchange differences arising on translation	–	–	91,463	–	–	91,463	–	147	147	91,610
Loss for the period	–	–	–	–	(95,732)	(95,732)	–	33	33	(95,699)
Total comprehensive expenses for the period	–	–	91,463	–	(95,732)	(4,269)	–	180	180	(4,089)
Recognition of equity-settled share based payments	–	–	–	5,436	–	5,436	722	–	722	6,158
Lapse of share options	–	–	–	(20,439)	20,439	–	–	–	–	–
At 31 March 2011 (audited)	2,412,497	918,712	95,619	46,051	136,268	3,609,147	725	3,688	4,413	3,613,560
Exchange differences arising on translation	–	–	(88,994)	–	–	(88,994)	–	(109)	(109)	(89,103)
Loss for the period	–	–	–	–	(324,341)	(324,341)	–	324	324	(324,017)
Total comprehensive expenses for the period	–	–	(88,994)	–	(324,341)	(413,335)	–	215	215	(413,120)
Recognition of equity-settled share based payments	–	–	–	5,457	–	5,457	181	–	181	5,638
Lapse of share options	–	–	–	(2,239)	2,239	–	–	–	–	–
At 30 September 2011 (unaudited)	2,412,497	918,712	6,625	49,269	(185,834)	3,201,269	906	3,903	4,809	3,206,078

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited and restated)
OPERATING ACTIVITIES		
(Loss) profit before tax	**(288,664)**	116,306
Adjustments for:		
Finance costs	**10,499**	3,148
Interest income	**(958)**	(686)
Impairment loss on unlisted convertible note	**7,800**	—
Allowance for bad and doubtful debts	**10,206**	13,144
Share-based payment expense	**5,638**	4,982
Share of results of a jointly controlled entity	**1,172**	(891)
Depreciation of property, plant and equipment	**139,530**	73,193
Amortisation of prepaid lease payments	**899**	899
Loss on disposal of property, plant and equipment	**300**	710
Operating cash flows before movements in working capital	**(113,578)**	210,805
Increase in programmes and film rights	**(100,832)**	—
Increase in inventories	**(40,443)**	(61,486)
Increase in trade and other receivables	**(71,401)**	(62,561)
Increase in trade and other payables	**90,744**	82,156
Increase in retirement benefits plans	**682**	1,618
Other changes in working capital items	**—**	4,369
Net cash (used in) generated from operations	**(234,828)**	174,901
Income tax paid	**(20,692)**	(14,268)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(255,520)**	160,633

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2011

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited and restated)
INVESTING ACTIVITIES		
Deposits for acquisition of property, plant and equipment	**(164,419)**	(156,649)
Purchases of property, plant and equipment	**(141,593)**	(72,341)
Cash and cash equivalents from acquisition of a subsidiary (Note 6)	**7,636**	—
Interest received	**958**	686
Proceeds from disposal of property, plant and equipment	**303**	229
Acquisition of interests in jointly controlled entities	**—**	(4,225)
Investment in an unlisted convertible note	**—**	(7,800)
NET CASH USED IN INVESTING ACTIVITIES	**(297,115)**	(240,100)
FINANCING ACTIVITIES		
New borrowings raised	**153,335**	—
Repayments of borrowings	**(22,131)**	(59,420)
Interest paid	**(10,499)**	(3,148)
Acquisition of additional interest in a subsidiary	**—**	(6,606)
Repayment of obligations under finance leases	**—**	(9)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**120,705**	(69,183)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(431,930)**	(148,650)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**878,557**	794,527
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(10,261)**	7,173
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**436,366**	653,050
Represented by:		
Bank balances and cash	**403,800**	653,050
Cash and cash equivalents included in assets classified as held for sale (Note 18)	**32,566**	—
	436,366	653,050

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

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 (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS 34") *Interim Financial Reporting*.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those used in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not early applied new or revised standards and interpretations that have been issued but are not yet effective. The following new or revised standards and interpretations have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective.

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosures of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]

[1] Effective for annual periods beginning on or after 1 January 2013.

[2] Effective for annual periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of these new or revised standards and amendments will have no material impact on the results and the financial position of the Group.

