Next Media Limited
Stock Code: 00282

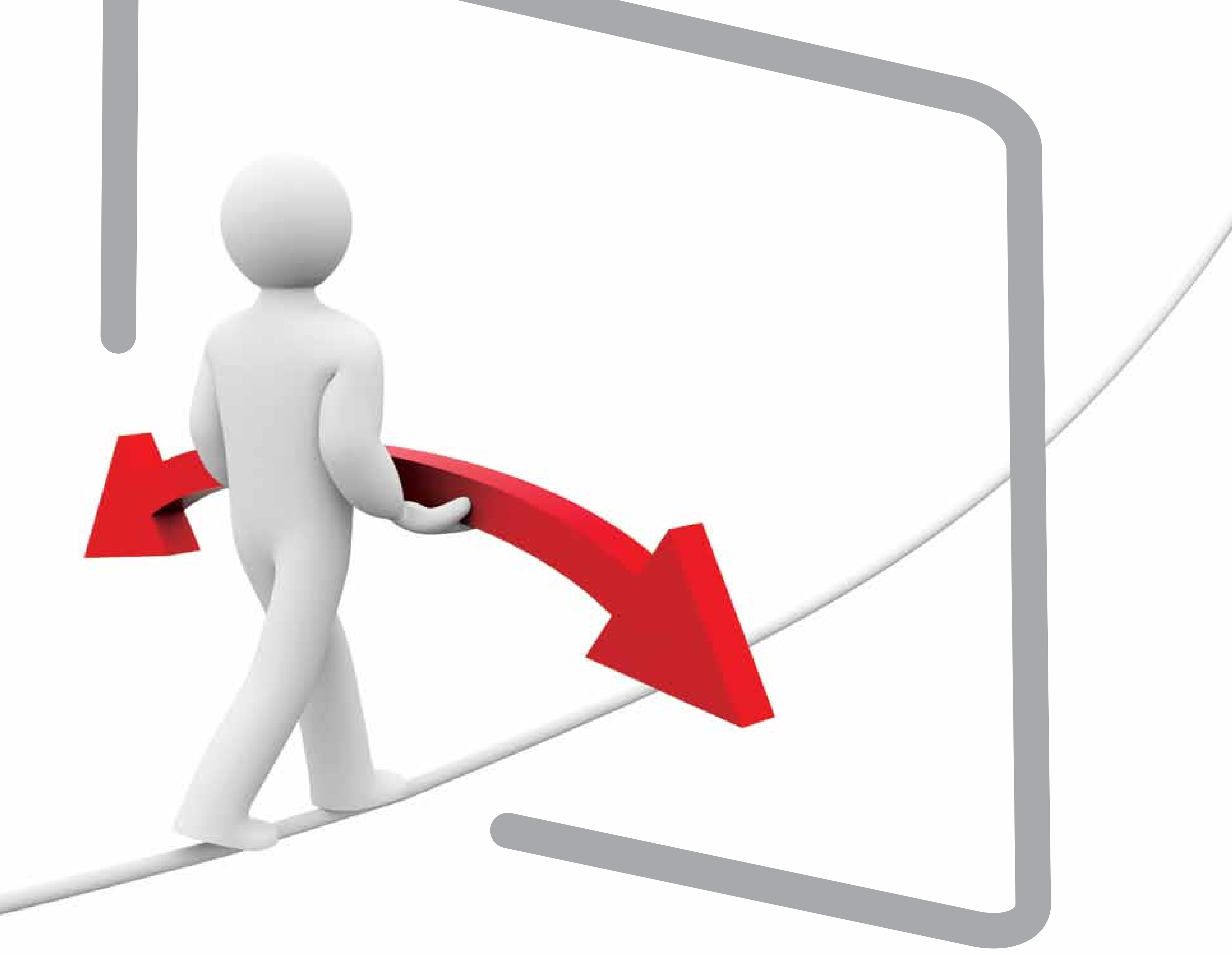
I'm movin' it

Interim Report
2010/11

CONTENTS

PERSEVERING WITH INTEGRITY

TO UNCOVER THE FACTS AND TELL THE TRUTH



A SPIRIT OF OPTIMISM

TO FACE FUTURE CHALLENGES


STRONGER
TOGETHER

STRIVING WITH BODY AND SOUL

TO TACKLE WHATEVER CHALLENGES WE MAY FACE

STAYING ABREAST OF CHANGES

TO STAY AHEAD OF OUR RIVALS

ADVANCING INTO NEW DOMAINS

TO TAKE UP NEW OPPORTUNITIES

CARING FOR THE COMMUNITY

TO BENEFIT SOCIETY USING WHAT WE RECEIVE FROM SOCIETY

FINANCIAL HIGHLIGHTS

Results	(Unaudited) Six months ended 30 September 2010 HK$'000	2009 HK$'000
Revenue	**1,697,780**	1,498,348
EBITDA after non-controlling interests	**193,393**	221,415
Profit for the period	**76,155**	122,172
Basic earnings per share	**3.2 cents**	5.0 cents
Diluted earnings per share	**3.1 cents**	5.0 cents

Statement of Financial Position	(Unaudited) As at 30 September 2010 HK$'000	(Audited) As at 31 March 2010 HK$'000
Non-current assets	**3,345,357**	3,165,387
Current assets	**1,450,207**	1,480,099
Total assets	**4,795,564**	4,645,486
Current liabilities	**726,420**	611,862
Non-current liabilities	**457,653**	515,813
Total liabilities	**1,184,073**	1,127,675
Net assets	**3,611,491**	3,517,811

Ratio Analysis		
Current ratio	**199.6%**	241.9%
Quick ratio	**172.7%**	220.0%
Gearing ratio	**5.5%**	6.9%

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Next Media is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 September 2010, as well as comparative figures for the same period last year.

BUSINESSES

The Group is mainly engaged in the publication of newspapers, books and magazines for retail and subscription sales; the provision of printing and reprographic services; the provision of internet content; the production and broadcasting of television programmes; the sale of advertising space in newspapers and magazines and on websites; and the sale of advertising time in its television operation.

FINANCIAL RESULTS

The Group's revenue totalled HK$1,697.8 million during the six months ended 30 September 2010. This was HK$199.5 million or 13.3% higher than the figure of HK$1,498.3 million recorded in the same period of 2009. The increase was mainly attributable to the additional income it derived from advertising in its newspapers and magazines as a result of the recovery of the advertising markets in both Hong Kong and Taiwan.

The Group's earnings totalled HK$193.4 million during the period under review, before interest, tax, depreciation, impairment and amortisation but after non-controlling interests. This represented a decline of 12.6% on the figure of HK$221.4 million for the corresponding period of 2009. Basic earnings per share were HK3.2 cents, compared with HK5.0 cents in the same period last year.

The Group also recorded an unaudited consolidated profit of HK$76.2 million, which was 37.6% lower than the figure of HK$122.2 million for the same period in 2009.

The decline in overall profit was principally due to the investment that the Group made in its television operation in Taiwan, which progressed from a pre-operational preparatory phase in the same period of 2009 to a soft launch phase during the second quarter of this year. The Television Division recorded a segment loss of HK$141.6 million, compared with a loss of HK$15.4 million in the same period of 2009. On the other hand, the Group's total profit from its publishing operations increased considerably, and it was above the industry average during this period.

Given the investment it made in its television business, the Group's overall results for the first half of the financial year were satisfactory.

OVERVIEW OF MAJOR MARKETS

The outstanding half-year results of the Group's publishing and printing businesses reflect the improvement of economic conditions in Hong Kong and Taiwan during the period.

Hong Kong's economy continued to grow steadily. In year-on-year terms, its real GDP increased by 8.0% in the first quarter of 2010, and 6.5% in the second quarter. Exports maintained a strong momentum, and the inbound tourism industry and retail sector both benefited from a surge in the number of visitors from Mainland China. Favourable economic trends and rising incomes led to an increase in the spending of local consumers. The property market remained buoyant, the employment situation was fairly stable, and the stock market rose considerably.

