



NEXTmedia

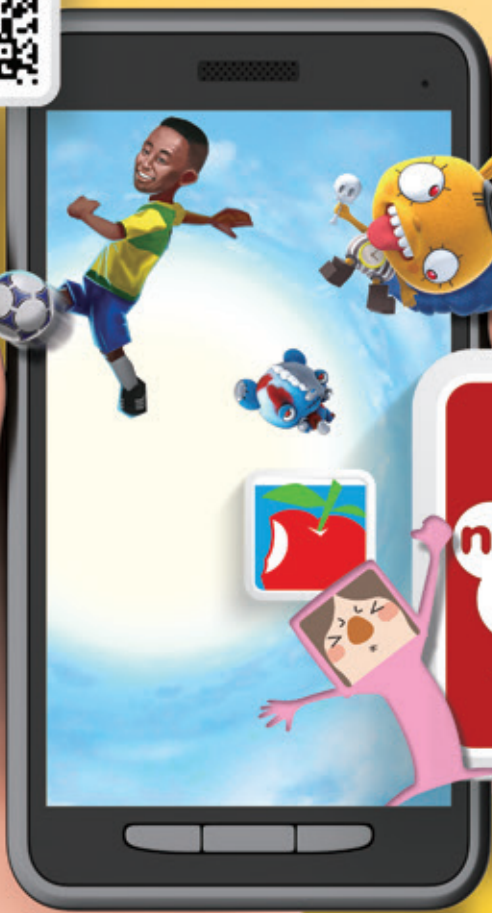
Next Media Limited
Stock Code: 00282

2013/14
Interim Report



Concept and design: [cre8corp](http://www.cre8corp.com) www.cre8corp.com







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FINANCIAL HIGHLIGHTS



(Unaudited)
Six months ended 30 September

	2013	2012
	HK\$'000	HK\$'000
Financial Results from Continuing Operations		(restated)
Revenue	1,660,755	1,756,538
Earnings before interest, tax, depreciation, impairment and amortisation but after non-controlling interests	200,957	186,977
Profit for the period	88,170	36,423
Basic earnings per share	HK3.5 cents	HK1.3 cents
Diluted earnings per share	HK3.5 cents	HK1.3 cents

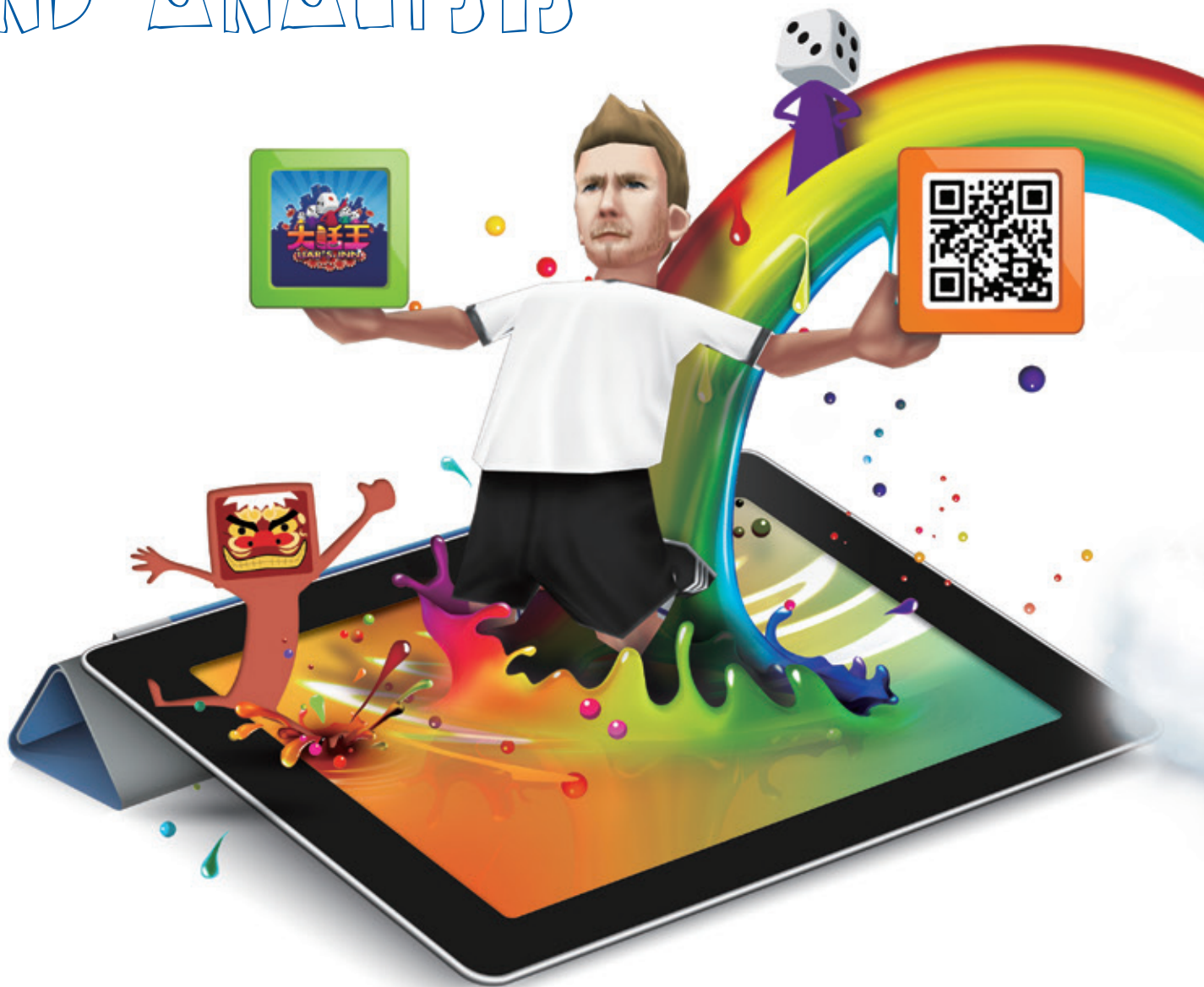
	(Unaudited)	(Audited)
	As at	As at
	30 September 2013	31 March 2013
	HK\$'000	HK\$'000
Statement of Financial Position		(restated)

Non-current assets	2,785,855	2,820,897
Current assets	1,449,013	1,828,877
Total assets	4,234,868	4,649,774
Current liabilities	801,699	1,460,454
Non-current liabilities	1,077,059	844,319
Total liabilities	1,878,758	2,304,773
Net assets	2,356,110	2,345,001

Ratio Analysis

Current ratio	180.7%	96.1%
Quick ratio	162.6%	83.1%
Gearing ratio	20.3%	19.3%

MANAGEMENT DISCUSSION AND ANALYSIS





The Board of Next Media announces the Group's unaudited consolidated interim results for the six months ended 30 September 2013, as well as comparative figures for the same period last year.

BUSINESSES

The Group's main business activities during this period were the printing and publication of newspapers, magazines and books in Hong Kong and Taiwan. It also sold advertising space in those and on its Web portals, as well as subscriptions to the Web portals. Furthermore, it provided printing and reprographic services, delivered Internet content and developed mobile games and apps.

FINANCIAL RESULTS

The Group's revenue from continuing operations totalled HK\$1,660.8 million during the six months ended 30 September 2013. This was HK\$95.7 million or 5.4% less than the restated figure of HK\$1,756.5 million in the same period of 2012. The decline was mainly attributable to the decline in advertising and circulation revenue during the period under review.

The Group recorded a profit of HK\$201.0 million on its continuing operations during the same period, before interest, tax, depreciation, impairment and amortisation, but after non-controlling interests. This represented an increase of 7.5% on the restated profit of HK\$187.0 million incurred on its continuing operations during the corresponding period of 2012. The basic earnings per share from its continuing operations was HK3.5 cents, compared with a restated basic earnings per share of HK1.3 cents in the same period last year.

Overall, the Group's print businesses performed disappointingly during the six months ended 30 September 2013, due to lacklustre economic conditions in Hong Kong and Taiwan, as well as the trend away from paid-for print publications towards free newspapers and online media. In disposing the Taiwan TV business during the period under review, the Group has recorded a loss on disposal of HK\$8.0 million. As a result, the unaudited consolidated profit from its continuing operations of Next Media stood at HK\$88.2 million, compared with the restated profit of HK\$36.4 million in the same months of 2012.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DISCONTINUED OPERATIONS

Sale of Taiwan TV Business

Next Media has sold the entire issued share capital of Next TV, its TV operating subsidiary in Taiwan, to Mr. Lien Tai-sheng (“Mr. Lien”). A transfer of shares representing 55% of the Next TV’s issued share capital was completed on 31 May 2013. However, due to the fact that the transfer of legal title to the remaining 2,250,000 shares (representing the remaining 45% of Next TV’s entire issued share capital) could only take place with the approval of Taiwan’s Investment Commission, the parties to the sale and purchase agreement dated 15 April 2013 (the “Sale and Purchase Agreement”) agreed under a supplemental agreement dated 23 September 2013 that, with effect from 31 May 2013, Mr. Lien had the right to manage, deal with and enjoy the benefits of all the shares in Next TV, and that the Group would not be responsible for any losses and profits arising therefrom. Mr. Lien has paid the total consideration under the Sale and Purchase Agreement in full, and Next TV has therefore ceased to be a subsidiary of the Company.

SUBSEQUENT EVENTS

Sale of Animation Business

Next Media has announced on 27 September 2013 that it has sold the remaining 30% equity interest in Colored World, the holding company of NMAL, to STV, a company 100% beneficially owned by its Chairman, Mr. Lai, for a cash consideration of US\$20.0 million (equivalent to HK\$155.1 million). As this sale constituted a connected transaction for the Company under the Listing Rules and required independent shareholders’ approval from the Company, the independent shareholders gave their approval on this sale at the EGM held on 13 November 2013 and completion of this transaction was taken place on 18 November 2013. Next Media sold the other 70% equity interest of Colored World to STV on 31 October 2011. The successful completion of this transaction marked the exit of the Group’s investment in the animation business and thereafter, the Colored World Group has ceased to be associated companies of the Group.

Cessation of Publication of *Sharp Daily* in Hong Kong

As announced by Next Media on 18 October 2013, the publication of the Group’s free daily newspaper in Hong Kong — *Sharp Daily*, which was operated by Sharp Daily Limited, an indirect wholly owned subsidiary of the Company, has been ceased with effect from 21 October 2013, with a view to consolidating the Group’s printing operations in Hong Kong and enabling the Group to rationalise its resources and focus on its profitable operations.

OVERVIEW OF MAJOR MARKETS

Hong Kong's economy expanded by 3.1% year-on-year in real terms during the first half of 2013, compared with the growth of 1.5% in the same period of 2012. The economy is forecast to grow by 2.5 to 3.5% throughout this year. Local consumption and tourist spending remained resilient, with the value of retail sales in nominal terms increasing by 14.2% year-on-year during the first seven months of 2013. The labour market also remained decent, with a low unemployment rate of 3.3% in the three-month period to the end of August 2013. Consumer prices increased 4.3% year-on-year in the first eight months of 2013, and inflation is forecast to be 4.3% for this year as a whole.

The performance of the Hong Kong advertising market was mixed during the first six months of 2013. Advertising spending increased by 9.0% to HK\$19.9 billion, compared with HK\$18.2 billion in the same period of 2012. But its growth slowed down in the latter months of the half-year as major advertisers — particularly, retail, cosmetics and skincare and electrical appliances firms — began to cut their advertising and marketing budgets, due to their poor business results and nervousness about the economic outlook for the second half. Total advertising spending in June 2013 amounted to HK\$3.4 billion, down from HK\$3.6 billion the previous month. It was the first time such a decline has occurred since 2009.

Half of all Hong Kong's media categories recorded a year-on-year drop in advertising. Traditional newspapers were the hardest hit, although the advertising revenue of the city's free newspapers continued to rise. Online advertising revenue also grew. A survey by the Hong Kong Advertising Association and market-measurement firm Nielsen has found that marketers expect only a modest increase in advertising expenditure this year.