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 and subscription revenue from televisions, websites, internet subscription and the provision of internet content. Revenue recognised during the period from continuing operations is as follows:

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Revenue		
Sales of newspapers	**388,368**	394,716
Sales of books and magazines	**125,739**	131,808
Newspapers advertising revenue	**825,106**	736,404
Books and magazines advertising revenue	**357,947**	310,096
Printing and reprographic services revenue	**120,899**	118,065
Television advertising and subscription revenue	**18,704**	—
Internet advertising revenue, internet subscription and content provision ("Internet businesses")	**5,696**	5,671
	1,842,459	1,696,760

For the six months ended 30 September 2011

3. REVENUE AND OTHER INCOME (continued)

	Six months ended 30 September 2011 HK$'000	2010 HK$'000
Other income		
Sales of waste materials	**14,468**	10,690
Interest income on bank deposits	**948**	680
Rental income	**1,473**	830
Net exchange gain	**13,053**	6,002
Others	**7,680**	4,358
	37,622	22,560
Total	**1,880,081**	1,719,320

4. SEGMENT INFORMATION

Information reported to the Group's chief operating officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on type of goods delivered and services rendered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions.

Specifically, the Group's operating and reportable segments are as follows:

Operating segments	**Principal activities**
Newspapers publication and printing	Sales of newspapers and provision of relevant printing and advertising services in Hong Kong and Taiwan
Books and magazines publication and printing	Sales of books and magazines and provision of relevant printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia
Television and multi-media	Television broadcasting, programme production, advertising services, subscription and other related activities in Taiwan
Internet businesses	Advertising income, internet subscription and content provision in Hong Kong and Taiwan

All transactions between different operating segments are charged at prevailing market rates or pricing terms agreed between the segments.

For the six months ended 30 September 2011

4. SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue and results by operating and reportable segment for the period under review:

Six months ended 30 September 2011

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Television and multi-media HK$'000	Internet businesses HK$'000	Total HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE							
External sales	1,283,003	535,056	18,704	5,696	1,842,459	–	1,842,459
Inter-segment sales	8,502	9,297	–	6,180	23,979	(23,979)	–
Total	1,291,505	544,353	18,704	11,876	1,866,438	(23,979)	1,842,459
RESULTS							
Segment results	221,829	77,734	(495,817)	(17,828)	(214,082)	–	(214,082)
Unallocated expenses							(16,422)
Unallocated income							10,118
Finance costs							(10,499)
Share of result of a jointly controlled entity							(1,172)
Impairment loss on unlisted convertible note							(7,800)
Loss before tax (continuing operations)							(239,857)

4. SEGMENT INFORMATION (continued)

Six months ended 30 September 2010 (restated)

Continuing operations (continued)

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Television and multi-media HK$'000	Internet businesses HK$'000	Total HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE							
External sales	1,197,205	493,884	–	5,671	1,696,760	–	1,696,760
Inter-segment sales	1,579	9,801	–	–	11,380	(11,380)	–
Total	1,198,784	503,685	–	5,671	1,708,140	(11,380)	1,696,760
RESULTS							
Segment results	221,021	81,576	(141,648)	(19,197)	141,752	–	141,752
Unallocated expenses							(16,898)
Unallocated income							5,510
Finance costs							(3,148)
Share of result of a jointly controlled entity							891
Profit before tax (continuing operations)							128,107

For the six months ended 30 September 2011

4. SEGMENT INFORMATION (continued)

Segment assets

As at 30 September 2011

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Television and multi-media HK$'000	Internet businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	2,539,378	859,887	1,432,903	14,039	–	4,846,207
Unallocated assets						415,077
						5,261,284

As at 31 March 2011

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Television and multi-media HK$'000	Internet businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	2,514,988	829,747	1,184,447	10,860	–	4,540,042
Unallocated assets						887,787
						5,427,829

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interest in a jointly controlled entity, investment in an unlisted convertible note, embedded derivatives, certain bank balances and cash and corporate assets that are not attributable to segments.

For the six months ended 30 September 2011

4. SEGMENT INFORMATION (continued)

Other segment information

For the period ended 30 September 2011

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Television and multi-media HK$'000	Internet businesses HK$'000	Corporate HK$'000	Consolidated HK$'000
Addition to non-current assets	14,064	6,005	263,291	5,578	–	288,938
Depreciation of property, plant and equipment	51,153	10,767	61,598	2,377	1,974	127,869

For the period ended 30 September 2010

Continuing operations

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Television and multi-media HK$'000	Internet businesses HK$'000	Corporate HK$'000	Consolidated HK$'000
Addition to non-current assets	5,732	8,513	564,242	1,068	3	579,558
Depreciation of property, plant and equipment	47,828	9,133	4,556	3,293	2,068	66,878

Segment profit represents the profit earned by each segment without allocation of interest income, paper reel handling income, finance costs, share of profit of jointly controlled entity, impairment loss on unlisted convertible note, certain corporate and administrative expenses and taxation. This is the measure reported to management for the purposes of resource allocation and performance assessment.