OVERVIEW OF MAJOR MARKETS (continued)

After years of stagnation, Taiwan's economy picked up even more dramatically. It is forecast to grow by 6.1% during 2010, compared to a decline of 1.9% in 2009. This was mainly attributable to the island's robust exports, and increasing private investment and consumption. Government officials say a major driving force behind the strong export performance has been a substantial increase in trade with Mainland China, with whom Taiwan has had a steadily improving relationship since its present administration took office. Cross-straits tourism is flourishing too.

Consumers in both Hong Kong and Taiwan have grown increasingly confident about spending their money as the economic outlook brightens for them and the possibility of a new recession in the US and Europe recedes.

This has encouraged companies in both markets to ramp up their advertising budgets. Consequently, the advertising revenues of all the Group's publications increased by between 10.0% and 20.0% in year-on-year terms, which was above the industry average. On the other hand, the Group has had to contend with an incremental rise in paper prices during the first three quarters of 2010. Paper is always one of its most significant costs.

OPERATIONAL REVIEW

The Group's operations in Hong Kong accounted for about 57.0% of its revenue during the six months ended 30 September 2010, compared with 58.1% in the same months of 2009. Its Taiwan operations contributed 41.4% (2009: 40.2%).

The brighter economic climate in these two markets gave impetus to the Group's results during the period under review.

Even so, the Group adopted a cautious approach towards its costs. For example, it continued to monitor the ratios of advertising and editorial pages in its publications carefully, and to rationalise their layouts, so that a similar amount of content could be presented in fewer pages. A close watch was also kept over print runs, in order to minimise wastage.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

The Newspapers Publication and Printing Division achieved excellent results during the six months ended 30 September 2010. *Apple Daily* and *Taiwan Apple Daily* made the largest contributions to the Division's external revenue, which totalled HK$1,197.2 million and amounted to 70.5% of the Group's total revenue. This represented an increase of 15.2% on the figure of HK$1,038.8 million for the corresponding period last year. The Division's segment profit increased by 49.9% to HK$221.0 million, compared with HK$147.4 million in the same period of 2009.

Apple Daily further consolidated its position as Hong Kong's best-selling and most widely read paid-for daily newspaper during the past half-year. Its sales remained fairly constant between January and June 2010, with a daily average of 303,047 copies, compared with 314,509 in the same period last year[1]. Meanwhile, its readership among readers aged 12+ increased slightly to 1,592,000 in the 12 months ended 30 June 2010, compared with 1,577,000 in the same period of 2008/09[2].

Its advertising revenue totalled HK$345.8 million during the period under review, a rise of 26.3% on the figure of HK$273.7 million recorded in the same period of 2009. The banking sector accounted for the largest share of its advertising revenue, whereas telecommunications and finance ranked second and third, respectively.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION (continued)

Taiwan Apple Daily remained the island's most widely read daily. Its readership increased to 3,157,000 during the six months ended 30 June 2010, compared with 3,067,000 a year earlier[4]. The newspaper's total revenue grew by 17.0% to HK$592.2 million in the same period, compared with HK$506.0 million during the corresponding months of 2009. Property, cosmetics, and department and chain stores contributed the largest shares of its advertising revenue.

Sharp Daily, the Group's free newspaper in Taipei, maintained its popularity among readers and advertisers alike. Copies of the newspaper are distributed to commuters outside the city's Metro stations every morning from Mondays to Saturdays, and it continued to attract smaller local advertisers, who find traditional print media too expensive.

Apple Daily Printing Limited

The newspaper printing business performed satisfactorily and continued to contribute a stable income to the Group. The revenue of its Hong Kong printing operations amounted to HK$195.8 million, a rise of 5.3% on the figure of HK$186.0 million recorded in the same period of the previous year.

Excluding transactions related to printing Next Media's own publications, the revenue of ADPL amounted to HK$64.6 million during the period under review, which was 12.3% higher than the HK$57.5 million it achieved in the corresponding period in 2009. This was mainly attributable to an increase in printing orders that resulted from improved market conditions, both in Hong Kong and overseas.

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

The Books and Magazines Publication and Printing Division performed well in the fiercely competitive business environment during the six months ended 30 September 2010. Its external revenue totalled HK$493.9 million, an increase of 13.5% on the figure of HK$435.2 million achieved in the same period of last year. The Division's segment profit increased by 26.9% to HK$81.6 million, compared with HK$64.3 million for the corresponding period last year.

The Group maintained its strong position in the Hong Kong magazine market, where it published the two best-selling and most widely read weeklies.

Its flagship title, ***Next Magazine***, generated HK$130.3 million in revenue during the six months ended 30 September 2010, a rise of 11.2% compared with the figure of HK$117.2 million for the corresponding period last year. During the period under review, *NEXT+ONe* — a new supplement focusing on high-end fashion and luxury products and fun lifestyles in the city was launched and bundled with *Next Magazine* to attract advertising for upmarket and premium brand products.

NEWSPAPERS' READERSHIP IN HONG KONG

APPLE DAILY > 1,592,000

FOR THE PERIOD FROM JUL 2009 – JUN 2010

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION (continued)

Its readership also grew substantially to 780,000 people aged 12+ during the 12 months ended 30 June 2010, compared with 675,000 in the same period of 2009[2]. Meanwhile, its average weekly sales declined to 124,527 copies during the first six months of 2010, compared with 131,095 in the same months of last year[1].

Sudden Weekly Bundle — consisting of *Sudden Weekly*, *Eat & Travel Weekly* and *ME!* — remained Hong Kong's best-selling and most widely read weekly publication. Its sales averaged 168,196 copies a week in the first six months of 2010, compared with 165,853 in the corresponding period last year[1]. This was a respectable increase, given the very tough competitive market. Moreover, its readership increased sharply to 838,000 during the 12 months ended 30 June 2010, compared with 738,000 in the same period a year earlier[2].

The total revenue of the *Sudden Weekly Bundle* jumped by 12.2% to HK$150.8 million during the six months up to 30 September 2010, compared with HK$134.4 million in the same period of 2009. While this partly reflected a general resurgence in advertising spending, the high-spending female readership profile of *ME!* proved particularly appealing to advertisers — especially perfume, cosmetics, skincare, toiletries, fashion and fashion accessory brands — and its advertising revenue grew strongly as a result.

FACE Bundle — which incorporates *FACE*, *Auto Express* and *Trading Express* — remained a popular, upmarket infotainment weekly among Hong Kong youngsters. Despite extreme competition for advertising dollars between titles in this category, the publication achieved a total revenue of HK$47.5 million in the six months up to 30 September 2010, compared with HK$43.0 million during the same period last year, an increase of 10.5%.

Its weekly sales averaged 58,063 copies between January and June 2010, a significant decrease against the figure of 70,413 in the corresponding months of 2009. However, its average weekly readership grew remarkably to 278,000 people during the 12 months ended 30 June 2010, compared with 203,000 in the preceding 12 months[2]. This illustrates how the publication has successfully optimised its revenue and readership in the face of declining sales.

Taiwan Next Magazine continued to be the island's best-selling and most widely read weekly. It sold an average of 106,198 copies a week between January and June 2010, a fall from 113,298 copies in the corresponding months of last year[3]. However, its average weekly readership escalated considerably to 1,908,000 in the first half of 2010, up from 1,651,000 in the first half of 2009[4].

Benefiting from the island's broad-based economic recovery, the magazine's external revenues totalled HK$111.6 million in the six months ended 30 September 2010, compared with HK$93.2 million in the same period last year, an increase of 19.7%.

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION (continued)

Paramount Printing Company Limited

Besides printing the Group's own magazines, the Division continued to produce high-quality printing work for its external customers. Against a backdrop of intense competition and rising paper costs, this generated revenue of HK$52.0 million during the six months ended 30 September 2010, which was 14.0% higher than the HK$45.6 million it earned in the same period last year.

TELEVISION DIVISION

The process of applying for television broadcasting licences in Taiwan is still in progress. Two such licences — for a sports channel and a movie channel — have already been approved, whereas the Group is continuing to pursue applications for other licences.