Taiwan's export-driven economy beat market expectations during the second quarter of 2013, with year-on-year growth of 2.3% compared with 1.7% in the first quarter. Despite concerns about the slow expansion of overseas trade and the softening of China's economic growth, consumer spending on the island picked up with the growth of 5.3% quarter-on-quarter, compared with a 0.4% fall in the first three months of the year, according to seasonally adjusted estimates by JPMorgan. However, it is doubtful whether the rise in consumer spending will be sustainable. Despite low unemployment, real wages on the island have been falling gradually over the years, and average earnings in May 2013 were 0.3% lower than a year earlier. The government is forecasting that the economy will grow by 2.4% in 2013, but this largely depends on whether growth recovers in China and the western markets that buy its electronic goods, which account for one third of all Taiwan's exports.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OPERATIONAL REVIEW

The Group's continuing operations in Hong Kong and elsewhere accounted for about 59.6% of its revenue during the six months ended 30 September 2013, compared with 58.4% in the same months of 2012. Its Taiwan operations contributed 40.4% of its total revenue, against 41.6% in the corresponding period last year. Given the challenging conditions in the print media industry, which have been brought about by the increasing encroachment of online and electronic media on the advertising and sale revenue of traditional print publications, the overall financial results of Next Media's print operations in both Hong Kong and Taiwan were broadly in line with its management's expectations. On the other hand, the Group's internet business has made further inroads and is well positioned to capture the fastest growing segment of the industry.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

As anticipated, the financial results of the Newspapers Publication and Printing Division during the six months ended 30 September 2013 were rather mediocre, due to the abovementioned factors. *Apple Daily* and *Taiwan Apple Daily* were the largest contributors to the Division's revenue, which totalled HK\$1,070.6 million and accounted for 64.5% of the Group's total revenue. This represented a decrease of 8.6% on the figure of HK\$1,170.7 million for the corresponding period last year. However, the Division's segmental profit rose by 22.8% to HK\$130.7 million, compared with HK\$106.4 million in the same period of 2012, this was mainly due to the decrease in operating loss of *Hong Kong Sharp Daily* resulting from the reduction of print run during the period.

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 220,109 copies per day between January and June 2013, compared with 251,895 in the same period last year. It was read by an average of 1,481,000¹ people aged 12+ daily during the 12 months ended 30 June 2013. That gave it a clear lead of almost 200,000 people over its closest competitor, although it was also a decrease on the figure of 1,503,000 for the same months a year earlier. The newspaper's advertising revenue totalled HK\$262.7 million during the period under review, a decrease of 10.5% on the figure of HK\$293.5 million recorded in the same period of 2012. The automobile, personal items and pharmaceuticals sectors accounted for the largest shares of its advertising revenue, followed by travel and banking, in that order.

In light of the operating loss incurred by *Hong Kong Sharp Daily*, the Group's free tabloid in Hong Kong, on 21 October 2013, Next Media has ceased the publication of *Hong Kong Sharp Daily* with a view to consolidating the Group's print operations in Hong Kong and enabling the Group to rationalize its resources and focus on its profitable operations.

Taiwan Apple Daily's incisive editorial style and colourful layout kept it well in the lead as the island's best-selling and most widely read daily, although its readership dwindled to 2,823,000² during the six months ended 30 June 2013, compared with 3,055,000 a year earlier. Its revenue was close to budget at HK\$525.6 million during the period under review, a decline of 8.9% against the HK\$577.1 million recorded in the corresponding months of 2012. The biggest contributors to *Taiwan Apple Daily*'s advertising income were the property, department and chain store, cosmetics, household and electrical appliance and automobile sectors.

Taiwan Sharp Daily, the Group's free newspaper in Taipei, remained highly popular. Copies of the newspaper are distributed to commuters outside the city's Metro stations every morning from Mondays to Fridays. Although the Group trimmed its print run to around 174,000 copies daily during the period under review, it was still read by an average of 249,000² people every day. *Taiwan Sharp Daily* particularly appeals to smaller local advertisers, who balk at the cost of traditional print media, especially businesses in the computer/communications/consumer electronics, food and beverages sectors, and banking and telecommunications.

ADPL

Due to reductions in the paginations and print run of the Next Media publications it prints, the newspaper printing operation's revenue during the period under review amounted to HK\$163.4 million, a decrease of 24.0% over the figure of HK\$215.1 million achieved in the corresponding period last year.

ADPL derived HK\$48.7 million in revenue from external customers during the period under review (total revenue minus transactions related to printing Next Media's own publications). Most of it came from contracts to print the local editions of overseas newspapers. This was 19.0% less than the HK\$60.1 million it generated in the same months of 2012.

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

The Books and Magazines Publication and Printing Division performed stable in the period under review, considering the challenging business environment and rising popularity of online and mobile media — factors that adversely affected all print media publishers. Its revenue totalled HK\$462.5 million, a decrease of 10.0% on the HK\$514.0 million it achieved in the same period of 2012.

Although the advertising and sales figures of its magazines all suffered some decline, they remained profitable and kept the Group in its unassailable position as the leader in Hong Kong's 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\$119.3 million in the six months ended 30 September 2013, a decline of 11.4% compared with the figure of HK\$134.7 million for the corresponding period last year. Skincare and cosmetics, watches, fashion, health equipment and pharmaceuticals sectors accounted for the lion's share of its advertising revenue. Meanwhile, *Next Magazine*'s readership aged 12+ declined to 646,000¹ during the 12 months ended 30 June 2013, compared with 718,000 in the same period of 2012. Its sales averaged 79,005 copies a week in the first six months of 2013, compared with 91,718 in the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Sudden Weekly Bundle — which consists of *Sudden Weekly*, *Eat & Travel Weekly* and *ME!* — remained the best-selling and most widely read weekly publication in Hong Kong. This title also experienced a decline in sales, which averaged 106,153 copies a week in the first six months of 2013, compared with 132,822 in the corresponding period last year. Meanwhile, its average weekly readership decreased to 671,000¹ in the year up to 30 June 2013, compared with 735,000 during the same period last year. *Sudden Weekly Bundle*'s total revenue decreased by 8.1% to HK\$143.8 million in the six months up to 30 September 2013, compared with HK\$156.5 million in the same period of 2012.

The largest segments of *Sudden Weekly*'s advertising revenue were contributed by beauty salons, food and beverages, health foods, pharmaceuticals and toiletries. Food and beverages, restaurants, finance, banking and insurance were the biggest ad spenders in *Eat & Travel Weekly*. Perfume/cosmetics/skincare/toiletries, fashion and accessories, retail cosmetics shops and jewellery were the top advertisers in *ME!*.

FACE Bundle — which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express* — retained its status as an upmarket infotainment weekly that targets younger Hong Kong readers. In the face of strong competition for advertising dollars in this segment, it achieved total revenue of HK\$47.5 million in the six months up to 30 September 2013, compared with HK\$50.5 million during the same period last year, a decrease of 5.9%. Its weekly sales averaged 27,794 copies between January and June 2013, against 36,986 in the same months of 2012; whereas it enjoyed an average weekly readership of 226,000¹ during the 12 months ended 30 June 2013, compared with 252,000 in the preceding 12 months. The largest shares of its advertising revenue came from the toiletries, beauty and fashion, education and telecoms/mobile phones sectors.

The *Taiwan Next Magazine*'s advertising revenue amounted to HK\$73.2 million during the first half of the financial year, compared with HK\$82.6 million in the same period last year, a decrease of 11.4%. Beauty and perfume, watches and eyeglasses, food and beverages, and computers and electronics peripherals accounted for the biggest shares of its advertising revenue.

Although its circulation continued to dip, *Taiwan Next Magazine* retained its long-held lead in the island's weekly magazine market, both in terms of sales and readership. Its average weekly readership was 1,679,000² during the six months ended 30 June 2013, compared with 1,880,000 in the corresponding period of 2012.

Paramount Printing Company Limited

Besides 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\$54.4 million in the six months ended 30 September 2013, which was 7.5% less than its earnings of HK\$58.8 million in the same period last year.

INTERNET BUSINESSES DIVISION

Next Media made major progress in the development of the content and services that it offers to online and mobile users, both in Hong Kong and Taiwan, during the period under review.

The Group's digital businesses have been brought together under the "nxTomo" brand in the four categories of Information (including content of the Group's publications), e-Commerce, Entertainment and Community.

During the period under review, the online version of *Apple Daily* maintained its status as most visited interactive news destination in Hong Kong. Consistently, total daily viewcounts for all devices are at over 32.0 million and the number of unique users have reached 1.5 million. The growth of *Apple Action News* via mobile devices in Hong Kong also attained daily downloads of above 12.5 million. The popularity of the *Taiwan Apple Daily* portal also further increased.

By acquiring the games operations from NMAL during the period under review, the Division has devoted further resources in launching mobile games with high monetization potentials. Following the successful launch of *Life is Crime* last year, a location based Massive Multiplayer Online (MMO) game, the Division introduced *Barcode Footballer*, a mobile football management game this year. Since launch, the game has constantly ranked as a top grossing mobile game on Apple Inc.'s App Store.

Leveraging the NMAL's unique capabilities of fast animation production and low cost, the Division successfully introduced a new genre of animated entertainment called *TomoToon*. It blends licensed Japanese Manga content with 3D animation in a new and interesting way. The pilots, which were distributed on Apple's web and mobile apps, have been well received by audiences in both Hong Kong and Taiwan.

The Division's external revenue consisted of subscription fees, online advertising revenue, content licensing payments and development of mobile games and apps. This amounted to HK\$127.7 million during the period under review, which represented a rise of 77.6% on the figure of HK\$71.9 million recorded in the same months last year. The bulk of this income, around 85.3%, was generated in Hong Kong, where there was considerable growth in online advertising revenue.

The Division's segmental loss was reduced to HK\$30.4 million, taking into account investments in revamping the platform and the continued development of softwares and systems during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FUTURE PROSPECTS AND OUTLOOK

The export-focused economies of the two markets in which Next Media operates, namely Hong Kong and Taiwan, are of course dominated by those of their much larger trading partners, Mainland China, the United States and the Eurozone. Their prospects depend a lot on whether China's economic growth regains its previous momentum, whether the United States economy recovers after several years in the doldrums, and whether the Eurozone can resolve the fundamental issues that sparked off its sovereign debt crisis and economic and political uncertainties in a number of its member states.

Any significant improvement of these issues would give business sentiment a boost in both places. Yet Next Media maintains that the economic outlook for Hong Kong and Taiwan remains fairly stable in any case, and only major economic upheavals further afield would be likely to change that picture.

The Group has now reshaped its operations, divesting itself of its Taiwan TV venture and refocusing on its print businesses in Hong Kong and Taiwan, as well as boosting its online offerings. While the trend away from traditional print publications and towards online media is a fundamental and irreversible one, the Group's print media remains profitable. With prudent management that will remain the case for the foreseeable future. At the same time, it has embraced the spirit of the age and is truly positioned as a pioneer in online media in order to ensure its sustained success in the months and years to come.

SOURCES:

1. *2013 Nielsen Media Index: Hong Kong Report (July 2012 — June 2013)*
2. *Media Index (January — June 2013), Nielsen Media Research, Taiwan*

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2013, the Group had available banking facilities in a total of HK\$878.5 million, all of which 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\$.

On 12 November 2012, the Group accepted a term credit facility for an aggregate amount of HK\$210.0 million offered by a syndicate of four banks (the “2012 Facility”) and on 20 March 2013, the Group also accepted a term credit facility for an aggregate amount of HK\$150.0 million offered by a syndicate of four banks (the “2013 Facility”) for the working capital requirements of ADPL and ADL. Pursuant to the terms of the 2012 Facility, ADPL as borrower, the Company and certain of its subsidiaries, which are acting as guarantors and pursuant to the terms of the 2013 Facility, the Company as borrower and certain of its subsidiaries, which are acting as guarantors, must ensure that Mr. Lai will continue to be the chairman of the Company, 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 this term may constitute a breach of their general undertakings, and the respective syndicates may declare that any commitments under the respective 2012 Facility and the 2013 Facility are cancelled, and/or declare that all outstanding amounts (together with interest thereon) are immediately due and payable. As announced by the Company on 7 June 2013, based on the audited consolidated annual results of the Company for the year ended 31 March 2013, the Company failed to fulfill certain required financial covenants of both 2012 Facility and 2013 Facility. As further announced by the Company on 2 July 2013, the Company has, through the agent bank, obtained the consents from all lending banks to waive the breach of certain financial covenants for the year ended 31 March 2013 pursuant to the terms of the 2012 Facility and 2013 Facility respectively. As at 30 September 2013, the 2012 Facility and the 2013 Facility were fully utilised.

As at 30 September 2013, the Group’s aggregate bank balances and cash reserves amounted to HK\$632.1 million. The Group’s current ratio on the same date was 180.7%, compared to 96.1% as at 31 March 2013. On the same date, its gearing ratio amounted to 20.3%, compared to 19.3% as at 31 March 2013. These figures were calculated by dividing its long-term liabilities, including current portions, by total asset value.