5. FINANCE COSTS

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Continuing operations		
Interest expenses on bank borrowings:		
— wholly repayable within five years	**9,718**	3,148
— not wholly repayable within five years	**781**	—
	10,499	3,148

6. DISPOSAL OF A JOINTLY CONTROLLED ENTITY AND ACQUISITION OF A SUBSIDIARY

On 15 September 2011, the Group disposed of its entire 36.22% equity interest in Orbit-Media Limited ("OML") to a shareholder of OML ("the OML shareholder") in exchange for 100% equity interest in Anyplex Company Limited ("Anyplex"), a video-on-demand service and movie content provider in Taiwan, which was held by the OML shareholder at the time of acquisition.

Anyplex became a wholly-owned subsidiary of the Group at the date of share exchange was completed. The acquisition had been accounted for using the purchase method. The amount of goodwill arising from the acquisition was approximately HK$9,888,000. Anyplex was acquired so as to continue the expansion of the Group's television and multi-media operations.

6. DISPOSAL OF A JOINTLY CONTROLLED ENTITY AND ACQUISITION OF A SUBSIDIARY (continued)

The fair values of the identifiable assets and liabilities of Anyplex acquired during the period ended 30 September 2011 are not significantly different from their respective carrying amounts determined in accordance with HKFRSs immediately before the acquisition. The effect of the acquisition is summarised below:

	HK$'000
Net liabilities acquired:	
Programmes and film rights	11,315
Trade and other receivables	4,540
Bank balances and cash	7,636
Trade and other payables	(33,379)
	(9,888)
Goodwill	9,888
	—

6. DISPOSAL OF A JOINTLY CONTROLLED ENTITY AND ACQUISITION OF A SUBSIDIARY (continued)

The fair value of trade and other receivables at the date of acquisition amounted to HK$4,540,000. The gross contractual amounts of those trade and other receivables acquired amounted to HK$4,540,000 at the date of acquisition. None of the contractual cash flows is not expected to be collected at acquisition date.

	HK$'000
Satisfied by:	
Fair value of equity interest of 36.22% in OML (Note)	–
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	7,636

Note: The carrying amount of interest in OML at the date of disposal amounted to nil. The fair value of the interest of OML approximates to its carrying amount.

Goodwill arose in the acquisition of Anyplex because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Anyplex. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

The acquisition of Anyplex during the period ended 30 September 2011 contributed approximately HK$2,140,000 to the Group's revenue and a loss of approximately HK$399,000 to the Group's loss before tax for the period between the date of acquisition and the end of the reporting period.

6. DISPOSAL OF A JOINTLY CONTROLLED ENTITY AND ACQUISITION OF A SUBSIDIARY (continued)

Had the acquisition been completed on 1 April 2011, total group revenue for the period would have been HK$1,864 million, and loss for the period would have been HK$334 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Anyplex been acquired at the beginning of the current year, the Directors have:

- calculated depreciation of plant and equipment acquired based on the carrying amounts recognised in the pre-acquisition financial statements, which approximates to their fair values arising in the initial accounting for the business combination; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Continuing operations		
The charge comprises:		
Current tax:		
Hong Kong	**32,679**	38,964
Other jurisdiction	**4,758**	4,984
Overprovision in prior years	**—**	(28)
Deferred tax:		
Credit for the period	**(2,084)**	(3,769)
	35,353	40,151

Hong Kong Profits Tax is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (2010: 16.5%) for the six months ended 30 September 2011.

Taxation arising in other jurisdiction is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17% (2010: 17%) which is the rate prevailing in the relevant jurisdiction.

The negative effective tax rate for the six months ended 30 September 2011 of 15% (2010: positive rate of 31%) resulted from the huge loss in the television and multi-media segment.

8. (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
(Loss) profit for the period from continuing operations has been arrived at after charging (crediting):		
Allowance for bad and doubtful debts (included in other expenses)	**10,206**	13,144
Operating lease expenses on:		
Properties	**8,932**	4,842
Plant and equipment	**28,866**	8,284
Amortisation of prepaid lease payments	**899**	899
Loss (gain) on disposal of property, plant and equipment	**300**	(117)
Provision for legal and professional fees (included in other expenses)	**30,112**	31,610

9. SHARE INCENTIVE SCHEMES

(a) Share Option Schemes adopted by the Company

The Company adopted a share option scheme on 29 December 2000, which was amended pursuant to an ordinary resolution dated 31 July 2002, and expired on 28 December 2010.