One reason for the Group's decision to enter the Taiwan television market is that the island's television industry has been stagnant for nearly two decades, due to the poor quality, look-alike content and backward technology of existing channels. For example, Taiwan has about half a dozen similar all-news channels; the overwhelming majority of Taiwan's television programmes are still produced and broadcast in analogue format; and around 80.0% of Taiwan's television-viewing households are served by an analogue only cable platform.

The Group has therefore been working hard to create original and attractive high-definition (HD) contents and an alternative distribution strategy to cable television, Taiwan's dominant delivery platform. The Group continues to work on obtaining television broadcasting licences but at the same time has already accessed television viewers via alternative options which does not require a television broadcasting licence. The Group has already launched limited television programming on a webTV format. It has also signed up distribution partnerships for selected programmes on both cable television and MOD (digital) platforms in Taiwan, and it is continuing to explore additional platforms. For more than a year, the Group has been developing necessary hard and soft wares for a new IPTV platform which does not require a television broadcasting licence. The Group is now poised to launch its own open internet-based, digital and interactive IPTV platform by the end of this year. This will be an exciting development. Not only will it allow the Group's television stations to reach a mass audience; it is also expected to, over time, transform the landscape of Taiwan's television industry dramatically.

During the period under review, the Division incurred capital expenditures amounting to HK$39.9 million, and it recorded an operating segment loss of HK$141.6 million, compared with a loss of HK$15.4 million in the corresponding period last year, when it was in a pre-operating phase. The Group expects to make further investments in the areas of staff recruitment, content production, equipment purchases, office premises and system software in the coming months.

INTERNET DIVISION

The Internet Division continued to play a valuable role in the Group, especially as a channel to strengthen its brand image among younger people. Its portal continued to account for most of the Division's advertising revenue, whereas its webcasting services also contributed to its revenue.

The animation production operation is continuing to building up its business, both locally and overseas. The Division recently opened an office in New York to offer its animation services to North American media companies. It has begun to attract revenues from renowned animation clients and a number of television production houses. The animation production operation has also begun to develop revenue streams from its widely acclaimed animation news segments via syndication and its website, which, by end of the period under review, was attracting an average of 10.0 million views per month.

The Division's external revenue totalled HK$6.7 million during the period under review, which was a decrease of 72.5% on the figure of HK$24.4 million recorded in the same months of 2009. This was mainly due to the reallocation of advertising revenue within different operating segments of the Group. Its ongoing capital investments in the animation and webcast operations meant the Division sustained a segment loss of HK$31.0 million, compared with a loss of HK$29.3 million in the corresponding period last year.

FUTURE PROSPECTS AND OUTLOOK

The Hong Kong and Taiwan economies remained resilient in recent months. In particular, Taiwan's business environment has brightened considerably after being in the doldrums for a number of years.

The Group believes it will continue to achieve good results by leveraging on the attractive demographics of the readers of its publications in order to attract a good share of the growing amount of advertising spending in both places.

At the same time, it must be remembered that the prosperity of Hong Kong and Taiwan both depend on an ever-greater degree on Mainland China's economy, which is increasingly tied to the economies of other regions, such as the US and Europe. While the Group feels Mainland China's economic growth will remain strong in the coming months, the health of the US and European economies and unresolved issues concerning the Renminbi exchange rate could have an adverse impact further ahead. So it is tempering its optimism with a certain degree of caution.

It should be noted that the Group will need to make further investments during the initial stage to full-blown launch of its television project and the establishment and building-up of its open internet-based IPTV platform during the months ahead. However, it is confident that the television project will be a success, and that the new open internet-based platform will afford it additional business opportunities in the future.

SOURCES:

1. *Hong Kong Audit Bureau of Circulations Ltd.*
2. *2010 Nielsen Media Index: Hong Kong Report (July 2009 — June 2010)*
3. *The Audit Bureau of Circulations, R.O.C.*
4. *Media Index (January — June 2010), Nielsen Media Research, Taiwan*

LIQUIDITY AND FINANCIAL RESOURCES

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

As of 30 September 2010, the Group had available banking facilities in a total of HK$1,188.2 million, of which HK$270.4 million had been utilised. All its bank borrowings bear interest at floating rates, and there is no seasonality for its borrowing requirements. The Group's bank borrowings are denominated in HK$ and NT$.

During the period under review, the Group accepted a term loan facility for an aggregate amount of HK$650.0 million offered by a syndicate of eight banks for general working capital purposes. The final maturity date of this facility will be 36 months from the date when it is first used. Pursuant to the terms and conditions of the facility, the borrower, Apple Daily Limited, the Company, and certain subsidiaries who are acting as its guarantors, must ensure that Mr. Lai Chee Ying, Jimmy, the Company's controlling shareholder, will remain the Company's Chairman and that he will continue to hold directly or indirectly at least 51.0% of the total issued share capital of the Company. Non-compliance with the above condition may constitute a breach of general undertakings, and the banks in the syndicate may declare that any commitments under the facility are cancelled and/or declare that all outstanding amounts (together with interest thereon) are immediately due and payable. As of 28 October 2010, the Group had drawn down an amount of HK$100.0 million from the facility.

As of 30 September 2010, the Group had HK$658.5 million in bank balances and cash reserves. Its current ratio on the same date was 199.6%, compared to 241.9% as of 31 March 2010. The Group's gearing ratio on the same date, which was calculated by dividing its long-term liabilities, including current portions by total asset value, was amounted to 5.5%, compared to 6.9% as of 31 March 2010.

ASSETS PLEDGED

As of 30 September 2010, the Group had pledged its properties and printing equipment situated in Hong Kong and Taiwan with an aggregate carrying value of HK$1,113.1 million to various banks as security for bank loan facilities granted to it.

EXCHANGE EXPOSURE AND CAPITAL EXPENDITURE

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

As of 30 September 2010, the Group's net currency exposure stood at NT$5,610.2 million (equivalent to about HK$1,392.8 million), a decrease of 4.5% on the figure of NT$5,874.4 million (equivalent to about HK$1,434.2 million) as of 31 March 2010.

SHARE CAPITAL

As of 30 September 2010, the Company's total issued share capital was HK$2,412,496,881 divided into 2,412,496,881 ordinary shares with a par value of HK$1.0 each.

CONTINGENT LIABILITIES

As at 30 September 2010, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

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

Other than the legal and professional expenses which have been accrued in other payables, amounting to HK$67.3 million (At 31 March 2010: HK$51.2 million), no provision has been recognised in respect of the above mentioned outstanding legal proceedings as based on advice obtained from legal counsel, the Directors are of the opinion that the claims can be successfully defended by the Group.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the Acquired Group) on 26 October 2001, Mr. Lai Chee Ying, Jimmy, Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third party claims made against the Acquired Group on and before 26 October 2001, (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001, and (3) the contractual dispute with UDL (the Indemnity). In relation to the Indemnity, Mr. Lai Chee Ying, Jimmy procured a bank guarantee of HK$60.0 million for a term of three years from 25 October 2007 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity. On 25 October 2010, the bank guarantee has been further extended for a term of three years to 25 October 2013.

EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2010, the Group employed a total of 4,659 employees, of whom 2,040 were in Hong Kong, 2,614 were in Taiwan and 5 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2009/10 annual report of the Company.

The Group's total staff costs for the six months ended 30 September 2010 amounted to HK$698.7 million, compared to HK$551.9 million for the corresponding period of last year. The increase in the total staff costs of the Group was mainly due to the increase of headcounts of the Television Division during the period.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2010 (Six months ended 30 September 2009: HK$Nil).

FORWARD LOOKING STATEMENTS

This interim report contains 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.

BOARD OF DIRECTORS

As of 30 September 2010, the Board consisted of eight Directors — five EDs and three INEDs. The EDs were Mr. Lai Chee Ying, Jimmy, the Chairman of the Board; Mr. Chu Wah Hui, the CEO; Mr. Cheung Ka Sing, Cassian, the Co-CEO; Mr. Ting Ka Yu, Stephen, the COO and CFO; and Mr. Ip Yut Kin. The INEDs were Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny. Detailed profiles of the eight Directors are posted on the Company's website at http://www.nextmedia.com.