ASSETS PLEDGED

As at 30 September 2013, the Group had pledged its properties and printing equipment situated in Hong Kong and Taiwan with an aggregate carrying value of HK\$1,259.4 million to various banks as security for banking 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 magazines and newspapers publishing, Internet businesses in Taiwan.

As at 30 September 2013, the Group’s net currency exposure stood at NT\$3,394.8 million (equivalent to HK\$890.3 million), a decrease of 25.1% on the figure of NT\$4,534.3 million (equivalent to HK\$1,179.9 million) as at 31 March 2013.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SHARE CAPITAL

As of 30 September 2013, the Company's total issued share capital was HK\$2,431,006,881 divided into 2,431,006,881 ordinary shares with a par value of HK\$1.0 each.

CONTINGENT LIABILITIES

As at 30 September 2013, 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.

The Group has accrued for HK\$107.6 million (as at 31 March 2013: HK\$101.9 million) in legal and professional expenses in trade and other payables. This provision was recognised in respect of the outstanding legal proceedings based on advice obtained from legal counsel.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai, the 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 in connection 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 magazine published by the Acquired Group on and at any time before 26 October 2001; and (3) the contractor dispute with UDL (the "Indemnity"). In relation to the Indemnity, Mr. Lai procured a bank guarantee of HK\$60.0 million for a term of three years up to 25 October 2013 and the guarantee was renewed on 26 October 2013 for a further term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2013, the Group employed a total of 4,041 employees, of whom 2,339 were in Hong Kong, 1,698 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 2012/13 annual report of the Company.

During the period under review, the total staff costs for the continuing operations of the Group amounted to HK\$715.1 million, compared to HK\$681.3 million incurred for the same period last year.



INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2013 (2012: 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.

CORPORATE GOVERNANCE





BOARD OF DIRECTORS

As of 30 September 2013, the Board consisted of seven Directors, four of whom were EDs and three were INEDs. The EDs were Mr. Lai Chee Ying, Jimmy, the Chairman of the Board; Mr. Cheung Ka Sing, Cassian, the 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.

Detailed profiles of the Directors are posted on the Company's website at www.nextmedia.com and disclosed in the Company's 2012/13 annual report.

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, Remuneration Committee and Nomination Committee.

CORPORATE GOVERNANCE POLICY

The Board's mandate is to oversee the management of the Group's business and affairs and to ensure that good governance practices and procedures are in place. The Board established a corporate governance policy that sets out the Company's basic approach to these. Details of this can be found on the Company's website at www.nextmedia.com.

BOARD DIVERSITY POLICY

The Company continuously seeks to enhance the effectiveness of its Board and recognises and embraces the benefits of having a diverse Board as an essential element in maintaining competitiveness. On 28 August 2013, the Board adopted a board diversity policy that sets out the Company's approach to achieve diversity



CORPORATE GOVERNANCE (CONTINUED)

on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and other qualifications. The Company will also take into account factors based on its own business model and specific needs from time to time. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. Details of this can be found on the Company's website at www.nextmedia.com.

BOARD ACTIVITIES

Below is an overview of the dates of the various board meetings and general meeting and a record of the attendance of its members during the six months ended 30 September 2013:

	Board Meetings	Numbers of Meetings Attended/Held			Annual General Meeting
		Audit Committee Meeting <i>(Note 1)</i>	Remuneration Committee Meeting <i>(Note 2)</i>	Nomination Committee Meeting <i>(Note 3)</i>	
EDs					
Lai Chee Ying, Jimmy (Chairman)	1/2 (50%)	N/A	N/A	N/A	0/1 (0%)
Cheung Ka Sing, Cassian (CEO)	2/2 (100%)	N/A	N/A	N/A	1/1 (100%)
Ting Ka Yu, Stephen (COO and CFO)	2/2 (100%)	N/A	N/A	N/A	1/1 (100%)
Ip Yut Kin	2/2 (100%)	N/A	N/A	N/A	0/1 (0%)
INEDs					
Fok Kwong Hang, Terry	2/2 (100%)	1/1 (100%)	N/A	N/A	0/1 (0%)
Wong Chi Hong, Frank	2/2 (100%)	1/1 (100%)	N/A	N/A	0/1 (0%)
Lee Ka Yam, Danny	2/2 (100%)	1/1 (100%)	N/A	N/A	0/1 (0%)
Dates of Meetings	07.06.2013 23.09.2013	06.06.2013	N/A	N/A	22.07.2013

Notes:

1. The Audit Committee also considered and approved relevant issues by way of written resolutions of all members. Details of these are set out in the section below headed "Audit Committee".
2. The Remuneration Committee did not hold any physical meetings during the six months ended 30 September 2013. Instead, it considered and approved relevant issues by way of written resolutions of all members. Details of these are set out in the section below headed "Remuneration Committee".
3. The Nomination Committee did not hold any physical meetings during the six months ended 30 September 2013.

In accordance with the Articles of Association, Directors may attend the Board and/or committee(s) meetings in person or by means of telephonic communication or similar communications equipment. Any Director taking part in the meeting via such means of electronic communication shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in the quorum accordingly.

AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three INEDs. 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 at www.nextmedia.com. All the members of the Audit Committee attended the meeting held on 6 June 2013 (with the external auditor) and in the absence of the EDs. On 6 June 2013, the Audit Committee reviewed the following matters before submitting them to the Board for its consideration:

- The Group's audited consolidated financial statements for the year ended 31 March 2013;
- The Group's continuing connected transactions for the year ended 31 March 2013;
- The internal control review report for the year ended 31 March 2013;
- The valuation report of the Group's mastheads and publishing rights for the year ended 31 March 2013; and
- The valuation reports of share option schemes of the Company and Sharp Daily Limited (an indirect wholly-owned subsidiary of the Company) in respect of the year ended 31 March 2013.

The deputy CFO and the financial controller of the Group were invited to attend the meeting in order to give a full account of the financial statements as well as to answer the Audit Committee's questions.

CORPORATE GOVERNANCE (CONTINUED)

On 6 September 2013, the Audit Committee considered and approved the revised RSM's proposal for the provision of internal audit services to the Group in respect of the three-year period ending 31 March 2016 by way of written resolutions of all members.

Working closely with Deloitte and RSM, the Audit Committee also reviewed the adequacy and effectiveness of the Group's internal control measures. The Chairman of the Audit Committee reported to the Board on the work done by the Audit Committee and highlighted significant related issues.

The Audit Committee also reviewed, with the management, the Group's accounting principles and practices, internal controls and risk management systems, as well as financial reporting matters, including a 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 HKAS 34 "Interim Financial Reporting", both issued by the HKICPA.

REMUNERATION COMMITTEE

The Remuneration Committee consisted of a majority of INEDs. Its members were Mr. Fok Kwong Hang, Terry; Dr. Lee Ka Yam, Danny; and Mr. Ting Ka Yu, Stephen. Mr. Fok, an INED, was its chairman. Full details of the Remuneration Committee, including its role and terms of reference, can be found on the Company's website at www.nextmedia.com.

The Remuneration Committee did not hold any physical meetings during the six months ended 30 September 2013. Instead, it approved the 2013/14 salary review of the Group by written resolutions on 11 April 2013.

NOMINATION COMMITTEE

The Nomination Committee consisted of three members with a majority of INEDs, namely Mr. Wong Chi Hong, Frank; Mr. Fok Kwong Hang, Terry; and Mr. Cheung Ka Sing, Cassian. Mr. Wong, an INED, was its Chairman. Full details of the Nomination Committee, including its role and terms of reference, can be found on the Company's website at www.nextmedia.com.

The Nomination Committee did not hold any physical meetings during the six months ended 30 September 2013.

The terms of reference of the Nomination Committee were amended during the period, details of which had been posted on the respective websites of the Stock Exchange and the Company.

DIRECTORS' TRAINING AND CONTINUOUS DEVELOPMENT

Pursuant to CG Code provision A.6.5, Directors should participate in continuous professional development that places an appropriate emphasis on the roles, functions and duties of a listed company director. As and when necessary, the Company will arrange and fund the seminar(s) for the Directors.

Further details of training record for the Directors will be disclosed in the Company's 2013/14 Annual Report.

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 also in place to ensure that transactions are carried out with proper approval by the senior management. The Board conducts half-yearly 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 Deloitte and RSM. Since 1 April 2010, the Board has engaged RSM 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.

The audit for each control unit was completed in accordance with the internal audit plan during the six months ended 30 September 2013. RSM will issue a preliminary internal audit report to the Audit Committee and the Board for their consideration and comments in due course. This will include details of the findings that it identified and their possible impact, as well as recommendations to the management. The management's feedback, including action plans, will also be incorporated into the report's final version. Follow-up reviews of each control unit audit will also be conducted, and a report on these will review and summarise the status of the implementation of their action plans.

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 AND CORPORATE COMMUNICATIONS

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 2013 AGM was held on 22 July 2013. All the resolutions tabled at the meeting were voted on by poll, and the result of each poll was published on the respective websites of the Stock Exchange and the Company on the same day.

CORPORATE GOVERNANCE (CONTINUED)

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

This Interim Report is printed in English and Chinese and is available in the Investor Relations section of the Company's website at www.nextmedia.com and the website of the Stock Exchange at www.hkexnews.hk. Shareholders may elect to receive either a printed or electronic version. They can change their choice of language or means of receiving the Company's corporate communications free of charge at any time by giving not less than 7 days' notice in writing to the Company by e-mail at ir@nextmedia.com or to the Company's share registrar, Computershare Hong Kong Investor Services Limited (the "Share Registrar"), by post at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. For environmental-protection purposes, Shareholders are encouraged to access the Company's corporate communications electronically via the Company's website.

Please note that the English and Chinese versions of all future corporate communications will be available on request in printed form from the Company or the Share Registrar, as well as on the respective websites of the Company at www.nextmedia.com or the Stock Exchange at www.hkexnews.hk.

SHAREHOLDER COMMUNICATION POLICY

In compliance with the CG Code, the Board has established a shareholder communication policy to maintain an ongoing dialogue with the Shareholders and to review the policy regularly in order to ensure its effectiveness. Details of the policy can be found on the Company's website at www.nextmedia.com.

SHAREHOLDER RIGHTS

The Shareholders' Guide has been posted on the Company's website at www.nextmedia.com. It contains the following information:

- (i) The procedures for proposing a resolution at an AGM;
- (ii) The procedures for the election of Directors; and
- (iii) The procedures for convening an EGM on requisition.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2013, the Company complied fully with the applicable provisions of the CG Code, except for CG Code provisions A.6.7 and E.1.2. Due to other business engagements, Mr. Lai, the Chairman of the Board; Mr. Ip Yut Kin, an ED; Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank and Dr. Lee Ka Yam, Danny (INEDs) did not attend the 2013 AGM. Instead, Mr. Cheung Ka Sing, Cassian, an ED and the CEO, chaired the meeting in accordance with the provisions of the Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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 REGISTRAR 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

www.nextmedia.com



SHARE INFORMATION



As at 30 September 2013



Shareholders of Ordinary Shares

Mr. Lai Chee Ying, Jimmy	73.49%
Directors other than Mr. Lai Chee Ying, Jimmy	1.42%
Others	25.09%

Authorised Share Capital **HK\$4,600,000,000**
4,600,000,000 Ordinary Shares at HK\$1.00 each

Issued Share Capital **HK\$2,431,006,881**

Share Options for Ordinary Shares granted under the 2007 Share Option Scheme of the Company and remaining unexpired

Exercise price per Share	Number of Shares
HK\$1.00	14,680,000 Shares
HK\$1.37	650,000 Shares
HK\$1.05	12,524,000 Shares
HK\$1.42	5,000,000 Shares
Total	32,854,000 Shares

Market Capitalisation

at HK\$0.75 per Ordinary Share (closing price on 30 September 2013) **HK\$1.82 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 2013, 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 of the Company in the Shares and underlying Shares:

Name of Director/ Chief Executive	Number of Shares				Interests in underlying Shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Lai Chee Ying, Jimmy	1,720,594,935	—	1,000,000	64,938,230	—	1,786,533,165	73.49
Cheung Ka Sing, Cassian	18,172,000	—	—	—	14,000,000 <i>(Note 1)</i>	32,172,000	1.32
Ting Ka Yu, Stephen	90,314	—	—	—	1,618,000 <i>(Note 1)</i>	1,708,314	0.07
Ip Yut Kin	10,200,377	2,630,000	—	—	—	12,830,377	0.53
Fok Kwong Hang, Terry	1,800,000	—	—	—	510,000 <i>(Note 1)</i>	2,310,000	0.10
Wong Chi Hong, Frank	—	—	—	—	510,000 <i>(Note 1)</i>	510,000	0.02
Lee Ka Yam, Danny	—	—	—	—	510,000 <i>(Note 1)</i>	510,000	0.02