On 30 July 2007, a new share option scheme was adopted by the Company (the "2007 Share Option Scheme") for the purpose of providing incentives to directors and eligible employees. Under the 2007 Share Option Scheme, the Board may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for Shares in the Company.

9. SHARE INCENTIVE SCHEMES (continued)

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

2007 Share Option Scheme

The Group recognised a total expense of HK$5,457,000 for the six months ended 30 September 2011 (2010: HK$3,135,000) in relation to options granted under the 2007 Share Option Scheme in current and prior periods.

Movements in the number of options granted pursuant to the 2007 Share Option Scheme are as follows:

	Number of options
At 1 April 2011	73,964,000
Granted during the period	680,000
Lapsed during the period	(500,000)
At 30 September 2011	74,144,000

The closing price of the Company's Shares immediately before 8 July 2011, the date of grant, was HK91 cents.

The Company has used the Binomial Model for assessing the fair values of the options granted during the period. The variables and assumptions used in computing the fair value of the options are based on the Directors' best estimates. Changes in variables and assumptions may result in changes in the fair value of the options. The fair value of the options granted in the current period is HK$249,500.

9. SHARE INCENTIVE SCHEMES (continued)

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

The Company adopted a Share Subscription and Financing Plan (the "Subscription Plan") on 29 October 2007. Under the 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 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.

Movements in the number of Shares under invitations pursuant to the Subscription Plan during the period are as follows:

	Number of Shares under invitations
At 1 April 2011	40,768,000
Lapsed during the period	(2,616,000)
At 30 September 2011	38,152,000

The Group recognised a total expense of HK$1,844,000 for the six months ended 30 September 2010 in relation to the Subscription Plan of the Company. No expense was recognised for the six months ended 30 September 2011.

(c) Share Option Scheme adopted by certain subsidiaries

On 20 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 share option schemes (the "2008 Subsidiary Share Option Schemes"). On 12 June 2009, Aim High Investments Limited ("AHIL") adopted a share option scheme (the "2009 AHIL Share Option Scheme"). Under the 2008 Subsidiary Share Option Schemes and the 2009 AHIL Share Option Scheme, the Other Subsidiaries and AHIL 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 ACIL, NMAL, NMWL and AHIL.

9. SHARE INCENTIVE SCHEMES (continued)

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

On 16 September 2010, each of Next TV Broadcasting Limited ("Next TV"), Next Multi-media Entertainment Services Limited ("NMES") and Next Media Lifestyle Entertainment Services Limited ("NMLE") (collectively the "TV Subsidiaries") adopted share option schemes (the "2010 Subsidiary Share Option Schemes"). Under the 2010 Subsidiary Share Option Schemes, the TV Subsidiaries may grant to any of their employees options to subscribe for the respective ordinary shares of Next TV, NMES and NMLE.

The number of shares which may be issued upon exercise of all outstanding options granted under the 2008 Subsidiary Share Option Schemes, 2009 AHIL Share Option Scheme and 2010 Subsidiary Share Option Schemes and any other share option scheme of the Other Subsidiaries, AHIL and the TV Subsidiaries is limited to 30% of the respective subsidiaries' shares in issue from time to time.

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

	Number of share options NMAL
At 1 April 2011	942,000
Lapsed during the period	(16,000)
At 30 September 2011	926,000

The Group recognised a total expense of HK$181,000 for the six months ended 30 September 2011 (2010: HK$3,000) in relation to the options granted under the 2008 Subsidiary Share Option Schemes.

9. SHARE INCENTIVE SCHEMES (continued)

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

Movements in the number of options granted pursuant to the 2010 Subsidiary Share Option Schemes during the period are as follows:

	Number of share options			
	Next TV	**NMES**	**NMLE**	**Total**
At 1 April 2011	291,600	6,000	—	297,600
Granted during the period	—	3,500	5,000	8,500
Lapsed during the period	(31,200)	—	—	(31,200)
At 30 September 2011	260,400	9,500	5,000	274,900

The Group does not recognise an expense for the six months ended 30 September 2011 and 2010 in relation to the options granted under the 2010 Subsidiary Share Option Schemes since the amount involved is insignificant.

Binomial Model has been used for assessing the fair values of the options granted during the period. The variables and assumptions used in computing the fair value of the options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. The fair value of the options granted in the current period is HK$112,000.

Save as disclosed above, during the six months ended 30 September 2011, no options were granted, exercised or cancelled under the 2008 Subsidiary Share Option Schemes and the 2009 AHIL Share Option Scheme. No options were exercised or cancelled under the 2010 Subsidiary Share Option Schemes.

For the six months ended 30 September 2011

10. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period (2010: Nil). The Directors do not recommend the payment of an interim dividend (2010: Nil).