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

BOARD ACTIVITIES

Below is an overview of the dates of the various board meetings and a record of the attendance of its members during the six months ended 30 September 2010:

	Number of Meetings Attended/Held	
	Board Meetings	**Audit Committee Meetings**
EDs		
Lai Chee Ying, Jimmy (Chairman)	2/2 (100%)	N/A
Chu Wah Hui (CEO)	2/2 (100%)	N/A
Cheung Ka Sing, Cassian (Co-CEO)	2/2 (100%)	N/A
Ting Ka Yu, Stephen (COO and CFO)	2/2 (100%)	N/A
Ip Yut Kin	2/2 (100%)	N/A
INEDs		
Fok Kwong Hang, Terry	2/2 (100%)	2/2 (100%)
Wong Chi Hong, Frank	2/2 (100%)	2/2 (100%)
Lee Ka Yam, Danny	2/2 (100%)	2/2 (100%)
Dates of Meetings	07.06.2010	08.04.2010
	20.09.2010	31.05.2010

AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three INEDs, and it was chaired by Dr. Lee Ka Yam, Danny. Full details of the Audit Committee, including its role and terms of reference, can be found on the Company's website. All the members of the Audit Committee attended its two meetings during the six months ended 30 September 2010, together with the external auditor and in the absence of the EDs. The Audit Committee reviewed the following matters before they were submitted to the Board for its consideration:

- The engagement of RSM to carry out internal audit services for the Group for a three-year period ending 31 March 2013;

- The Group's audited financial statements for the year ended 31 March 2010;

- The connected transactions of the Group for the year ended 31 March 2010;

- The internal control review report for the year ended 31 March 2010;

- The valuation report of the Group's mastheads and publishing rights for the year ended 31 March 2010; and

- The valuation reports in respect of the share options granted under the Group's various share option schemes during the year ended 31 March 2010.

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

Deloitte has reviewed the Interim Financial Statements in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and the HKAS 34 "Interim Financial Reporting", both of which were issued by the HKICPA.

REMUNERATION COMMITTEE

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

INTERNAL CONTROLS

The Board acknowledges its responsibility to maintain sound and effective internal controls to safeguard the Group's assets and shareholders' interests. Monthly management meetings are held to review the Company's financial performance and strategic planning objectives. Stringent internal control policies and procedures are in place to ensure that transactions are carried out with proper approval by the senior management. The Board conducts half-year reviews of its internal control systems, particularly in the areas of financial reporting, operational controls, compliance and risk management, with the involvement of the Audit Committee and the assistance of the external auditor. Since 1 April 2006, the Board had engaged professional firms to conduct assessments to evaluate the Group's entity-level controls with reference to the COSO (The Committee of Sponsoring Organisations) framework covering control environment, risk assessment, control activities, information and communication and monitoring.

The Board has engaged RSM to provide internal audit services to the Group, including reviews of controls over financial, operational, compliance and risk management in accordance with internal control frameworks such as COSO and COBIT (Control Objectives for Information and Related Technology), for a three-year period commencing 1 April 2010. On completion of the audit for each operational unit, RSM will issue a draft internal audit report with details of the findings it identified, their possible impact and suggested recommendations to the management for its comments. The management's feedback, including action plans, will be incorporated into the final report submitted to the Board for its consideration. Follow-up reviews of each audit will also be conducted, and a follow-up-review report summarising the status of the implementation of action plans will be issued thereafter.

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

INVESTOR RELATIONS

The Company has established various channels for communicating with its shareholders and investors. It disseminates information in a timely manner through the publication of press releases, formal announcements and corporate documents. The Company's general meetings also provide a forum for Board members and shareholders to exchange opinions and ideas. The Company's 2010 AGM was held on 19 July 2010. All the resolutions tabled at the meeting were voted on by poll, and the result of each poll was subsequently published on the website of the Stock Exchange and the Company's own website on the same day.

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

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2010, the Company fully complied with the applicable provisions of the Code, except for the Code provision E.1.2. Due to another business engagement, Mr. Lai Chee Ying, Jimmy, the Chairman of the Board, did not attend the 2010 AGM. Instead, Mr. Chu Wah Hui, an ED and the CEO, chaired the 2010 AGM in accordance with the provisions of Next Media's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lai Chee Ying, Jimmy (Chairman)
Chu Wah Hui (CEO)
Cheung Ka Sing, Cassian (Co-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

Chu Wah Hui
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 Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Sumitomo Mitsui Banking Corporation
China Construction Bank (Asia) Corporation Limited

LEGAL ADVISORS

Richards Butler in association with Reed Smith LLP
Deacons

REGISTERED OFFICE

1/F., 8 Chun Ying Street
Tseung Kwan O Industrial Estate
Tseung Kwan O
New Territories
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

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

SHAREHOLDERS' ENQUIRIES

For additional information, please contact the Company Secretary by:

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

WEBSITE

http://www.nextmedia.com

SHARE INFORMATION

As at 30 September 2010

Shareholders of Ordinary Shares

Mr. Lai Chee Ying, Jimmy	74.04%
Directors other than Mr. Lai Chee Ying, Jimmy	0.61%
Others	25.35%

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

Issued Share Capital	HK$2,412,496,881

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

at an exercise price of HK$1.670 each	2,274,000 Option Shares
at an exercise price of HK$3.325 each	1,000,000 Option Shares
at an exercise price of HK$3.102 each	13,600,000 Option Shares
at an exercise price of HK$2.784 each	600,000 Option Shares
at an exercise price of HK$2.760 each	400,000 Option Shares

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

at an exercise price of HK$1.880 each	10,000,000 Option Shares
at an exercise price of HK$1.000 each	10,400,000 Option Shares
at an exercise price of HK$1.070 each	400,000 Option Shares
at an exercise price of HK$1.064 each	9,000,000 Option Shares
at an exercise price of HK$1.110 each	4,000,000 Option Shares
at an exercise price of HK$1.370 each	650,000 Option Shares

Market Capitalisation

at HK$1.120 per Ordinary Share (closing price on 30 September 2010)	HK$2.70 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 2010, the Directors and Chief Executives of the Company and their associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules:

(a) Interests in the Company

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

	Number of Shares						
Name of Director/ Chief Executive	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Interests in underlying Shares/equity derivatives**	**Total Shares**	**Percentage of issued share capital**
Lai Chee Ying, Jimmy	1,720,594,935	—	1,000,000	64,538,230	—	1,786,133,165	74.04
Chu Wah Hui	20,000	10,000	—	—	20,000,000 (Note 1)	20,030,000	0.83
Cheung Ka Sing, Cassian	172,000	—	—	—	9,000,000 (Note 2)	9,172,000	0.38
Ting Ka Yu, Stephen	90,314	—	—	—	1,618,000 (Note 3) 1,194,000 (Note 4)	2,902,314	0.12
Ip Yut Kin	10,200,377	2,630,000	—	—	1,060,000 (Note 4)	13,890,377	0.58
Fok Kwong Hang, Terry	1,500,000	—	—	—	—	1,500,000	0.06

(b) Interests in Associated Corporation

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

ADPDL

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

Notes:

1. These interests represented options granted under the 2007 Share Option Scheme to the Director as beneficial owner, details of which are set out in the Section headed "Share Incentive Schemes". Further options representing rights to subscribe for a total of 30,000,000 Shares will be granted to the Director under the 2007 Share Option Scheme in three tranches, each representing 10,000,000 Shares, over a period of three years, pursuant to the terms of an employment agreement entered into between the Director and a wholly-owned subsidiary of the Company dated 22 September 2008, and provided that the Director continues to be employed by the Group at the relevant time.

2. These interests represented options granted under the 2007 Share Option Scheme to the Director as beneficial owner, details of which are set out in the Section headed "Share Incentive Schemes". Further options representing the rights to subscribe for a total of 18,000,000 Shares would be granted to the Director under the 2007 Share Option Scheme in two tranches, each representing 9,000,000 Shares, over a period of two years, pursuant to the terms of an employment agreement entered into between the Director and a wholly-owned subsidiary of the Company dated 3 November 2009, provided that the Director continues to be employed by the Group at the relevant time.

3. These interests represented options granted under the 2000 Share Option Scheme to the Director as beneficial owner, details of which are set out in the Section headed "Share Incentive Schemes".