OTHER INFORMATION (CONTINUED)

(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:

Colored World

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Lai Chee Ying, Jimmy	—	—	100 <i>(Note 2)</i>	—	—	100	100.00

ADPDL

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Ting Ka Yu, Stephen	108,344 <i>(Note 3)</i>	—	—	—	—	108,344	1.00
Ip Yut Kin	216,688 <i>(Note 3)</i>	—	—	—	—	216,688	2.00

nxTomo Ltd. (“nxTomo”)

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Cheung Ka Sing, Cassian	—	—	—	—	50,000 <i>(Note 4)</i>	50,000	0.50

nxTomo Games Limited (“nxTomo Games”)

Name of Director/ Chief Executive	Number of shares				Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Cheung Ka Sing, Cassian	—	—	—	—	50,000 <i>(Note 5)</i>	50,000	0.50

Notes:

- (1) These interests represented options granted under the 2007 Share Option Scheme of the Company to the Directors as beneficial owners, details of which are set out in the section headed “Share Incentive Schemes”.
- (2) These interests comprise of (i) the 70% interest in Colored World acquired by Mr. Lai pursuant to the sale and purchase agreement dated 10 June 2011 (as amended by a side letter dated 4 July 2011); and (ii) the 30% interest in Colored World acquired by Mr. Lai pursuant to the sale and purchase agreement dated 27 September 2013 and which was completed on 18 November 2013, as such, Colored World has ceased to be an associated company of Next Media upon completion.
- (3) These interests represented shares of ADPDL issued upon the exercise of options granted under the 2007 ADPDL Share Option Scheme.
- (4) These interests represent options granted under the 2013 nxTomo Share Option Scheme to a Director as a beneficial owner, details of which are set out in the section headed “Share Incentive Schemes”.
- (5) These interests represent options granted under the 2008 nxTomo Games Share Option Scheme to a Director as a beneficial owner, details of which are set out in the section headed “Share Incentive Schemes”.

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 2013.

OTHER INFORMATION (CONTINUED)

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As of 30 September 2013, 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 <i>(Note)</i>	73.49

Note:

These represent the same total number of Shares held by Mr. Lai, 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, 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 2013.

SHARE INCENTIVE SCHEMES

(a) Share Option Scheme of the Company

2007 Share Option Scheme

On 30 July 2007, the Company adopted the 2007 Share Option Scheme. Its terms complied 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 2013 are as follows:

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2013	Granted during the period	Lapsed during the period	Balance as at 30.09.2013
Directors								
Cheung Ka Sing, Cassian	01.02.2012	HK\$1.000	01.02.2013 (100%)	02.02.2012–29.07.2017	9,000,000	—	—	9,000,000
	01.02.2013	HK\$1.420	01.02.2014 (100%)	02.02.2013–29.07.2017	5,000,000	—	—	5,000,000
Ting Ka Yu, Stephen	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010–29.07.2017	1,618,000	—	—	1,618,000
Fok Kwong Hang, Terry	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010–29.07.2017	510,000	—	—	510,000
Wong Chi Hong, Frank	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010–29.07.2017	510,000	—	—	510,000
Lee Ka Yam, Danny	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010–29.07.2017	510,000	—	—	510,000
Employees								
In aggregate	15.04.2010	HK\$1.370	15.04.2011 (30%) 15.04.2012 (60%) 15.04.2013 (100%)	16.04.2010–29.07.2017	650,000	—	—	650,000
	10.12.2010	HK\$1.050	10.12.2011 (30%) 10.12.2012 (60%) 10.12.2013 (100%)	11.12.2010–29.07.2017	9,676,000	—	(1,300,000)	8,376,000
	08.07.2011	HK\$1.000	08.07.2012 (30%) 08.07.2013 (60%) 08.07.2014 (100%)	09.07.2011–29.07.2017	680,000	—	—	680,000
	01.02.2012	HK\$1.050	01.02.2013 (60%) 01.02.2014 (100%)	02.02.2012–29.07.2017	1,000,000	—	—	1,000,000
	26.09.2012	HK\$1.000	26.09.2013 (30%) 26.09.2014 (60%) 26.09.2015 (100%)	27.09.2012–29.07.2017	5,000,000	—	—	5,000,000
Total outstanding					34,154,000	—	(1,300,000)	32,854,000

Apart from the abovementioned movements, no options were granted, exercised or cancelled under the 2007 Share Option Scheme during the six months ended 30 September 2013.

OTHER INFORMATION (CONTINUED)

(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
nxTomo Games Limited (nxTomo Games) (formerly known as “Next Media Webcast Limited”)	20 February 2008	2008 nxTomo Games Share Option Scheme
Aim High Investments Limited (AHIL)	12 June 2009	2009 AHIL Share Option Scheme
Anyplex Company Limited (Anyplex)	20 March 2012	2012 Anyplex Share Option Scheme
Next E-Shopping Limited (Next E-Shopping) (formerly known as “Dynamic Interactive Limited”)	20 March 2012	2012 Next E-Shopping Share Option Scheme
Next Mobile Limited (Next Mobile)	20 March 2012	2012 Next Mobile Share Option Scheme
Sharp Daily Limited (Sharp Daily)	20 March 2012	2012 Sharp Daily Share Option Scheme
nxTomo Ltd. (nxTomo)	14 June 2013	2013 nxTomo Share Option Scheme

The tables below set out movements in options under the Hong Kong Subsidiary Share Option Schemes during the six months ended 30 September 2013:

2008 nxTomo Games Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2013	Granted during the period	Lapsed during the period	Balance as at 30.09.2013
Director	23.09.2013	HK\$0.01	23.09.2014 (100%)	24.09.2014 to 20.02.2018	—	50,000	—	50,000
Employees	23.09.2013	HK\$0.01	23.09.2014 (100%)	24.09.2014 to 20.02.2018	—	500,000	—	500,000
Total outstanding					—	550,000	—	550,000

2012 Sharp Daily Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2013	Granted during the period	Lapsed during the period	Balance as at 30.09.2013
Employee	11.06.2012	HK\$0.01	11.06.2013 (30%) 11.06.2014 (60%) 11.06.2015 (100%)	12.06.2015 to 20.03.2020	100,000	—	—	100,000
	11.06.2013	HK\$0.01	11.06.2014 (30%) 11.06.2015 (60%) 11.06.2016 (100%)	12.06.2016 to 20.03.2020	—	100,000	—	100,000
Total outstanding					100,000	100,000	—	200,000

2013 nxTomo Share Option Scheme

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2013	Granted during the period	Lapsed during the period	Balance as at 30.09.2013
Director	23.09.2013	HK\$0.01	23.09.2014 (100%)	24.09.2014 to 14.06.2023	—	50,000	—	50,000
Employees	23.09.2013	HK\$0.01	23.09.2014 (100%)	24.09.2014 to 14.06.2023	—	510,000	—	510,000
Total outstanding					—	560,000	—	560,000

OTHER INFORMATION (CONTINUED)

Apart from the above movements in the abovementioned Hong Kong Subsidiary Share Option Schemes, no options were granted, exercised, lapsed or cancelled under the other Hong Kong Subsidiary Share Option Schemes during the six months ended 30 September 2013.

The Company has used the Binomial Model to assess the fair values of the options granted under the 2008 nxTomo Games Share Option Scheme and 2013 nxTomo Share Option Scheme during the six months ended 30 September 2013. This is an appropriate method for assessing the fair value of the options that can be exercised before the expiry of the option period. The value of the option granted during the six months ended 30 September 2013 was 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
2008 nxTomo Games Share Option Scheme							
23.09.2013	550,000	0.93	4.41	116.31%	0%	3.02	<i>Note 1</i>
2013 nxTomo Share Option Scheme							
23.09.2013	560,000	1.73	9.73	42.61%	0%	2.09	<i>Note 2</i>

Notes:

1. A total of 550,000 options granted to a Director and the employees of the Group on 23 September 2013 will fully vest on 23 September 2014.
2. A total of 560,000 options granted to a Director and the employees of the Group on 23 September 2013 will fully vest on 23 September 2014.
3. Since *Sharp Daily* has ceased its operations on 21 October 2013 and it is anticipated that the fair value of the options granted under the 2012 Sharp Daily Share Option Scheme during the period under review is minimal, the Company has not carried out any valuation to assess the fair value of such options.

The fair value per option stated above is an averaged fair value of such options.

The Group did not recognize an expense in the condensed consolidated statement of comprehensive income for the six months ended 30 September 2013 in respect of the value of the option granted during the period under the Hong Kong Subsidiary Share Option Schemes.

When calculating the fair value of the options granted under the 2008 nxTomo Games Share Option Scheme and 2013 nxTomo 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 Subscription Plan allows the Board to invite eligible persons to subscribe for new Shares in the Company.

All the invitations for subscriptions issued on 8 November 2007 and 25 February 2008 respectively were all lapsed during the year ended 31 March 2013. No invitations for subscriptions under the Subscription Plan were issued, subscribed for or cancelled during the period ended 30 September 2013.

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 23 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 23 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.

SUBSEQUENT EVENTS

On 27 September 2013, AtNext Limited (“AtNext”), an indirect wholly owned subsidiary of the Company, as vendor entered into the sale and purchase agreement with STV, as purchaser and Mr. Lai, as guarantor for the obligations of STV, pursuant to which, AtNext has conditionally agreed to sell and STV has conditionally agreed to purchase the 30 shares, which represents the remaining 30% equity interest in Colored World, and the sale loans at a cash consideration of US\$20.0 million (equivalent to HK\$155.1 million) (the “Transaction”). Completion of the Transaction was taken place on 18 November 2013, as such, AtNext ceased to hold any shares in Colored World and thus, members of the Colored World Group ceased to be associated companies of the Group.

On 18 October 2013, the Group has decided to cease the publication of the Group’s free daily newspaper in Hong Kong — *Sharp Daily*, which is operated by Sharp Daily Limited, an indirect wholly owned subsidiary of the Company, with effect from 21 October 2013, with a view to consolidating the Group’s print operations in Hong Kong and enabling the Group to rationalize its resources and focus on its profitable operations.

OTHER INFORMATION (CONTINUED)

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

1. On 7 June 2013, the Company announced that (1) On 12 November 2012, ADPL as borrower has executed a facility agreement and the security and finance documents for a term credit facility in an aggregate amount of HK\$210.0 million (the “2012 Facility”) offered by a syndicate of four banks (the “1st Syndicated Banks”), which has been fully utilised. Pursuant to a term of the 2012 Facility, each of ADPL and the guarantors to the 2012 Facility (including the Company, ADL, Apple Daily I.P. Limited (“ADIP”) and Next Media I.P. Limited (“NMIP”), all three are indirect wholly owned subsidiaries of the Company) are required to ensure that the Company shall (i) ensure Mr. Lai is and will continue to be the Chairman of the Company; (ii) Mr. Lai holds and will continue to hold directly or indirectly at least 51% of the total issued shares of the Company; and (iii) satisfy certain financial covenants of the 2012 Facility, non-fulfilment of which entitles the 1st Syndicated Bank to declare any commitments under the 2012 Facility to be cancelled and/or declare all outstanding amounts together with interests thereon to be immediately due and payable; and (2) on 20 March 2013, the Company as borrower has executed a facility agreement and the security documents for a term credit facility in an aggregate amount of HK\$150.0 million (the “2013 Facility”) offered by a syndicate of four banks (the “2nd Syndicated Banks”), which has been fully utilised. Pursuant to the terms of the 2013 Facility, each of the Company and the guarantors to the 2013 Facility, (including ADPL, ADL, ADIP and NMIP) are required to ensure that the Company shall (i) ensure Mr. Lai is and will continue to be the Chairman of the Company; (ii) Mr. Lai holds and will continue to hold directly or indirectly at least 51% of the total issued shares of the Company; and (iii) satisfy certain financial covenants of the 2013 Facility, non-fulfilment of which entitles the 2nd Syndicated Banks to declare any commitments under the 2013 Facility to be cancelled and/or declare all outstanding amounts together with interests thereon to be immediately due and payable. Based on the audited consolidated annual results of the Company for the year ended 31 March 2013 announced on 7 June 2013, the Company has failed to fulfill the required financial covenants of both 2012 Facility and 2013 Facility respectively. The Company has formally applied to the agent bank to the 2012 Facility and the 2013 Facility which acts on behalf of the 1st Syndicated Banks and the 2nd Syndicated Banks respectively for the relevant waivers. Having taken into account the current cash position and operations of the Group, the Directors consider that there would not be any material adverse impact on the financial position of the Group should immediate repayment of the outstanding amounts together with interest thereon under the 2012 Facility and the 2013 Facility be demanded by the 1st Syndicated Banks and the 2nd Syndicated Banks respectively.