11. (LOSS) EARNINGS PER SHARE

From continuing operations and discontinued operation

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
(Loss) earnings:		
(Loss) profit for the period attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(324,341)**	76,002
	No. of shares	No. of shares
Number of shares:		
Number of ordinary shares in issue during the period for the purpose of basic (loss) earnings per share	**2,412,496,881**	2,412,496,881
Effect of dilutive potential ordinary shares:		
Share options and share subscription plan (Note)	**–**	2,846,330
Number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,412,496,881**	2,415,343,211

Note: The computation of diluted loss per share for the six months ended 30 September 2011 does not assume the conversion of the Company's outstanding share options and share subscription plan as the exercise price is higher than the Company's share price.

11. (LOSS) EARNINGS PER SHARE (continued)

From continuing operations

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company from continuing operations is based on the following data:

	Six months ended 30 September 2011 HK$'000	2010 HK$'000
(Loss) earnings:		
(Loss) profit for the period attributable to owners of the Company from continuing operations for the purposes of basic and diluted (loss) earnings per share	**(275,534)**	87,803
	No. of shares	No. of shares
Number of shares:		
Number of ordinary shares in issue during the period for the purpose of basic (loss) earnings per share	**2,412,496,881**	2,412,496,881
Effect of dilutive potential ordinary shares:		
Share options and share subscription plan (Note)	**–**	2,846,330
Number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,412,496,881**	2,415,343,211

Note: The computation of diluted loss per share for the six months ended 30 September 2011 does not assume the conversion of the Company's outstanding share options and share subscription plan as the exercise price is higher than the Company's share price.

From discontinued operation

Basic loss per share from discontinued operation is HK2.0 cents per share (2010: HK0.5 cent per share) and diluted loss per share from the discontinued operation is HK2.0 cents per share (2010: HK0.5 cent per share), based on the loss for the period from discontinued operation of HK$48,807,000 (2010: HK$11,801,000) and the denominators detailed above for both basic and diluted loss per share.

For the six months ended 30 September 2011

12. PROPERTY, PLANT AND EQUIPMENT

	2011 HK$'000	2010 HK$'000
COST		
At 1 April	3,387,391	2,874,675
Exchange difference	(71,375)	20,198
Additions	287,594	73,886
Disposals	(10,343)	(9,175)
Reclassified as held for sale (Note 18)	(79,503)	—
At 30 September	3,513,764	2,959,584
ACCUMULATED DEPRECIATION		
At 1 April	1,255,206	1,076,863
Exchange difference	(23,079)	7,103
Charge for the period	139,530	73,193
Eliminated on disposals	(9,740)	(8,236)
Reclassified as held for sale (Note 18)	(36,582)	—
At 30 September	1,325,335	1,148,923
CARRYING VALUES		
At 30 September	2,188,429	1,810,661
At 31 March	2,132,185	1,797,812

Notes:

(a) Pursuant to the lease agreements dated 25 May 1999 and 22 December 1999 with Hong Kong Science and Technology Parks Corporation ("HKSTP"), 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.

13. PREPAID LEASE PAYMENTS

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

	30 September 2011 HK$'000	31 March 2011 HK$'000
Analysed for reporting purposes as:		
Current assets	1,797	1,797
Non-current assets	62,453	63,352
	64,250	65,149

14. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The balance mainly represents the deposit made for the acquisition of property, plant and equipment for television broadcasting, programme production and other related activities in Taiwan.

15. INVESTMENT IN AN UNLISTED CONVERTIBLE NOTE

	30 September 2011 HK$'000	31 March 2011 HK$'000
Unlisted convertible note due from OML, a jointly controlled entity (Note)	–	6,216

15. INVESTMENT IN AN UNLISTED CONVERTIBLE NOTE (continued)

Note:

The convertible note with an aggregate principal amount of HK$7,800,000 was issued on 21 July 2010 by OML, a jointly controlled entity of the Group. The convertible note bears interest at a contractual interest rate of 4% per annum for the period commencing on 21 January 2012 till 20 July 2012. The convertible note is due for payment on 20 July 2012. The Group is entitled at any time commencing on the date falling on the expiry of 18 months from the issue date of the convertible note to the maturity date to convert the convertible note into ordinary shares of OML at an initial conversion price of HK$127.45 per share. The conversion price is subject to adjustments to reflect any share split, share consolidation, share dividend, share reclassification, reorganisation, capitalisation issuance or similar transaction affecting the share capital of OML. The Group has requested to redeem all outstanding convertible note at an amount equal to 100% of the outstanding principal amount at any time before the maturity date of the convertible note together with interest accrued to the date of redemption. In September 2011, after the Group disposed of its equity interest in OML, the Group has given the notice to OML to redeem all the outstanding convertible note.