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

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

Save as disclosed above and as disclosed in the Section headed "Discloseable Interests and Short Positions of Shareholders under the SFO" below, none of the Directors or the Chief Executives 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 2010.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As of 30 September 2010, 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	1,786,133,165 (Note)	74.04

Note:

These represent the same total number of Shares held by Mr. Lai Chee Ying, Jimmy, as disclosed in the Section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures". Ms. Li Wan Kam, Teresa, is the spouse of Mr. Lai Chee Ying, Jimmy, and is deemed to be interested in these Shares.

Save as disclosed above, the Company had not been notified of any other person (other than the Directors or Chief Executives of the Company) who had an interest or a short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and so far as is known to any of the Directors or Chief Executives of the Company as at 30 September 2010.

SHARE INCENTIVE SCHEMES

(a) Share Option Schemes of the Company

2000 Share Option Scheme

The 2000 Share Option Scheme was adopted by the Company on 29 December 2000 and amended to comply with the requirements of Chapter 17 of the Listing Rules on 31 July 2002. The limit to the number of the Shares which may be issued upon exercise of all options to be granted was refreshed to 10% of the issued ordinary share capital of the Company as at 31 July 2002. The 2000 Share Option Scheme was terminated by the Shareholders at the 2007 AGM. However, options granted under the 2000 Share Option Scheme that remain unexpired shall continue to be exercisable in accordance with their terms of issue.

Details of the outstanding options granted under the 2000 Share Option Scheme as at 30 September 2010 are as follows:

Name or category of participant	Date of grant	Exercise price per Share	Vesting date (%)	Exercisable period	Balance as at 01.04.2010	Lapsed during the period	Balance as at 30.09.2010
Director							
Ting Ka Yu, Stephen	18.03.2002	HK$1.670	18.03.2003 (30%) 18.03.2004 (60%) 18.03.2005 (100%)	19.03.2003–28.12.2010	1,618,000	—	1,618,000
Employees							
In aggregate	18.03.2002	HK$1.670	18.03.2003 (30%) 18.03.2004 (60%) 18.03.2005 (100%)	19.03.2003–28.12.2010	656,000	—	656,000
	24.08.2005	HK$3.325	24.08.2006 (30%) 24.08.2007 (60%) 24.08.2008 (100%)	25.08.2006–28.12.2010	1,000,000	—	1,000,000
	06.12.2006	HK$3.102	06.12.2007 (30%) 06.12.2008 (60%) 06.12.2009 (100%)	07.12.2007–28.12.2010	14,600,000	(1,000,000)	13,600,000
	08.01.2007	HK$2.784	08.01.2008 (30%) 08.01.2009 (60%) 08.01.2010 (100%)	09.01.2008–28.12.2010	600,000	—	600,000
	09.03.2007	HK$2.760	09.03.2008 (30%) 09.03.2009 (60%) 09.03.2010 (100%)	10.03.2008–28.12.2010	400,000	—	400,000
Total outstanding					18,874,000	(1,000,000)	17,874,000

Apart from the abovementioned movements, no options granted under the 2000 Share Option Scheme were exercised or cancelled during the period.

2007 Share Option Scheme

The 2007 Share Option Scheme was adopted by the Company on 30 July 2007 with terms that complied with the requirements under Chapter 17 of the Listing Rules.

Details of the outstanding options granted under the 2007 Share Option Scheme as at 30 September 2010 are as follows:

Name or category of participant	Date of grant	Exercise price per Share	Vesting date (%)	Exercisable period	Balance as at 01.04.2010	Granted during the period	Lapsed during the period	Balance as at 30.09.2010
Directors								
Chu Wah Hui	02.10.2008	HK$1.880	02.10.2009 (100%)	03.10.2008–01.10.2013	10,000,000	—	—	10,000,000
	02.10.2009	HK$1.000	02.10.2010 (100%)	03.10.2009–01.10.2014	10,000,000	—	—	10,000,000
Cheung Ka Sing, Cassian	01.02.2010	HK$1.064	01.02.2011 (100%)	02.02.2010–31.01.2013	9,000,000	—	—	9,000,000
Employees and Advisor								
In aggregate	20.01.2009	HK$1.000	05.01.2010 (100%)	06.01.2009–04.01.2014	400,000	—	—	400,000
	05.01.2010	HK$1.070	05.01.2011 (100%)	06.01.2010–04.01.2015	400,000	—	—	400,000
	01.03.2010	HK$1.110	01.03.2011 (100%)	02.03.2010–28.02.2015	500,000	—	(500,000)	—
	01.03.2010	HK$1.110	02.03.2011 (50%) 02.03.2012 (100%)	02.03.2010–29.07.2017	4,000,000	—	—	4,000,000
	15.04.2010	HK$1.370	15.04.2011 (30%) 15.04.2012 (60%) 15.04.2013 (100%)	16.04.2010–29.07.2017	—	650,000	—	650,000
Total outstanding					34,300,000	650,000	(500,000)	34,450,000

The Company has used the Binomial Model for assessing the fair values of the options granted during the six months ended 30 September 2010. This is an appropriate method for assessing the fair value of an option that can be exercised before the expiry of the option period. The values of the options granted during the six months ended 30 September 2010 were calculated as follows:

Date of grant	No. of options granted	Closing price per Share immediately prior to the date of grant (HK$)	Risk-free rate	Exit rate	Expected life (Years)	Expected volatility	Expected dividend yield	Fair value per option (HK$)
15.04.2010	650,000	1.410	2.556%	27.48%	7.29	45.69%	0%	0.4612 (Note)

Note:

30% of the 650,000 options granted to an employee on 15 April 2010 will vest on 16 April 2011; and a further 30% will vest on 16 April 2012, while the remaining 40% will vest on 16 April 2013. The fair value per option stated above is an averaged fair value of such options.

An amount of HK$80,000 was recognised in the consolidated statement of comprehensive income for the six months ended 30 September 2010 in respect of the values of options granted during the period.

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

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

(b) Subsidiary Share Option Schemes

During the period, the following subsidiaries of the Company had their own respective share option schemes (collectively, "Subsidiary Share Option Schemes") with terms in compliance with the requirements under Chapter 17 of the Listing Rules:

Name of subsidiary	Adoption date	Share option scheme title
ADPDL	30 July 2007	2007 ADPDL Share Option Scheme
Next Media Publishing Limited (NMPL)	30 July 2007	2007 NMPL Share Option Scheme
Apple Community Infonet Limited (ACIL)	20 February 2008	2008 ACIL Share Option Scheme
Next Media Animation Limited (NMAL)	20 February 2008	2008 NMAL Share Option Scheme
Next Media Webcast Limited (NMWL)	20 February 2008	2008 NMWL Share Option Scheme
Aim High Investments Limited (AHIL)	12 June 2009	2009 AHIL Share Option Scheme
Next TV Broadcasting Limited (Next TV)	16 September 2010	2010 Next TV Share Option Scheme*
Next Multi-media Entertainment Services Limited (NMES)	16 September 2010	2010 NMES Share Option Scheme*
Next Media Lifestyle Entertainment Services Limited (NMLE)	16 September 2010	2010 NMLE Share Option Scheme*

Remark:

* The rules of the respective share option schemes of Next TV, NMES and NMLE were duly approved by the Shareholders at the EGM held on 11 October 2010.

The table below sets out movements in options under the 2008 NMAL Share Option Scheme during the period:

Name or category of participant	Date of grant	Exercise price per share	Vesting date (%)	Exercisable period	Balance as at 01.04.2010	Lapsed during the period	Balance as at 30.09.2010
Employees							
In aggregate	14.10.2009	(Note)	15.10.2010 (30%) 15.10.2011 (60%) 15.10.2012 (100%)	Not yet determined	687,500	(23,500)	664,000
	04.01.2010	(Note)	05.01.2011 (30%) 05.01.2012 (60%) 05.01.2013 (100%)	Not yet determined	35,000	—	35,000
Total outstanding					722,500	(23,500)	699,000

Note:

The exercise price shall be determined solely by the board of NMAL but shall always be higher than or equal to the nominal value of a share of NMAL. For any option granted after NMAL has resolved to seek a listing or granted during the period commencing six months before the lodgement of an application with the relevant stock exchange for the listing and at any time thereafter, the exercise price shall be not less than the higher of (i) the issue price of a share at listing; and (ii) the nominal value of a share of NMAL.