As announced by the Company on 2 July 2013, through the agent bank, the Company has obtained the consents from all lending banks to waive the breach of certain financial covenants for the year ended 31 March 2013 pursuant to the terms of the 2012 Facility and the 2013 Facility respectively.

2. On 11 June 2013, ADL as borrower confirmed its acceptance of a revolving loan facility of HK\$50.0 million (the “New Facility”) with maturity date falling 12 months from the date of acceptance offered by a bank (the “Bank”). Pursuant to the terms of the New Facility, Mr. Lai, a controlling shareholder holding 73.49% of the issued share capital of the Company, undertakes to (i) continue to be the Chairman of the Company; and (ii) maintain directly or indirectly at least 51.0% of the total issued shares in the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the New Facility. Upon occurrence of an event of default, the Bank may declare the New Facility to be cancelled and/or declare all outstanding amounts together with interests thereon to be immediately due and payable.

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 2013, 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 2013.

On behalf of the Board
Lai Chee Ying, Jimmy
Chairman

Hong Kong, 22 November 2013

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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 condensed consolidated financial statements of Next Media Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 42 to 86, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss and other 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
22 November 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	NOTES	Six months ended 30 September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited) (restated)
Continuing operations			
Revenue	3	1,660,755	1,756,538
Production costs			
Cost of raw materials consumed		(451,958)	(635,817)
Other overheads		(110,183)	(106,505)
Staff costs		(424,068)	(409,826)
Personnel costs excluding direct production staff costs		(291,079)	(271,492)
Other income	3	34,250	41,541
Allowance for bad and doubtful debts		(9,040)	(9,867)
Depreciation of property, plant and equipment		(65,210)	(70,277)
Release of prepaid lease payments		(899)	(899)
Other expenses		(203,359)	(172,735)
Impairment loss recognised in respect of property, plant and equipment		—	(21,685)
Finance costs	5	(10,344)	(7,393)
Profit before tax		128,865	91,583
Income tax expense	6	(40,695)	(55,160)
Profit for the period from continuing operations	7	88,170	36,423
Discontinued operations			
Loss for the period from discontinued operations	8	(72,281)	(964,808)
Profit (loss) for the period		15,889	(928,385)
Other comprehensive income (expenses)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		(3,670)	(15,360)
Total comprehensive income (expenses) for the period		12,219	(943,745)

	Six months ended 30 September	
NOTES	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
Profit (loss) for the period attributable to:		
Owners of the Company		
– Profit for the period from continuing operations	83,809	31,563
– Loss for the period from discontinued operations	(72,281)	(964,808)
	11,528	(933,245)
Non-controlling interests		
– Profit for the period from continuing operations	4,361	4,860
	15,889	(928,385)
Total comprehensive income (expenses) attributable to:		
Owners of the Company	7,942	(947,467)
Non-controlling interests	4,277	3,722
	12,219	(943,745)
Earnings (loss) per share		
	10	
<i>From continuing and discontinued operations</i>		
Basic	HK0.5 cent	HK(38.7) cents
Diluted	HK0.5 cent	HK(38.7) cents
<i>From continuing operations</i>		
Basic	HK3.5 cents	HK1.3 cents
Diluted	HK3.5 cents	HK1.3 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	NOTES	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited) (restated)
NON-CURRENT ASSETS			
Intangible assets		1,300,881	1,300,881
Property, plant and equipment	11	1,383,391	1,411,945
Prepaid lease payments	12	58,859	59,758
Programmes and film rights		4,739	—
Deposit for acquisition of property, plant and equipment		1,309	1,866
Interests in associates	13	—	—
Loans to associates	13	36,676	46,447
		2,785,855	2,820,897
CURRENT ASSETS			
Inventories		145,494	180,997
Trade and other receivables	14	662,748	584,520
Prepaid lease payments	12	1,797	1,797
Tax recoverable		6,871	1,270
Restricted bank balances	15	5,411	5,411
Bank balances and cash		626,692	565,330
		1,449,013	1,339,325
Assets classified as held for sale	8	—	489,552
		1,449,013	1,828,877
CURRENT LIABILITIES			
Trade and other payables	16	525,484	891,226
Amounts due to associates	13	957	—
Bank overdraft		—	49,790
Borrowings	17	145,945	323,734
Provisions	18	107,551	101,863
Tax liabilities		21,762	26,942
		801,699	1,393,555
Liabilities associated with assets classified as held for sale	8	—	66,899
		801,699	1,460,454
NET CURRENT ASSETS		647,314	368,423
TOTAL ASSETS LESS CURRENT LIABILITIES		3,433,169	3,189,320



	NOTES	30 September 2013 HK\$'000 (unaudited)	31 March 2013 HK\$'000 (audited) (restated)
NON-CURRENT LIABILITIES			
Borrowings	17	712,350	480,672
Retirement benefits plans		94,259	92,688
Deferred tax liabilities		270,450	270,959
		1,077,059	844,319
NET ASSETS			
		2,356,110	2,345,001
CAPITAL AND RESERVES			
Share capital	19	2,431,007	2,431,007
Reserves		(104,266)	(113,478)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
NON-CONTROLLING INTERESTS			
		2,326,741	2,317,529
		29,369	27,472
TOTAL EQUITY			
		2,356,110	2,345,001

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to owners of the Company					Attributable to non-controlling interests				
	Share capital	Share premium	Translation reserve	Share-based payment reserve	Accumulated losses	Subtotal	Share-based payment reserve of subsidiaries	Share of net assets of subsidiaries	Subtotal	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012 (originally stated)	2,412,497	918,712	52,940	40,283	(40,088)	3,384,344	1,083	11,824	12,907	3,397,251
Effect of HKAS 19 adjustment	–	–	–	–	(42,762)	(42,762)	–	(1,954)	(1,954)	(44,716)
At 1 April 2012 (restated)	2,412,497	918,712	52,940	40,283	(82,850)	3,341,582	1,083	9,870	10,953	3,352,535
Exchange differences arising on translation	–	–	(14,222)	–	–	(14,222)	(44)	(1,094)	(1,138)	(15,360)
Loss for the period	–	–	–	–	(933,245)	(933,245)	–	4,860	4,860	(928,385)
Total comprehensive income (expenses) for the period	–	–	(14,222)	–	(933,245)	(947,467)	(44)	3,766	3,722	(943,745)
Recognition of equity-settled share-based payments	–	–	–	1,873	–	1,873	–	–	–	1,873
Lapse of share options	–	–	–	(1,908)	1,908	–	–	–	–	–
Acquisition of additional interest in a subsidiary	–	–	–	–	(7,556)	(7,556)	–	–	–	(7,556)
At 30 September 2012 (restated)	2,412,497	918,712	38,718	40,248	(1,021,743)	2,388,432	1,039	13,636	14,675	2,403,107
Exchange differences arising on translation	–	–	(56,296)	–	–	(56,296)	44	(2,427)	(2,383)	(58,679)
Loss for the period	–	–	–	–	(34,759)	(34,759)	–	18,542	18,542	(16,217)
Actuarial loss on deferred benefit liabilities	–	–	–	–	(5,529)	(5,529)	–	–	–	(5,529)
Total comprehensive income (expenses) for the period	–	–	(56,296)	–	(40,288)	(96,584)	44	16,115	16,159	(80,425)
Recognition of equity-settled share-based payments	–	–	–	1,858	–	1,858	–	–	–	1,858
Exercise of share options	18,510	9,990	–	(8,039)	–	20,461	–	–	–	20,461
Lapse of share options	–	–	–	(27,009)	28,092	1,083	(1,083)	–	(1,083)	–
Acquisition of additional interest in a subsidiary	–	–	–	–	2,279	2,279	–	(2,279)	(2,279)	–
At 31 March 2013 (restated)	2,431,007	928,702	(17,578)	7,058	(1,031,660)	2,317,529	–	27,472	27,472	2,345,001
Exchange differences arising on translation	–	–	(3,586)	–	–	(3,586)	–	(84)	(84)	(3,670)
Profit for the period	–	–	–	–	11,528	11,528	–	4,361	4,361	15,889
Total comprehensive income (expenses) for the period	–	–	(3,586)	–	11,528	7,942	–	4,277	4,277	12,219
Recognition of equity-settled share-based payments	–	–	–	1,758	–	1,758	–	–	–	1,758
Lapse of share options	–	–	–	(389)	389	–	–	–	–	–
Acquisition of additional interest in a subsidiary	–	–	–	–	(488)	(488)	–	(2,380)	(2,380)	(2,868)
At 30 September 2013 (unaudited)	2,431,007	928,702	(21,164)	8,427	(1,020,231)	2,326,741	–	29,369	29,369	2,356,110

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013	2012
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
OPERATING ACTIVITIES		
Profit (loss) before tax	56,584	(873,186)
Adjustments for:		
Finance costs	13,336	10,459
Interest income on bank deposits	(555)	(613)
Interest income on loans to associates	(602)	(621)
Impairment loss recognised in respect of property, plant and equipment	—	387,055
Impairment loss recognised in respect of deposit for acquisition of property, plant and equipment	—	4,794
Impairment loss recognised in respect of programmes and film rights	—	133,435
Impairment loss recognised in respect of prepayments	—	33,473
Allowance for bad and doubtful debts	9,017	14,838
Share-based payment expense	1,758	1,873
Depreciation of property, plant and equipment	86,360	188,811
Release of prepaid lease payments	899	899
Loss on disposal of property, plant and equipment	412	620
Loss on disposal of Next TV Broadcasting Limited ("Next TV") (note 8)	7,986	—
Operating cash flows before movements in working capital	175,195	(98,163)
Decrease (increase) in programmes and film rights	15,900	(81,505)
Decrease (increase) in inventories	37,392	(44,120)
Decrease (increase) in trade and other receivables	3,931	(8,957)
Increase (decrease) in amounts due to associates	957	(816)
Increase in trade and other payables	22,601	66,563
Increase in retirement benefits plans	1,303	2,429
Increase in provision for litigation	5,688	—
Net cash from (used in) operations	262,967	(164,569)
Income tax paid	(52,378)	(45,910)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	210,589	(210,479)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
INVESTING ACTIVITIES		
Deposit for acquisition of property, plant and equipment	(1,264)	(11,942)
Purchases of property, plant and equipment	(33,125)	(23,399)
Repayment from (advance to) associates	9,891	(10,726)
Interest received	1,157	613
Proceeds from disposal of property, plant and equipment	761	4,202
Penalty charged by the Purchaser (note 8)	(36,316)	—
Proceeds from disposal of a subsidiary (note 8)	363,165	—
Refund of deposit received for the potential disposal of Taiwan business	(455,373)	—
NET CASH USED IN INVESTING ACTIVITIES	(151,104)	(41,252)
FINANCING ACTIVITIES		
New borrowings raised	150,000	—
Repayments of borrowings	(100,000)	(185,416)
Interest paid	(13,336)	(10,459)
Acquisition of additional interest in subsidiaries	(2,868)	(7,556)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	33,796	(203,431)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	93,281	(455,162)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	545,838	725,784
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(12,427)	(23,262)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	626,692	247,360

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as 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”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 April 2013) as to whether or not the Group has control over its investments in investees in accordance with the requirements of HKFRS 10. The directors of the Company concluded the application of HKFRS 10 in the current interim period has had no material effect on the scope of consolidation and amounts reported in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The application of HKFRS 13 has had no material impact on the Group’s financial instrument items since they are mainly carried at amortised cost as at 30 September 2013.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 has not resulted in any impact on profit or loss, other comprehensive expenses, and total comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Amendments to HKAS 34 *Interim Financial Reporting*

(as part of the Annual Improvements to HKFRSs 2009–2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009–2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (“CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Accordingly, the Group has included total assets and total liabilities information for reportable segment in note 4.