The amount of unlisted note due from OML represented the liability component of the convertible note. The effective interest rate of the liability component is 13.15% per annum.

In view of continuous loss and net liabilities noted from OML, the directors of the Group consider the investment in the unlisted convertible note is not recoverable and the carrying amounts of the liability component and derivative embedded in the convertible note have been fully impaired for the period ended 30 September 2011.

16. TRADE AND OTHER RECEIVABLES

	30 September 2011 HK$'000	31 March 2011 HK$'000
Trade receivables, net	**571,803**	483,957
Less: Reclassified to held for sales (Note 18)	**(458)**	—
	571,345	483,957
Prepayments	**116,337**	166,219
Rental and other deposits	**24,859**	17,586
Others	**37,625**	43,848
	178,821	227,653
Less: Reclassified to held for sale (Note 18)	**(3,528)**	—
	175,293	227,653
Total trade and other receivables	**746,638**	711,610

The Group allows credit terms of 7 to 120 days to its trade customers.

16. TRADE AND OTHER RECEIVABLES (continued)

The following is an aged analysis of the trade receivables after deducting the allowance for doubtful debt presented based on invoice date at the end of the reporting period:

	30 September 2011 HK$'000	31 March 2011 HK$'000
0–1 month	**287,202**	250,644
1–3 months	**275,835**	227,767
Over 3 months	**8,766**	5,546
	571,803	483,957

17. RESTRICTED BANK BALANCES

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

18. ASSETS CLASSIFIED AS HELD FOR SALES/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 10 June 2011, the Group entered into a sale and purchase agreement (the "S&P Agreement") with Sum Tat Ventures Limited ("Sum Tat"), which is 100% beneficially owned by Mr. Lai, Chairman and controlling shareholder of the Company, to dispose of the 70% equity interest in Colored World Holdings Limited and its subsidiaries ("CWH Group") at a cash consideration of US$100,000,000 (equivalent to approximately HK$776,000,000). After the disposal on 31 October 2011, the Group now holds 30% equity interest in CWH Group and will account for the investment as associate. CWH Group is principally engaged in the animation production in Hong Kong and Taiwan. The transaction was approved by independent Shareholders at an extraordinary general meeting held on 2 September 2011. The disposal had not completed as at 30 September 2011. The assets and liabilities of CWH Group, which are expected to be sold within twelve months, have been classified as assets held for sale and liabilities associated with assets held for sale in the condensed consolidated statement of financial position as at 30 September 2011. No impairment loss was recognised on initial classification of the disposal group as held for sale.

18. ASSETS CLASSIFIED AS HELD FOR SALES/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The major classes of assets and liabilities of CWH Group as at 30 September 2011 are as follows:

	HK$'000
Property, plant and equipment	42,921
Trade and other receivables	3,986
Amounts due from group companies	32,481
Bank balances and cash	32,566
	111,954
Less: Amounts due from group companies eliminated on consolidation	(32,481)
Total assets classified as held for sale	79,473
Trade and other payables	16,583
Amounts due to group companies	277,791
	294,374
Less: Amounts due to group companies eliminated on consolidation	(277,791)
Total liabilities associated with assets classified as held for sale	16,583

19. DISCONTINUED OPERATION

Upon the completion of the disposal as detailed in note 18, CWH Group will cease to be subsidiaries of the Company. The business of animation production which is solely carried out by CWH Group became a discontinued operation on the date it was classified as held for sale. The comparative figures have been restated to present the animation production business operation as a discontinued operation for the period ended 30 September 2010.

The loss from the discontinued operation relating to animation production business (in the Internet businesses segment) for the period is analysed as follows:

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Revenue	**33,868**	1,020
Production costs	**(60,946)**	(3,795)
Other income	**6,922**	197
Personnel costs excluding direct production staff costs	**(10,040)**	(1,306)
Depreciation of property, plant and equipment	**(11,661)**	(6,315)
Other expenses	**(6,950)**	(1,602)
Loss for the period from the discontinued operation	**(48,807)**	(11,801)

19. DISCONTINUED OPERATION (continued)

The net cash flows from the discontinued operation are presented below:

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Operating activities	**(28,632)**	(11,225)
Investing activities	**(7,829)**	(16,539)
Financing activities	**58,963**	30,353
	22,502	2,589

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Loss for the period from the discontinued operation has been arrived at after (crediting) charging:		
Interest income	**(10)**	(6)
Loss on disposal of property, plant and equipment	**—**	827