Save for the above movement in the 2008 NMAL Share Option Scheme, no options were granted, exercised, lapsed or cancelled under the Subsidiary Share Option Schemes during the period ended 30 September 2010.

Share Subscription and Financing Plan

The Subscription Plan allows the Board to make invitations to eligible persons to subscribe for new Shares of the Company.

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

Name or category of participant	Invitation date	Subscription price per Share	Vesting date (%)	Subscription period	Balance as at 01.04.2010	Lapsed during the period	Balance as at 30.09.2010
Directors							
Ting Ka Yu, Stephen	08.11.2007	HK$2.120	09.11.2008 ($33^{1}/_{3}\%$) 09.11.2009 ($66^{2}/_{3}\%$) 09.11.2010 (100%)	09.11.2008–07.11.2012	1,194,000	—	1,194,000
Ip Yut Kin	08.11.2007	HK$2.120	09.11.2008 ($33^{1}/_{3}\%$) 09.11.2009 ($66^{2}/_{3}\%$) 09.11.2010 (100%)	09.11.2008–07.11.2012	1,060,000	—	1,060,000
Employees							
In aggregate	08.11.2007	HK$2.120	09.11.2008 ($33^{1}/_{3}\%$) 09.11.2009 ($66^{2}/_{3}\%$) 09.11.2010 (100%)	09.11.2008–07.11.2012	38,934,000	(1,420,000)	37,514,000
	25.02.2008	HK$2.490	26.02.2009 ($33^{1}/_{3}\%$) 26.02.2010 ($66^{2}/_{3}\%$) 26.02.2011 (100%)	26.02.2009–24.02.2013	1,000,000	—	1,000,000
Total outstanding					42,188,000	(1,420,000)	40,768,000

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 22 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 22 to the Interim Financial Statements, no other contract of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries were entered into or existed during the period.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the percentage of the Shares in public hands exceed 25% as at 30 September 2010, the latest practicable date to ascertain such information prior to the issue of this interim report.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2010.

By order of the Board
Lai Chee Ying, Jimmy
Chairman

Hong Kong, 22 November 2010

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF NEXT MEDIA LIMITED
壹傳媒有限公司
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 42 to 72, which comprises the condensed consolidated statement of financial position of Next Media Limited and its subsidiaries as of 30 September 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
22 November 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	NOTES	Six months ended 30 September 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Revenue	3	**1,697,780**	1,498,348
Production costs			
Cost of materials consumed		**(554,449)**	(526,833)
Other overheads		**(90,139)**	(61,632)
Staff costs		**(422,023)**	(337,617)
Personnel costs excluding direct production staff costs		**(276,670)**	(214,263)
Other income	3	**22,757**	16,928
Depreciation of property, plant and equipment		**(73,193)**	(64,783)
Other expenses		**(185,500)**	(151,812)
Finance costs	5	**(3,148)**	(7,268)
Share of profit of jointly controlled entities		**891**	—
Profit before tax		**116,306**	151,068
Income tax expense	6	**(40,151)**	(28,896)
Profit for the period	7	**76,155**	122,172
Other comprehensive income			
Exchange differences arising on translation and other comprehensive income for the period		**19,149**	50,876
Total comprehensive income for the period		**95,304**	173,048

	NOTES	Six months ended 30 September 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		**76,002**	119,569
Non-controlling interests		**153**	2,603
		76,155	122,172
Total comprehensive income attributable to:			
Owners of the Company		**95,134**	170,527
Non-controlling interests		**170**	2,521
		95,304	173,048
Earnings per share	10		
Basic		**HK3.2 cents**	HK 5.0 cents
Diluted		**HK3.1 cents**	HK 5.0 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	NOTES	30 September 2010 HK$'000 (unaudited)	31 March 2010 HK$'000 (audited)
NON-CURRENT ASSETS			
Intangible assets		**1,300,881**	1,300,881
Property, plant and equipment	11	**1,810,661**	1,797,812
Prepaid lease payments	12	**64,250**	65,149
Deposit for acquisition of property, plant and equipment	13	**156,649**	1,545
Interests in jointly controlled entities		**5,116**	—
Investment in an unlisted note	14	**6,216**	—
Derivative financial instruments	14	**1,584**	—
		3,345,357	3,165,387
CURRENT ASSETS			
Inventories		**195,402**	133,916
Trade and other receivables	15	**592,866**	543,449
Prepaid lease payments	12	**1,797**	1,797
Tax recoverable		**1,681**	999
Restricted bank balances	16	**5,411**	5,411
Bank balances and cash		**653,050**	794,527
		1,450,207	1,480,099
CURRENT LIABILITIES			
Trade and other payables	17	**548,209**	466,053
Borrowings	18	**118,842**	116,869
Obligations under finance leases		**21**	30
Current tax liabilities		**59,348**	28,910
		726,420	611,862

	NOTES	30 September 2010 HK$'000 (unaudited)	31 March 2010 HK$'000 (audited)
NET CURRENT ASSETS		**723,787**	868,237
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,069,144**	4,033,624
NON-CURRENT LIABILITIES			
Borrowings	18	**146,070**	202,079
Retirement benefits obligations		**24,323**	22,705
Deferred tax liabilities		**287,260**	291,029
		457,653	515,813
NET ASSETS		**3,611,491**	3,517,811
CAPITAL AND RESERVES			
Share capital	19	**2,412,497**	2,412,497
Reserves		**1,195,483**	1,101,976
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,607,980**	3,514,473
NON-CONTROLLING INTERESTS		**3,511**	3,338
TOTAL EQUITY		**3,611,491**	3,517,811

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to owners of the Company						Attributable to non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share based payment reserve HK$'000	Accumulated profits (losses) HK$'000	Sub total HK$'000	Share based payment reserve of subsidiaries HK$'000	Share of net assets of subsidiaries HK$'000	Sub total HK$'000	Total HK$'000
At 1 April 2009 (audited)	2,412,497	918,712	(79,955)	53,096	(186,975)	3,117,375	—	43	43	3,117,418
Exchange differences arising on translation	—	—	50,958	—	—	50,958	—	(82)	(82)	50,876
Profit for the period	—	—	—	—	119,569	119,569	—	2,603	2,603	122,172
Total comprehensive income for the period	—	—	50,958	—	119,569	170,527	—	2,521	2,521	173,048
Recognition of equity-settled share based payments	—	—	—	8,110	—	8,110	—	—	—	8,110
Lapse of share options	—	—	—	(611)	611	—	—	—	—	—
At 30 September 2009 (unaudited)	2,412,497	918,712	(28,997)	60,595	(66,795)	3,296,012	—	2,564	2,564	3,298,576
Exchange differences arising on translation	—	—	14,021	—	—	14,021	—	55	55	14,076
Profit for the period	—	—	—	—	198,307	198,307	—	278	278	198,585
Total comprehensive income for the period	—	—	14,021	—	198,307	212,328	—	333	333	212,661