HKAS 19 *Employee Benefits* (as revised in 2011)

In the current interim period, the Group has applied HKAS 19 *Employee Benefits* (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a ‘net interest’ amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. The changes have had an insignificant impact on the amounts recognised in other comprehensive income (expenses) for the six months ended 30 September 2013 and 2012. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the tables below for details).

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

HKAS 19 *Employee Benefits* (as revised in 2011) (continued)

The effect of the application of HKAS 19 (as revised in 2011) on the financial position of the Group as at 31 March 2013 is as follows:

	As previously reported HK\$'000	Effect of adopting HKAS 19 (as revised in 2011) HK\$'000	As restated HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	3,189,320	—	3,189,320
NON-CURRENT LIABILITIES			
Borrowings	480,672	—	480,672
Retirement benefits plans	34,328	58,360	92,688
Deferred tax liabilities	280,880	(9,921)	270,959
	795,880	48,439	844,319
NET ASSETS	2,393,440	(48,439)	2,345,001
CAPITAL AND RESERVES			
Share capital	2,431,007	—	2,431,007
Reserves	(66,993)	(46,485)	(113,478)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	2,364,014	(46,485)	2,317,529
NON-CONTROLLING INTERESTS	29,426	(1,954)	27,472
TOTAL EQUITY	2,393,440	(48,439)	2,345,001

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

HKAS 19 *Employee Benefits* (as revised in 2011) (continued)

The effect of the application of HKAS 19 (as revised in 2011) on the financial position of the Group as at 1 April 2012 is as follows:

	As previously reported HK\$'000	Effect of adopting HKAS 19 (as revised in 2011) HK\$'000	As restated HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	4,438,681	—	4,438,681
NON-CURRENT LIABILITIES			
Borrowings	724,684	—	724,684
Retirement benefits plans	29,204	53,875	83,079
Deferred tax liabilities	287,542	(9,159)	278,383
	1,041,430	44,716	1,086,146
NET ASSETS	3,397,251	(44,716)	3,352,535
CAPITAL AND RESERVES			
Share capital	2,412,497	—	2,412,497
Reserves	971,847	(42,762)	929,085
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	3,384,344	(42,762)	3,341,582
NON-CONTROLLING INTERESTS	12,907	(1,954)	10,953
TOTAL EQUITY	3,397,251	(44,716)	3,352,535

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

3. REVENUE AND OTHER INCOME

The Group's continuing operations comprise the publication of newspapers, books and magazines, the sales of advertising space in newspapers, books and magazines, the provision of printing and reprographic services, the sales of advertising space on its web portals, as well as subscription to the web portals, delivery of internet content and development of mobile games and apps. Revenue recognised during the period from continuing operations is as follows:

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
Revenue		
Sales of newspapers	313,840	340,756
Sales of books and magazines	85,328	105,423
Newspapers advertising revenue	706,544	767,898
Books and magazines advertising revenue	322,790	349,733
Printing and reprographic services revenue	104,554	120,801
Internet advertising revenue, internet subscription and content provision ("Internet businesses")	127,699	71,927
	1,660,755	1,756,538
Other income		
Sales of waste materials	9,296	12,200
Interest income on bank deposits	440	538
Interest income on loans to associates	602	621
Rental income	4,980	1,065
Net exchange gain	11,364	22,973
Others	7,568	4,144
	34,250	41,541
Total	1,695,005	1,798,079

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

4. SEGMENT INFORMATION

Information reported to the Company's chief operating officer (who is the Group's CODM) for the purposes of resource allocation and assessment of performance focuses on types 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. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments from continuing operations under HKFRS 8 *Operating Segments* are as follows:

Operating segments	Principal activities
Newspapers publication and printing	Sales of newspapers and provision of newspapers printing and advertising services in Hong Kong and Taiwan
Books and magazines publication and printing	Sales of books and magazines and provision of books and magazines printing and advertising services in Hong Kong, Taiwan, North America, Europe and Australasia
Internet businesses	Advertising income, internet subscription, content provision and development of mobile games and apps in Hong Kong and Taiwan

All transactions between different operating segments are charged at prevailing market rates.

The reportable and operating segment regarding the television broadcasting, programme production, advertising income, subscription income, and other related activities in Taiwan (i.e. "Television and multi-media") were discontinued since 31 March 2013.

The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 8. Accordingly, the comparative figures have been restated.

4. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results from continuing operations by operating segments for the period under review:

Six months ended 30 September 2013

Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Internet businesses HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	1,070,565	462,490	127,700	—	1,660,755
Inter-segment sales	41,232	10,690	9	(51,931)	—
Total	1,111,797	473,180	127,709	(51,931)	1,660,755
RESULTS					
Segment results	130,663	41,635	(30,360)	—	141,938
Unallocated expenses					(16,318)
Unallocated income					13,589
Finance costs					(10,344)
Profit before tax from continuing operations					128,865

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

4. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 September 2012

Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Internet businesses HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000 (restated)
REVENUE					
External sales	1,170,657	513,954	71,927	—	1,756,538
Inter-segment sales	58,789	7,989	8,851	(75,629)	—
Total	1,229,446	521,943	80,778	(75,629)	1,756,538
RESULTS					
Segment results	106,443	62,386	(60,891)	—	107,938
Unallocated expenses					(15,330)
Unallocated income					6,368
Finance costs					(7,393)
Profit before tax from continuing operations					91,583

Segment result represents the profit earned (loss incurred) by each segment without the allocation of income or expenses resulted from interest income, certain rental and other income, finance costs and certain corporate and administrative expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

4. SEGMENT INFORMATION (CONTINUED)

As at 30 September 2013

Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Internet businesses HK\$'000	Consolidated HK\$'000
Segment assets	2,215,337	897,343	394,705	3,507,385
Loans to associates				36,676
Unallocated assets				690,807
				<hr/> 4,234,868
Segment liabilities	(370,705)	(254,712)	(269,424)	(894,841)
Unallocated liabilities				(983,917)
				<hr/> (1,878,758)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

4. SEGMENT INFORMATION (CONTINUED)

As at 31 March 2013

Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Internet businesses HK\$'000	Consolidated HK\$'000 (restated)
Segment assets	2,276,147	905,973	356,371	3,538,491
Loans to associates				46,447
Assets classified as held for sale				489,552
Unallocated assets				575,284
				<hr/> 4,649,774
Segment liabilities	(335,102)	(238,887)	(258,445)	(832,434)
Liabilities associated with assets classified as held for sale				(66,899)
Unallocated liabilities				(1,405,440)
				<hr/> (2,304,773)

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

- all assets are allocated to operating segments other than loans to associates, tax recoverable, certain bank balances and cash and corporate assets that are not attributable to segments.
- all liabilities are allocated to operating segments other than certain other payables, amounts due to associates, tax liabilities, certain bank borrowings, deferred tax liabilities and corporate liabilities that are not attributable to segments.

4. SEGMENT INFORMATION (CONTINUED)

Other segment information

For the six months ended 30 September 2013

Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Internet businesses HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
Addition to non-current assets	12,131	10,609	4,741	26	27,507
Depreciation of property, plant and equipment	40,836	12,890	9,673	1,811	65,210

For the six months ended 30 September 2012

Continuing operations

	Newspapers publication and printing HK\$'000	Books and magazines publication and printing HK\$'000	Internet businesses HK\$'000	Corporate HK\$'000	Consolidated HK\$'000 (restated)
Addition to non-current assets	10,031	5,926	15,440	10,726	42,123
Depreciation of property, plant and equipment	53,436	9,974	5,037	1,830	70,277
Impairment losses	—	—	21,685	—	21,685

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

5. FINANCE COSTS

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
Continuing operations		
Interest expenses on bank borrowings:		
– wholly repayable within five years	6,689	7,393
– not wholly repayable within five years	3,655	–
	10,344	7,393

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
Continuing operations		
The charge (credit) comprises:		
Current tax:		
– Hong Kong	20,028	32,010
– Other jurisdiction	21,177	25,156
– Underprovision in prior years	–	76
	41,205	57,242
Deferred tax:		
– Credit for the period	(510)	(2,082)
	40,695	55,160

6. INCOME TAX EXPENSE (CONTINUED)

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% (2012: 16.5%) for the six months ended 30 September 2013.

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% (2012: 17%) which is the rate prevailing in the relevant jurisdiction.

The effective tax rate for the six months ended 30 September 2013 is 17% (2012: 18%).

7. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000 (restated)
Profit for the period from continuing operations has been arrived at after charging:		
Operating lease expenses on:		
Properties	3,511	3,337
Plant and equipment	9,009	9,178
Loss on disposal of property, plant and equipment (included in other expenses)	293	—
Provision for litigation expenses (<i>note 18</i>) (included in other expenses)	18,294	18,351
Share-based payment (included in personnel costs)	1,758	1,873

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

8. DISCONTINUED OPERATIONS AND LOSS OF CONTROL OF A SUBSIDIARY

As at 31 March 2013, the management of the Group had finalised and committed themselves to a plan for the disposal of the operations of the Group's television and cessation of multi-media business in Taiwan (the "Disposal") to an independent third party.

As at 31 March 2013, the directors of the Company are of opinion that the Disposal is highly probable. Hence, the television and multi-media business has been presented as a discontinued operation since 31 March 2013 and the comparative figures for the period end 30 September 2012 have been restated accordingly.

On 15 April 2013, Next Media Broadcasting Limited ("NMBL") and Max Growth B.V. ("Max Growth"), subsidiaries of the Company, entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party, Mr. Lien Tai-sheng ("Mr. Lien", or the "Purchaser"), to dispose of 100% equity interest in Next TV, a then wholly owned subsidiary of the Company. On the same date, NMBL, Max Growth and Mr. Lien entered into the shareholders' loan assignment agreement in respect of the assignment of the shareholders' loan, pursuant to which, NMBL and Max Growth have agreed to sell, and Mr. Lien has agreed to purchase the shareholders' loan owed by Next TV to NMBL and Max Growth (the "Shareholders' Loan"). The total consideration for the sale of the entire issued share capital of Next TV and the assignment of the Shareholders' Loan amounts to NT\$50,000,000 and NT\$1,350,000,000 respectively, amounting to an aggregate of NT\$1,400,000,000 (equivalent to approximately HK\$363,165,000).

On 31 May 2013, the Group completed (i) the transfer of the 55% of the issued share capital of Next TV to persons designated by the Purchaser whereas transfer of the remaining 45% is awaiting the approval from the Investment Commission of The Ministry of Economic Affairs of Taiwan ("ICTW"); and (ii) the assignment of the Shareholders' Loan from NMBL and Max Growth to the Purchaser.

8. DISCONTINUED OPERATIONS AND LOSS OF CONTROL OF A SUBSIDIARY (CONTINUED)

All consideration in respect of the transfer of 100% of the issued share capital of Next TV and the Shareholders' Loan assignment has been received by the Group on 31 May 2013. In addition, the Purchaser has fully accessed and utilised the assets of Next TV for generating economic benefits on the same date. In view of the pending approval of the remaining 45% equity interest in Next TV from ICTW, on 23 September 2013, the Group and the Purchaser have commercially agreed under a supplemental agreement (the "Supplemental Agreement") that with effect from 31 May 2013 the Purchaser has the right to manage, deal with and enjoy the benefits of all shares in Next TV and that the Group would not be responsible for any losses or profits arising from the shares in Next TV. In addition, the consideration paid by the Purchaser is non-refundable.

After consultation of a legal counsel for legal advice, the directors of the Company are of the opinion that 100% risks and rewards of ownership of Next TV have been transferred to the Purchaser and the Group has lost its control and all its shareholding voting rights and powers over Next TV as at the date of transfer of 55% of the issued share capital of Next TV (i.e. 31 May 2013), which is considered as the date of completion of the S&P Agreement. At the same date, the Group derecognised the assets and liabilities and related equity components of Next TV. Up to the date of the board's authorisation for issue of the condensed consolidated financial statements, the transfer of the remaining 45% of the issued share capital of Next TV is still pending the approval from ICTW.