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20. TRADE AND OTHER PAYABLES

	30 September 2011 HK$'000	31 March 2011 HK$'000
Trade payables	176,032	163,620
Other payables	597,951	489,974
	773,983	653,594
Reclassified to liabilities associated with assets classified as held for sale (Note 18)	(16,583)	—
	757,400	653,594

The following is an aged analysis of the trade payables at the end of the reporting period:

	30 September 2011 HK$'000	31 March 2011 HK$'000
0–1 month	106,424	128,910
1–3 months	47,703	28,733
Over 3 months	21,905	5,977
	176,032	163,620

21. BORROWINGS

	30 September 2011 HK$'000	31 March 2011 HK$'000
Secured bank loans (Note)	**1,002,517**	879,283
An analysis of the secured bank loans of the Group is as follows:		
Carrying amount repayable		
— within one year or on demand	**694,263**	127,107
— more than one year, but not exceeding two years	**47,457**	370,857
— more than two years, but not exceeding five years	**168,157**	381,319
— more than five years	**92,640**	—
	1,002,517	879,283
Less: Amount due within one year shown under current liabilities	**(694,263)**	(127,107)
Non-current portion	**308,254**	752,176

During the period, the Group repaid bank loans amounting to HK$22 million.

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21. BORROWINGS (continued)

In respect of syndicated bank loans of HK$650 million as at 30 September 2011, the Group was unable to fulfil one of the required financial covenants. The Directors of the Company will obtain confirmations from lenders on their willingness to grant the relative waiver on one-off basis. Until the lenders give a waiver on the said covenant, the loans are classified as current liability as at 30 September 2011.

The Directors of the Company believe that alternative sources of finance are available and sufficient for the continuing operations of the Group in case the lenders demand immediately repayment of the loans.

Up to the date of the report, the Directors of the Company are confident that the negotiations with lenders will come to a successful close.

Note:

At 30 September 2011, the Group's utilised and unutilised banking facilities were secured by the following:

— Certain of the Group's freehold land and buildings with an aggregate carrying value of approximately HK$1,106 million (31 March 2011: HK$802 million); and

— Certain of the Group's plant and machinery with an aggregate carrying value of approximately HK$271 million (31 March 2011: HK$311 million).

22. SHARE CAPITAL

	Authorised	
	No. of shares	HK$'000
Ordinary shares of HK$1.00 each		
At 1 April 2010, 30 September 2010, 1 April 2011 and 30 September 2011	4,600,000,000	4,600,000

	Issued and fully paid	
	No. of shares	HK$'000
At 1 April 2010, 30 September 2010, 1 April 2011 and 30 September 2011	2,412,496,881	2,412,497

23. CONTINGENCIES

(a) Pending litigations

(i) As at 30 September 2011, 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.

Other than the legal and professional expenses which have been accrued in other payables, amounting to HK$95 million (31 March 2011: HK$88 million), 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.

23. CONTINGENCIES (continued)

(a) Pending litigations (continued)

(ii) 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, over amounts payable in respect of the construction of the facility. As the aforesaid dispute is now under arbitration, the final outcome remains uncertain.

The Directors are of the opinion, that it is unlikely that the Group would have any liability if UDL pursues its various claims to their ultimate conclusion.

(b) 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 controlling 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 contractual dispute with UDL (the "Indemnity") as mentioned above in (a). In relation to the Indemnity, Mr. Lai procured a bank guarantee of HK$60,000,000 for a term of three years upto 25 October 2013 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

(c) Guarantees given

As at 30 September 2011, the Company provided various corporate guarantees to financial institutions for facilities granted to its subsidiaries. The aggregate amounts that could be required to be paid if the guarantees are called upon in their entireties amounted to HK$1,621,675,000 (31 March 2011: HK$1,384,521,000), of which HK$1,002,517,000 (31 March 2011: HK$879,283,000) has been utilised by its subsidiaries. As at 30 September 2011 and 31 March 2011, no amount has been recognised in the statement of financial position as a liability as the Directors considered the amount is immaterial.

24. COMMITMENTS

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

	30 September 2011 HK$'000	31 March 2011 HK$'000
Authorised but not contracted for	100	3,831
Contracted but not provided for	83,853	140,832
	83,953	144,663

(b) Commitments under operating leases

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2011			31 March 2011		
	Properties HK$'000	Plant and equipment HK$'000	Total HK$'000	Properties HK$'000	Plant and equipment HK$'000	Total HK$'000
Within one year	15,386	52,262	67,648	8,300	53,713	62,013
In the second to fifth years inclusive	15,128	51,584	66,712	1,377	76,301	77,678
	30,514	103,846	134,360	9,677	130,014	139,691

24. COMMITMENTS (continued)

(b) Commitments under operating leases (continued)

Operating leases payments include rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed during the lease period.