	Attributable to owners of the Company						Attributable to non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share based payment reserve HK$'000	Accumulated profits (losses) HK$'000	Sub total HK$'000	Share based payment reserve of subsidiaries HK$'000	Share of net assets of subsidiaries HK$'000	Sub total HK$'000	Total HK$'000
Recognition of equity-settled share based payments	—	—	—	4,932	—	4,932	1,201	—	1,201	6,133
Exercise of share options	—	—	—	—	—	—	(1,201)	1,201	—	—
Lapse of share options	—	—	—	(6,753)	6,753	—	—	—	—	—
Non-controlling interests' share of loss previously not recognised	—	—	—	—	1,201	1,201	—	(1,201)	(1,201)	—
Acquisition of additional interest in subsidiaries	—	—	—	—	—	—	—	(235)	(235)	(235)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	676	676	676
At 31 March 2010 (audited)	2,412,497	918,712	(14,976)	58,774	139,466	3,514,473	—	3,338	3,338	3,517,811
Exchange differences arising on translation	**—**	**—**	**19,132**	**—**	**—**	**19,132**	**—**	**17**	**17**	**19,149**
Profit for the period	**—**	**—**	**—**	**—**	**76,002**	**76,002**	**—**	**153**	**153**	**76,155**
Total comprehensive income for the period	**—**	**—**	**19,132**	**—**	**76,002**	**95,134**	**—**	**170**	**170**	**95,304**
Recognition of equity-settled share based payments	**—**	**—**	**—**	**4,979**	**—**	**4,979**	**3**	**—**	**3**	**4,982**
Lapse of share options	**—**	**—**	**—**	**(2,699)**	**2,699**	**—**	**—**	**—**	**—**	**—**
Acquisition of additional interest in a subsidiary	**—**	**—**	**—**	**—**	**(6,606)**	**(6,606)**	**—**	**—**	**—**	**(6,606)**
At 30 September 2010 (unaudited)	**2,412,497**	**918,712**	**4,156**	**61,054**	**211,561**	**3,607,980**	**3**	**3,508**	**3,511**	**3,611,491**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit before tax	**116,306**	151,068
Adjustments for:		
Finance costs	**3,148**	7,268
Interest income	**(686)**	(1,651)
Allowance for doubtful debts	**13,144**	11,019
Share-based payment expense	**4,982**	8,110
Share of profit of jointly controlled entities	**(891)**	—
Depreciation of property, plant and equipment	**73,193**	64,783
Amortisation of prepaid lease payments	**899**	899
Loss on disposal of property, plant and equipment	**710**	1,377
Decrease in fair value of derivative financial instruments	**—**	27
Operating cash flows before movements in working capital	**210,805**	242,900
(Increase) decrease in inventories	**(61,486)**	65,279
Increase in trade and other receivables	**(62,561)**	(68,949)
Increase in trade and other payables	**82,156**	36,965
Increase in retirement benefits obligations	**1,618**	2,005
Other changes in working capital items	**4,369**	5,661
Net cash generated from operations	**174,901**	283,861
Income tax paid	**(14,268)**	(23,400)
NET CASH FROM OPERATING ACTIVITIES	**160,633**	260,461

	Six months ended 30 September 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(72,341)**	(121,778)
Interest received	**686**	1,651
Deposits for purchase of property, plant and equipment	**(156,649)**	(71,833)
Acquisition of interests in jointly controlled entities	**(4,225)**	—
Investment in an unlisted note	**(7,800)**	—
Proceeds from disposal of property, plant and equipment	**229**	134
NET CASH USED IN INVESTING ACTIVITIES	**(240,100)**	(191,826)
FINANCING ACTIVITIES		
Repayments of bank borrowings	**(59,420)**	(76,119)
Repayment of obligations under finance leases	**(9)**	(200)
Acquisition of additional interest in a subsidiary	**(6,606)**	—
Interest paid	**(3,148)**	(7,268)
NET CASH USED IN FINANCING ACTIVITIES	**(69,183)**	(83,587)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(148,650)**	(14,952)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**794,527**	895,372
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**7,173**	28,283
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	**653,050**	908,703

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010.

In addition, during the current period, the Group has applied the following accounting policies for transactions that occurred only since 1 April 2010.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Embedded derivatives (continued)

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA.

The Group applies HKFRS 3 (Revised 2008) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. As there was no transaction during the current interim period in which HKFRS 3 (Revised 2008) is applicable, the application of HKFRS 3 (Revised 2008) and the consequential amendments to other HKFRSs had no impact on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised 2008) and the consequential amendments to other HKFRSs are applicable.

The Group also applies prospectively the requirements in HKAS 27 (Revised 2008) "Consolidation and Separate Financial Statements" in relation to accounting treatment for recognition of deficit balance on non-controlling interests on or after 1 April 2010 and applies retrospectively the accounting for loss of control of a subsidiary.

Regarding the accounting treatment for recognition of deficit balance on non-controlling interests, prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Starting from 1 April 2010, total comprehensive income and expense of a subsidiary is attributed to the shareholders of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The application had no material impact on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Regarding the accounting for changes in ownership interests in a subsidiary after control is obtained, as the Group's existing accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group are in the same manner as the application of HKAS 27 (Revised 2008), the application of HKAS 27 (Revised 2008) in this regard and the consequential amendments to other HKFRSs had no impact on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Except as described above, the application of the other new or revised HKFRSs had no impact on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

3. REVENUE AND OTHER INCOME

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

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
Revenue		
Sales of newspapers	**394,716**	396,732
Sales of books and magazines	**131,808**	133,693
Newspapers advertising revenue	**736,404**	583,160
Books and magazines advertising revenue	**310,096**	255,830
Printing and reprographic service revenue	**118,065**	104,500
Advertising revenue sourced by internet division, internet subscription and content provision ("Internet businesses")	**6,691**	24,433
	1,697,780	1,498,348
Other income		
Sales of waste materials	**10,690**	7,833
Interest income on bank deposits	**686**	1,651
Rental income	**830**	923
Net exchange gain	**6,008**	4,016
Others	**4,543**	2,505
	22,757	16,928
Total	**1,720,537**	1,515,276

4. SEGMENT INFORMATION

The Group's reportable segments under HKFRS 8 are as follows:

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

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

4. SEGMENT INFORMATION (continued)

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

Six months ended 30 September 2010 (unaudited)

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Television HK$'000	Internet businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External sales	1,197,205	493,884	–	6,691	–	1,697,780
Inter-segment sales	1,579	9,801	–	–	(11,380)	–
Total	1,198,784	503,685	–	6,691	(11,380)	1,697,780
RESULTS						
Segment results	221,021	81,576	(141,648)	(30,998)	–	129,951
Unallocated expenses						(16,898)
Unallocated income						5,510
Share of profit of jointly controlled entities						891
Finance costs						(3,148)
Profit before tax						116,306

4. SEGMENT INFORMATION (continued)

Six months ended 30 September 2009 (unaudited)

	Newspapers publication and printing HK$'000	Books and magazines publication and printing HK$'000	Television HK$'000	Internet businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External sales	1,038,750	435,165	—	24,433	—	1,498,348
Inter-segment sales	1,369	13,416	—	(441)	(14,344)	—
Total	1,040,119	448,581	—	23,992	(14,344)	1,498,348
RESULTS						
Segment results	147,369	64,286	(15,399)	(29,267)	—	166,989
Unallocated expenses						(13,732)
Unallocated income						5,079
Finance costs						(7,268)
Profit before tax						151,068

Segment profit represents the profit earned by each segment without allocation of those resulted from interest income, paper reel handling income, finance costs, share of profit of jointly controlled entities, certain corporate and administrative expenses and taxation. This is the measure reported to management for the purposes of resource allocation and performance assessment.

5. FINANCE COSTS

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
Interest expenses on bank borrowings wholly repayable within five years	**3,148**	7,259
Interest expenses on finance leases	**—**	9
	3,148	7,268

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
The charge comprises:		
Current tax:		
Hong Kong	**38,964**	30,303
Other jurisdiction	**4,984**	2,906
Overprovision in prior years	**(28)**	(1,097)
Deferred tax:		
Credit for the period	**(3,769)**	(3,216)
	40,151	28,896

6. INCOME TAX EXPENSE (continued)

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used is 16.5% (2009: 16.5%) for the six months ended 30 September 2010.

Taxation arising in other jurisdiction is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used is 17% (2009: 25%) which is the rate prevailing in the relevant jurisdiction. On 28 May 2010, Taiwan Legislative Yuan has gone through the entire three-reading procedure to enact a change in the statutory corporate income tax rate from the previously reduced 20% to 17% effective in current financial year.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
Profit for the period has been arrived at after charging the following items:		
Allowance for doubtful debts (included in other expenses)	**13,144**	11,019
Operating lease expenses on:		
Properties	**5,226**	3,639
Plant and equipment	**8,284**	6,375
Amortisation of prepaid lease payments (included in other expenses)	**899**	899
Loss on disposal of property, plant and equipment	**710**	1,377
Provision for legal and professional fees (included in other expenses)	**31,888**	27,127

8. SHARE INCENTIVE SCHEMES

(a) Share Option Schemes adopted by the Company

The Company adopted a share option scheme on 29 December 2000 (the "2000 Share Option Scheme", which was amended pursuant to an ordinary resolution dated 31 July 2002), and a new share option scheme on 30 July 2007 (the "2007 Share Option Scheme"). Upon adoption of the 2007 Share Option Scheme, the 2000 Share Option Scheme was terminated. However, options granted under the 2000 Share Option Scheme, which remained unexpired, shall continue to be exercisable in accordance with their terms of issue.