The loss for the six months ended 30 September 2013 from discontinued operations relating to the television and multi-media business is analysed as follows:

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Loss of television and multi-media business for the period	(64,295)	(964,808)
Loss on disposal of Next TV	(7,986)	—
Loss for the period from discontinued operations	(72,281)	(964,808)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

8. DISCONTINUED OPERATIONS AND LOSS OF CONTROL OF A SUBSIDIARY (CONTINUED)

The loss from discontinued operations relating to television and multi-media business for the six months ended 30 September 2013 (previously reported as the television and multi-media reportable segment), which has been included in the condensed consolidated statement of profit or loss and other comprehensive income, is as follows:

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000
Revenue	10,693	27,868
Production costs		
Film production costs	(41,653)	(143,488)
Other overheads	(3,381)	(37,948)
Staff costs	(12,982)	(81,509)
Personnel costs excluding direct production staff costs (<i>note a</i>)	3,761	(18,761)
Other income (<i>note b</i>)	12,220	5,192
Reversal of (allowance for) bad and doubtful debts	23	(4,971)
Depreciation of property, plant and equipment	(21,150)	(118,534)
Other expenses	(8,834)	(52,480)
Impairment loss recognised in respect of property, plant and equipment	—	(365,370)
Impairment loss recognised in respect of programmes and film rights	—	(133,435)
Impairment loss recognised in respect of deposit for acquisition of property, plant and equipment	—	(4,794)
Impairment loss recognised in respect of prepayments	—	(33,473)
Finance costs (<i>note c</i>)	(2,992)	(3,066)
Loss before tax	(64,295)	(964,769)
Income tax expense	—	(39)
Loss of television and multi-media business for the period	(64,295)	(964,808)

8. DISCONTINUED OPERATIONS AND LOSS OF CONTROL OF A SUBSIDIARY (CONTINUED)

Note a: Amount for the six months ended 30 September 2013 includes the reversal of over-provision of staff termination cost upon cessation of TV business of HK\$14,777,000.

Note b: The balance comprises rental income of HK\$2,511,000 (2012: HK\$2,879,000), bank interest income of HK\$115,000 (2012: HK\$75,000) and others of HK\$9,594,000 (2012: HK\$2,238,000).

Note c: The balance comprises interest expenses on bank borrowings not wholly repayable within five years of HK\$2,992,000 (2012: HK\$3,066,000)

The net cash flows for the periods from the discontinued operations are disclosed below:

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Operating activities	(454,894)	(357,963)
Investing activities	342,451	33,104
Financing activities	273,887	252,961
	161,444	(71,898)

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000

Loss for the period from discontinued operations include the following:

Operating lease expense on:

Properties	—	8,919
Plant and equipment	56	5,978
Legal and professional fees (included in other expenses)	3,433	5,844
Net exchange loss	212	27
Interest income	115	75
Loss on disposal of property, plant and equipment (included in other expenses)	119	620

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

8. DISCONTINUED OPERATIONS AND LOSS OF CONTROL OF A SUBSIDIARY (CONTINUED)

The major classes of assets and liabilities of the television and multi-media business as at 30 September 2013 and 31 March 2013, which have been presented separately as disposal group held for sale in the condensed consolidated statement of financial position, are as follows:

	31 March 2013 HK\$'000
Property, plant and equipment	259,610
Deposit for acquisition of property, plant and equipment	4,410
Programmes and films rights	112,604
Other receivables	82,490
Loans to associates	120
Tax recoverable	20
Bank balances and cash	30,298
Total assets classified as held for sale	489,552
Other payables	66,486
Tax liabilities	413
Total liabilities associated with assets classified as held for sale	66,899

8. DISCONTINUED OPERATIONS AND LOSS OF CONTROL OF A SUBSIDIARY (CONTINUED)

An analysis of the assets of Next TV at the date when the Group lost control (i.e. 31 May 2013) is as follows:

	HK\$'000
Property, plant and equipment	245,387
Deposit for acquisition of property, plant and equipment	1,460
Programmes and films rights	87,988
Assets disposed of	334,835
Loss on disposal of a subsidiary:	
Cash consideration received	363,165
Penalty charged by the Purchaser (<i>Note a</i>)	(36,316)
Less: Net assets disposed of	(334,835)
Loss on disposal of Next TV (<i>Note b</i>)	(7,986)
Net cash inflows arising on disposal:	
Cash consideration	326,849

Note a: Amount represented penalty paid to Mr. Lien for putting him on hold for the transaction, as other potential purchasers emerged in October 2012.

Note b: The loss represented the disposal of 100% of the assets and liabilities of Next TV.

9. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period (2012: nil). The directors do not recommend the payment of an interim dividend (2012: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

10. EARNINGS (LOSS) PER SHARE

From continuing operations

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

	Six months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
Profit (loss) figures are calculated as follows:		
Profit (loss) for the period attributable to the owners of the Company	11,528	(933,245)
Less: Loss for the period from discontinued operations	(72,281)	(964,808)
Profit for the purposes of basic and diluted earnings per share from continuing operations	83,809	31,563

Number of shares

	Six months ended 30 September	
	2013 No. of shares	2012 No. of shares
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share	2,431,006,881	2,412,496,881
Effect of dilutive potential ordinary shares:		
Share options and share subscription and financing plan (Note)	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,431,006,881	2,412,496,881

10. EARNINGS (LOSS) PER SHARE (CONTINUED)

From continuing operations (continued)

Number of shares (continued)

Note: The computation of diluted earnings per share for the six months ended 30 September 2013 and 2012 does not assume the exercise of the Company's outstanding share options and the exercise of rights under the Share Subscription Plan (see note 20b) as their exercise price exceeds the average market price of the shares during the periods.

From continuing and discontinued operations

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

	Six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000 (restated)
Profit (loss) for the period attributable to the owners of the Company and profit (loss) for the purposes of basic and diluted earnings (loss) per share	11,528	(933,245)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operations

For the six months ended 30 September 2013, basic and diluted loss per share for the discontinued operations were HK3.0 cents per share (2012: HK40.0 cents per share as restated), based on loss for the period from discontinued operations of HK\$72,281,000 (2012: HK\$964,808,000 as restated) and the denominators detailed above for both basic and diluted loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

11. PROPERTY, PLANT AND EQUIPMENT

	2013 HK\$'000
<hr/>	
COST	
At 1 April	2,842,713
Exchange difference	13,940
Additions	28,064
Disposals	(16,653)
<hr/>	
At 30 September	2,868,064
<hr/>	
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 April	1,430,768
Exchange difference	4,481
Charge for the period	65,210
Eliminated on disposals	(15,786)
<hr/>	
At 30 September	1,484,673
<hr/>	
CARRYING VALUES	
At 30 September	1,383,391
<hr/>	
At 31 March	1,411,945
<hr/>	

12. PREPAID LEASE PAYMENTS

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

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
<hr/>		
Analysed for reporting purposes as:		
Current assets	1,797	1,797
Non-current assets	58,859	59,758
<hr/>		
	60,656	61,555
<hr/>		

13. INTERESTS IN ASSOCIATES, LOANS TO ASSOCIATES AND AMOUNTS DUE TO ASSOCIATES

	31 March 2013 & 30 September 2013
	HK\$'000
Interests in associates	105,505
Less: Impairment loss recognised	(105,505)
	—

As at 30 September 2013, the loans to associates, Colored World Holdings Limited (“Colored World”, together with its subsidiaries, the “Colored World Group”), with principal amount of HK\$36,676,000 (31 March 2013: HK\$46,447,000) are unsecured, carry interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus 2.584% per annum and repayable on demand. The accrued interest in relation to the loans to associates will be repayable upon the settlement of the principal amount of the loans. In the opinion of the directors of the Company, it is not expected that the amount will be recovered within 1 year from the end of the reporting period and hence the amount is classified as a non-current asset as at 30 September 2013 and 31 March 2013. Sum Tat Ventures Limited (“STV”), a company which is 100% beneficially owned by Mr. Lai Chee Ying, Jimmy (“Mr. Lai”), has stated that it will provide financial support to Colored World to enable Colored World Group to meet its financial obligations to repay the loans.

Amounts due to these associates of HK\$957,000 (31 March 2013: nil) are unsecured, non-interest bearing and trade in nature with repayment terms of 30 days and aged within 1 month as at 30 September 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

14. TRADE AND OTHER RECEIVABLES

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Trade receivables	669,595	643,079
Less: Allowance for doubtful debts	(124,754)	(113,445)
	544,841	529,634
Prepayments	64,505	25,236
Rental and other deposits	27,116	14,076
Others	26,286	15,574
Total trade and other receivables	662,748	584,520

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

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

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
0–1 month	263,947	264,791
1–3 months	234,485	219,702
3–4 months	37,152	42,653
Over 4 months	9,257	2,488
	544,841	529,634

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK\$9,257,000 (31 March 2013: HK\$2,488,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors of the Company assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aged analysis of trade receivables which are past due but not impaired:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Overdue over 1 month	9,257	2,488

15. 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. The restricted bank balances carry fixed interest rate at 0.5% per annum for the period (31 March 2013: 0.5% per annum for the year).

16. TRADE AND OTHER PAYABLES

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Trade payables	84,808	109,185
Accrued staff costs	155,678	133,741
Accrued charges	116,663	80,942
Deposits received for the potential disposal of Taiwan business (<i>Note a</i>)	—	455,373
Other payables	168,335	111,985
	525,484	891,226

Note a: The balances represent deposits received from the potential purchasers for the potential disposal of newspapers publication and printing business, books and magazines publication and printing business and television broadcasting business in Taiwan. The amounts were refunded subsequent to 31 March 2013 after termination of the relevant conditional sale and purchase agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

16. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aged analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
0–1 month	48,360	78,473
1–3 months	31,377	22,192
Over 3 months	5,071	8,520
	84,808	109,185

17. BORROWINGS

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Secured bank loans (<i>Notes</i>)	858,295	804,406

An analysis of the secured bank loans of the Group is as follows:

Carrying amount repayable		
– within one year or on demand	145,945	323,734
– more than one year, but not exceeding two years	263,049	82,401
– more than two years, but not exceeding five years	331,648	247,203
– more than five years	117,653	151,068
	858,295	804,406
Less: Amount due within one year shown under current liabilities	(145,945)	(323,734)
Non-current portion	712,350	480,672

17. BORROWINGS (CONTINUED)

Notes:

- (i) During the period, the Group repaid bank loans amounting to HK\$100,000,000 (2012: HK\$185,416,000).
- (ii) In respect of syndicated bank loans of HK\$858,295,000, as at 30 September 2013, the Group fulfilled all the required financial covenants. Therefore, the classification of all the loans is based on the original repayment schedules.
- (iii) The directors of the Company believe that alternative sources of finance are available and sufficient for the continuing operations of the Group.

At 30 September 2013, bank loans balance of HK\$498,295,000 carry interest at Post Office 2-year Deposit rate in Taiwan plus 1.4275% per annum, balance of HK\$360,000,000 carry interest at HIBOR plus 2.75% per annum. At 31 March 2013, bank loans balance of HK\$494,406,000 carry interest at Post Office 2-year Deposit rate in Taiwan plus 1.4275% per annum and balance of HK\$210,000,000 and HK\$100,000,000 carry interest at HIBOR plus 2.75% and 1.25% per annum respectively.

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.87% per annum for the period (31 March 2013: 2.70% per annum for the year).

The Group's borrowings are denominated in New Taiwan Dollar ("NT\$") and HK\$, the functional currencies of the relevant group entities.

- (iv) At 30 September 2013, the Group's utilised and unutilised banking facilities were secured by the following:
 - Certain of the Group's land and buildings with an aggregate carrying value of HK\$1,239,618,000 (31 March 2013: HK\$737,775,000); and
 - Certain of the Group's plant and machinery with an aggregate carrying value of HK\$19,802,000 (31 March 2013: HK\$413,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

18. PROVISIONS

	Litigations HK\$'000
At 1 April 2013	101,863
Additional provision for litigation during the period	18,294
Payment during the period	(12,814)
Exchange difference	208
At 30 September 2013	107,551

As at 30 September 2013, the Group had provisions classified as current liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

This provision was recognised in respect of the outstanding legal proceedings based on advice obtained from the Company's legal counsel.

19. SHARE CAPITAL

	Authorised	
	No. of shares	HK\$'000
Ordinary shares of HK\$1.00 each		
At 1 April 2012, 30 September 2012, 1 April 2013 and 30 September 2013	4,600,000,000	4,600,000
	Issued and fully paid	
	No. of shares	HK\$'000
At 1 April 2012 and 30 September 2012	2,412,496,881	2,412,497
Exercise of share options	18,510,000	18,510
At 1 April 2013 and 30 September 2013	2,431,006,881	2,431,007

20. SHARE INCENTIVE SCHEMES

(a) Share Option Scheme adopted by the Company

On 30 July 2007, a share option scheme was adopted by the Company (the “2007 Share Option Scheme”) for the purpose of providing incentives to the participants (i.e. directors and full-time employees of the Group, as well as any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint-venture business partners, promoters and service providers of any members of the Group). Under the 2007 Share Option Scheme, the Board may grant options to the participants to subscribe for shares in the Company.