Operating leases payments also include rental payable by the Group for certain of its plant and equipment. Leases are negotiated for an average term of 3 years.

25. RELATED PARTY DISCLOSURE

(a) Compensation of key management personnel

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

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Short-term benefits	**11,587**	10,645
Share-based payments	**3,427**	2,645
	15,014	13,290

25. RELATED PARTY DISCLOSURE (continued)

(b) Related party transactions

Nature of transaction	Name of related company	Relationship with the Group	Six months ended 30 September 2011 HK$'000	2010 HK$'000
Software licence fee paid by the Group	Orbit-Media Limited	Jointly controlled entity of the Group	–	250
Payment by the Group for a non-exclusive licence to install a program in the set top boxes for television broadcasting activities	Orbit-Media Limited	Jointly controlled entity of the Group	–	3,000
Consultancy fee paid by the Group	Orbit-Media Limited	Jointly controlled entity of the Group	–	180
Development & support service paid for video system	Beijing Ao Shi Huan Qui Technology Limited	An associate of the jointly controlled entity of the Group	682	–
Car park rental expenses paid by the Group in Taiwan	Best Combo Limited, Taiwan Branch	Indirectly wholly owned by Mr. Lai, Chairman and controlling shareholder of the Company	362	298
Office rental expenses paid by the Group in Taiwan	Best Combo Limited, Taiwan Branch	Indirectly wholly owned by Mr. Lai, Chairman and controlling shareholder of the Company	3,049	–

Note: Apart from the tenancy agreement and car park rental agreement entered into by subsidiaries of the Company with Best Combo Limited, Taiwan Branch, none of the above related party transaction constitutes a discloseable connected transaction as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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26. EVENT AFTER THE END OF THE INTERIM PERIOD

Subsequent to the end of the reporting period, the Group completed the disposal of CWH Group as detailed in Note 18.

Upon fulfilment of the conditions precedent to the S&P Agreement, completion of the sale and purchase of the sale shares took place on 31 October 2011 (the "Completion"). Upon Completion, the Group now holds 30% of the entire issued share capital of CWH Group which have ceased to be subsidiaries of the Company. The Group is expected to record a gain on disposal of the sale shares and the amount of the gain will be finalised during the financial year ending 31 March 2012 and recognised in the audited consolidated financial statements of the Company for the year ending 31 March 2012.

Details of the above transaction have been disclosed in the announcements dated 10 June, 13 June, 4 July, 2 September and 31 October 2011 and the circular dated 15 July 2011 issued by the Company.

GLOSSARY

2011 AGM	The Company's Annual General Meeting held on 18 July 2011
2007 ADPDL Share Option Scheme	The share option scheme of ADPDL adopted by the Company on 30 July 2007
2007 Share Option Scheme	The share option scheme adopted by the Company on 30 July 2007
ADPL	Apple Daily Printing Limited, an indirect wholly owned subsidiary of the Company
ADPDL	Apple Daily Publication Development Limited, an indirect non-wholly owned subsidiary of the Company
Articles of Association	The Company's Articles of Association
Board	The Board of the Company
CEO	The Chief Executive Officer of the Group
CFO	The Chief Financial Officer of the Group
Co-CEO	The Co-Chief Executive Officer of the Group
Code	The Code on Corporate Governance Practices, Appendix 14 to the Listing Rules
Company or Next Media	Next Media Limited
COO	The Chief Operating Officer of the Group
Deloitte	Deloitte Touche Tohmatsu, the external auditor of the Group
Director(s)	Director(s) of the Company
ED(s)	Executive Director(s) of the Company
EGM	Extraordinary General Meeting of the Company
Group	Next Media Limited and together with its subsidiaries
HKAS	Hong Kong Accounting Standard

HK$	Hong Kong dollars
Interim Financial Statements	The unaudited interim financial statements of the Company and its subsidiaries for the six months ended 30 September 2011
INED(s)	Independent Non-Executive Director(s) of the Company
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules
NT$	New Taiwan dollars
RSM	RSM Nelson Wheeler Consulting Limited, an independent professional firm engaged by the Group to carry out internal audit services for the Group
Share Subscription and Financing Plan	The share subscription and financing plan adopted by the Company on 29 October 2007
SFO	Securities and Futures Ordinance
Share(s)	Ordinary share(s) of HK$1.00 each of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited

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