The Group recognised a total expense of HK\$1,758,000 for the six months ended 30 September 2013 (30 September 2012: HK\$1,873,000) in relation to options granted under the 2007 Share Option Scheme in current period.

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

	Number of options
At 30 September 2012	48,684,000
Granted during the period	5,000,000
Exercised during the period	(18,510,000)
Lapsed during the period	(1,020,000)
At 1 April 2013	34,154,000
Lapsed during the period	(1,300,000)
At 30 September 2013	32,854,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

20. SHARE INCENTIVE SCHEMES (CONTINUED)

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

The board of directors of Company adopted a Share Subscription and Financing Plan (the “Share Subscription Plan”) on 29 October 2007. Under the Share Subscription Plan, the Company may issue share invitations to any of their employees and directors or employees and directors of any of its subsidiaries and eligible persons as defined therein. The number of shares which may be issued upon exercise of all outstanding share invitations issued under the Share Subscription Plan is limited to 70,000,000 shares, representing 2.9% of the total issued shares of the Company as at 29 October 2007.

All the invitations for subscriptions issued on 8 November 2007 and 25 February 2008 lapsed during the year ended 31 March 2013. No invitations for subscriptions under the Share Subscription Plan were issued or subscribed for during the six months ended 30 September 2013.

No expense was recognised for the six months ended 30 September 2013 and 2012 in relation to the Share Subscription Plan.

(c) Share Option Schemes adopted by certain subsidiaries

On 20 February 2008, each of Apple Community Infonet Limited (“ACIL”) and nxTomo Games Limited (“nxTomo Games”, formerly known as “Next Media Webcast Limited”) adopted a share option scheme (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”), on 20 March 2012, each of Anyplex Company Limited (“Anyplex”), Next Mobile Limited (“Next Mobile”), Next E-Shopping Limited (“Next E-Shopping”, formerly known as “Dynamic Interactive Limited”) and Sharp Daily Limited (“Sharp Daily”) adopted a share option scheme (the “2012 Subsidiary Share Option Schemes”) and on 14 June 2013, nxTomo Ltd. (“nxTomo”) adopted a share option scheme (the “2013 nxTomo Share Option Scheme”). nxTomo together with ACIL, nxTomo Games, AHIL, Anyplex, Next Mobile, Next E-Shopping and Sharp Daily are, collectively referred to as the “Hong Kong Subsidiaries”. Under the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme, 2012 Subsidiary Share Option Schemes and 2013 nxTomo Share Option Scheme, the Hong Kong Subsidiaries may grant options to any of their full-time employees and directors or full-time employees and directors of any of their subsidiaries and any eligible persons as defined therein to subscribe for the respective ordinary shares of ACIL, nxTomo Games, AHIL, Anyplex, Next Mobile, Next E-Shopping, Sharp Daily and nxTomo.

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, 2012 Subsidiary Share Option Schemes and 2013 nxTomo Share Option Scheme and any other share option scheme of the Hong Kong Subsidiaries is limited to 30% of the respective subsidiaries’ shares in issue from time to time.

20. SHARE INCENTIVE SCHEMES (CONTINUED)

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

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

	Number of options nxTomo Games
At 1 April 2013	—
Granted during the period	550,000
At 30 September 2013	550,000

Movements in the number of options granted pursuant to the 2012 Subsidiary Share Option Schemes during the period are as follows:

	Number of options Sharp Daily
At 1 April 2013	100,000
Granted during the period	100,000
At 30 September 2013	200,000

Movements in the number of options granted pursuant to the 2013 nxTomo Share Option Scheme during the period are as follows:

	Number of options nxTomo
At 1 April 2013	—
Granted during the period	560,000
At 30 September 2013	560,000

Except for the above disclosure, during the six months ended 30 September 2013, no options were granted, exercised, lapsed or cancelled under the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme, the 2012 Subsidiary Share Option Schemes and 2013 nxTomo Share Option Scheme. The Group did not recognise an expense for the six months ended 30 September 2013 and 2012 in relation to the options granted since the amount involved was insignificant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

21. CONTINGENCIES

(a) Pending litigations

- (i) As at 30 September 2013, 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.

The Group has accrued for HK\$107,551,000 for legal and professional expenses in current liabilities as at 30 September 2013 (31 March 2013: HK\$101,863,000). This provision was recognised in respect of the outstanding legal proceedings based on advice obtained from the Company's legal counsel.

- (ii) In addition, the Group had a dispute with UDL Contracting Limited ("UDL") as the contractor for the construction of a printing facility of a subsidiary of the Company, 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.

The Directors are of the opinion that it is unlikely that the Group will 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, 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 in connection 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 newspapers and magazines published by the Acquired Group on and at any time before 26 October 2001, and (3) the contractor dispute with UDL (the "Indemnity"). In relation to the Indemnity, Mr. Lai also procures a bank guarantee of HK\$60,000,000 for a term of three years up to 25 October 2013, and the guarantee was renewed on 26 October 2013 for a further term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

22. COMMITMENTS

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

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Authorised but not contracted for	105	592
Contracted but not provided for	6,687	5,126
	6,792	5,718

(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 2013			31 March 2013		
	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	4,272	6,475	10,747	5,198	10,968	16,166
In the second to fifth years inclusive	2,207	4,764	6,971	2,904	6,206	9,110
	6,479	11,239	17,718	8,102	17,174	25,276

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

23. RELATED PARTY DISCLOSURES

(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	
	2013 HK\$'000	2012 HK\$'000
Short-term benefits	12,672	11,518
Share-based payments	1,183	—
	13,855	11,518

(b) Related party transactions

Nature of transaction	Name of related company	Relationship with the Group	Six months ended	
			2013 HK\$'000	2012 HK\$'000
Purchase of plant and equipment	Next Media Animation Limited	An associate of the Group	3,166	—
Purchase of plant and equipment	Next Media Animation Limited, Taiwan Branch	An associate of the Group	242	—
Supporting services income recharged by the Group	Next Media Animation Limited	An associate of the Group	(1,207)	(921)
Management fee received by the Group	Next Media Animation Limited	An associate of the Group	(2,690)	(1,088)
Proceeds received by the Group for disposal of plant and equipment	Next Media Animation Limited, Taiwan Branch	An associate of the Group	(136)	(621)
Proceeds received by the Group for disposal of plant and equipment	Next Media Animation Limited	An associate of the Group	(16)	(5,137)
Advertising income received by the Group	Next Media Animation Limited	An associate of the Group	—	(756)



23. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party transactions (continued)

Nature of transaction	Name of related company	Relationship with the Group	Six months ended 30 September	
			2013 HK\$'000	2012 HK\$'000
Office rental income received by the Group	Next Media Animation Limited, Taiwan Branch	An associate of the Group	(1,497)	(1,053)
Animation production service charge paid by the Group	Next Media Animation Limited, Taiwan Branch	An associate of the Group	14,533	17,330
Interest income for shareholder's loan	Colored World	An associate of the Group	(602)	(621)
Car park rental expenses paid by the Group in Taiwan	Best Combo Limited, Taiwan Branch	Indirectly wholly-owned by Mr. Lai, Chairman and a controlling shareholder of the Company	100	298
Office rental expenses paid by the Group in Taiwan	Best Combo Limited, Taiwan Branch	Indirectly wholly-owned by Mr. Lai, Chairman and a controlling shareholder of the Company	1,983	7,468
Income received by the Group for printing sticker and lookbook	Dico Consultants Limited	Indirectly wholly-owned by Mr. Lai, Chairman and a controlling shareholder of the Company	(100)	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2013

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 27 September 2013, AtNext Limited ("AtNext"), a wholly owned subsidiary of the Company, as vendor entered into a sale and purchase agreement with STV, a company 100% beneficially owned by Mr. Lai, as a purchaser and Mr. Lai, as guarantor for the obligations of STV, pursuant to which, AtNext has conditionally agreed to sell and STV has conditionally agreed to purchase the 30 shares, which represents the Group's remaining 30% equity interest in Colored World as disclosed in note 13, and the sale loans at a total cash consideration of US\$20.0 million (equivalent to HK\$155.1 million) (the "Transaction"). Upon completion of the Transaction on 18 November 2013, AtNext ceased to hold any shares in Colored World and thus, members of the Colored World Group have ceased to be associated companies of the Group. As at the date of approval for issuance of these condensed consolidated financial statements, the management of the Group is still assessing the financial effects of the Transaction.

On 18 October 2013, the Company announced that it has decided to cease the publication of the Group's free daily newspaper in Hong Kong, *Sharp Daily*, which is operated by Sharp Daily Limited (a wholly owned subsidiary of the Company), under the newspapers publication and printing segment, with effect from 21 October 2013, with a view to consolidating the Group's printing operations in Hong Kong and enabling the Group to rationalise its resources and focus on its profitable operations.

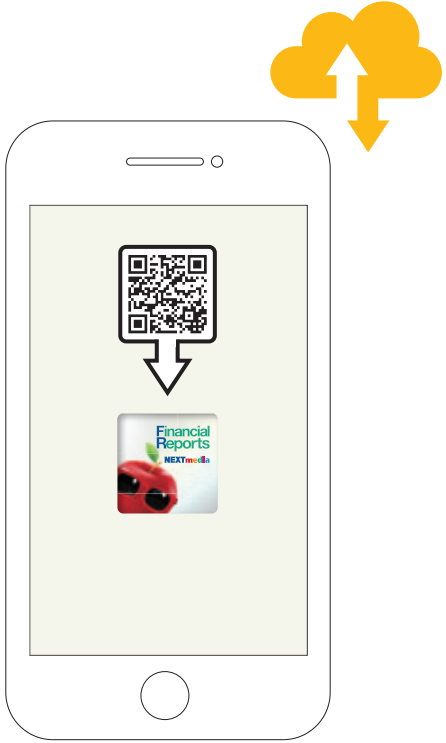
GLOSSARY

2007 ADPDL Share Option Scheme	The share option scheme adopted by ADPDL and approved by the Shareholders on 30 July 2007
2007 Share Option Scheme	The share option scheme that was adopted by the Company on 30 July 2007
2013 AGM	The Company's Annual General Meeting held on 22 July 2013
ADL	Apple Daily Limited, an indirect wholly owned subsidiary of the Company
ADPDL	Apple Daily Publication Development Limited, an indirect non wholly owned subsidiary of the Company
ADPL	Apple Daily Printing Limited, an indirect wholly owned subsidiary of the Company
AGM	The Company's Annual General Meeting
Articles of Association	The Company's Articles of Association as amended, supplemented or modified from time to time
Board	The board of Directors of the Company
CEO	The Chief Executive Officer of the Group
CFO	The Chief Financial Officer of the Group
CG Code	The Corporate Governance Code and Corporate Governance Report, Appendix 14 to the Listing Rules
Colored World	Colored World Holdings Limited, the intermediate holding company of NMAL
Colored World Group	Colored World and its subsidiaries
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 together with its subsidiaries
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)

GLOSSARY (CONTINUED)

HKICPA	Hong Kong Institute of Certified Public Accountants
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong Subsidiary Share Option Schemes	The share option schemes adopted by ADPDL, Aim High Investments Limited, Anyplex Company Limited, Apple Community Infonet Limited, Next E-Shopping Limited (formerly known as “Dynamic Interactive Limited”), Next Media Publishing Limited, Next Mobile Limited, nxTomo Ltd., nxTomo Games Limited (formerly known as “Next Media Webcast Limited”) and Sharp Daily Limited
INED(s)	Independent Non-executive director(s) of the Company
Interim Financial Statements	The unaudited interim financial statements of the Company and its subsidiaries for the six months ended 30 September 2013
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules
Mr. Lai	Mr. Lai Chee Ying, Jimmy, an ED, the Chairman and controlling Shareholder of the Company
Next TV	Next TV Broadcasting Limited
NMAL	Next Media Animation Limited, a wholly owned subsidiary of Colored World
NT\$	New Taiwan dollars, the lawful currency of Taiwan
RSM	RSM Nelson Wheeler Consulting Limited, an independent professional firm engaged by the Group to carry out internal audit services for the Group
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	Ordinary share(s) of HK\$1.00 each in the capital of the Company, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time
Shareholder(s)	Holder(s) of the Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
STV	Sum Tat Ventures Limited, a company 100% beneficially owned by Mr. Lai
Subscription Plan	The share subscription and financing plan adopted by the Company on 29 October 2007
Taiwan	Republic of China





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