2000 Share Option Scheme

The Group recognised a total expense of HK$Nil for the six months ended 30 September 2010 (2009: HK$1,343,000) in relation to options granted under the 2000 Share Option Scheme in prior periods.

Movements in the number of options granted pursuant to the 2000 Share Option Scheme are as follows:

	Number of options
At 1 April 2010	18,874,000
Lapsed during the period	(1,000,000)
At 30 September 2010	17,874,000

2007 Share Option Scheme

The Group recognised a total expense of HK$3,135,000 for the six months ended 30 September 2010 (2009: HK$1,711,000) in relation to options granted under the 2007 Share Option Scheme in current and prior periods.

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

	Number of options
At 1 April 2010	34,300,000
Granted during the period	650,000
Lapsed during the period	(500,000)
At 30 September 2010	34,450,000

8. SHARE INCENTIVE SCHEMES (continued)

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

The Company has used the Binomial Model for assessing the fair values of the options granted during the period. The variables and assumptions used in computing the fair value of the options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. The fair value of the options granted in the current period is HK$300,000.

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

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

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

	Number of shares under invitations
At 1 April 2010	42,188,000
Lapsed during the period	(1,420,000)
At 30 September 2010	40,768,000

The Group recognised a total expense of HK$1,844,000 for the six months ended 30 September 2010 (2009: HK$5,056,000) in relation to the Subscription Plan of the Company.

8. SHARE INCENTIVE SCHEMES (continued)

(c) Share Option Scheme adopted by certain subsidiaries

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

On 20 February 2008, each of Apple Community Infonet Limited ("ACIL"), Next Media Animation Limited ("NMAL") and Next Media Webcast Limited ("NMWL") (collectively the "Other Subsidiaries") adopted share option schemes (the "2008 Subsidiary Share Option Schemes"). On 12 June 2009, Aim High Investments Limited ("AHIL") adopted a share option scheme (the "2009 AHIL Share Option Scheme"). Under the 2008 Subsidiary Share Option Schemes and the 2009 AHIL Share Option Scheme, the Other Subsidiaries and AHIL may grant to any of their full-time employees and directors or employees and directors of any of their subsidiaries options to subscribe for the respective ordinary shares of ACIL, NMAL, NMWL and AHIL.

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

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

8. SHARE INCENTIVE SCHEMES (continued)

(c) Share Option Scheme 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 share options NMAL
At 1 April 2010	722,500
Lapsed during the period	(23,500)
At 30 September 2010	699,000

The Group recognised a total expense of HK$3,000 for the six months ended 30 September 2010 (2009: HK$Nil) in relation to the options granted under the 2008 Subsidiary Share Option Schemes.

Save as disclosed above, during the six months ended 30 September 2010, no options were granted, exercised or cancelled under the 2007 Subsidiary Share Option Schemes, the 2008 Subsidiary Share Option Schemes, the 2009 AHIL Share Option Scheme and the 2010 Subsidiary Share Option Schemes.

9. DIVIDENDS

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2010 (Six months ended 30 September 2009: HK$Nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2010	2009
	HK$'000	HK$'000
Earnings:		
Earnings for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	**76,002**	119,569
	No. of shares	No. of shares
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**2,412,496,881**	2,412,496,881
Effect of dilutive potential ordinary shares:		
Share options and share subscription plan	**2,846,330**	–
Number of ordinary shares for the purpose of diluted earnings per share	**2,415,343,211**	2,412,496,881

During the six months ended 30 September 2009, the computation of diluted earnings per share did not assume the exercise of certain share options outstanding during the period since their adjusted exercise price was higher than the average market price of the Company's shares.

11. PROPERTY, PLANT AND EQUIPMENT

	HK$'000
COST	
At 1 April 2010	2,874,675
Exchange difference	20,198
Additions	73,886
Disposals	(9,175)
At 30 September 2010	2,959,584
ACCUMULATED DEPRECIATION	
At 1 April 2010	1,076,863
Exchange difference	7,103
Charge for the period	73,193
Eliminated on disposals	(8,236)
At 30 September 2010	1,148,923
CARRYING VALUES	
At 30 September 2010	1,810,661
At 31 March 2010	1,797,812

Notes:

(a) The carrying amount of the Group's property, plant and equipment includes an amount of HK$11,000 (At 31 March 2010: HK$21,000) in respect of assets held under finance leases.

(b) Pursuant to the lease agreements dated 25 May 1999 and 22 December 1999 with Hong Kong Science and Technology Parks Corporation ("HKSTP"), the buildings situated in Hong Kong are solely used for the publishing and printing of newspapers, magazines, directories and books. The Group's interests in the properties are transferable subject to the right of first refusal to purchase by HKSTP.

12. PREPAID LEASE PAYMENTS

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

	30 September 2010 HK$'000	31 March 2010 HK$'000
Non-current assets	**64,250**	65,149
Current assets	**1,797**	1,797
	66,047	66,946

13. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

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

14. INVESTMENT IN AN UNLISTED NOTE

	30 September 2010 HK$'000	31 March 2010 HK$'000
Unlisted convertible note due from Orbit-Media Limited, a jointly controlled entity (Note)	**6,216**	—

14. INVESTMENT IN AN UNLISTED NOTE (continued)

The fair value of the derivatives embedded in the convertible note at 30 September 2010 was determined by reference to a valuation conducted by RHL Appraisal Limited ("RHL"), an independent qualified professional valuer not connected with the Group, using Binomial Model. The inputs and methodology used for the calculation of fair values of derivatives embedded in the convertible note were as follows:

Methodology	Binomial Model
Risk-free rate	0.495%
Time to maturity	1 year and 10 months
Dividend yield	0%
Volatility	67.000%

Note:

The convertible note with an aggregate principal amount of HK$7,800,000 was issued on 21 July 2010 by Orbit-Media Limited, a jointly controlled entity of the Group. The convertible note bears interest at a contractual interest rate of 4% per annum for the period commencing on the date falling on the expiry of 18 months from the issue date of the convertible note to the maturity date. The convertible note is due for payment on 20 July 2012. The Group is entitled at any time commencing on the date falling on the expiry of 18 months from the issue date of the convertible note to the maturity date to convert the convertible note into ordinary shares of Orbit-Media Limited at an initial conversion price of HK$127.45 per share. The conversion price is subject to adjustments to reflect any share split, share consolidation, share dividend, share reclassification, reorganisation, capitalisation issuance or similar transaction affecting the share capital of Orbit-Media Limited. The Group is entitled, by giving not less than 10 days notice to Orbit-Media Limited, to redeem all outstanding convertible note at an amount equal to 100% of the outstanding principal amount at any time before the maturity date of the convertible note together with interest accrued to the date of redemption.

The amount of unlisted note due from Orbit-Media Limited represented the liability component of the convertible note. The effective interest rate of the liability component is 13.150% per annum.

At the issue date, the convertible note comprised a liability component and embedded derivatives being the Group's conversion option and redemption option. The fair value of the liability component was HK$6,216,000, as determined by using the discounted cash flow method, and the fair value of the derivatives embedded in the convertible note amounted to HK$1,584,000, representing the fair value of the conversion option of HK$1,143,000 and the fair value of the redemption option of HK$441,000, and was shown as derivative financial instruments under non-current assets. In view of no significant changes in the business operation of Orbit-Media Limited, the Group considers the carrying amounts of the outstanding convertible note and the conversion option and redemption option at 30 September 2010 approximated to their fair values at the issue date.

Accordingly, the Group assessed the fair value of the convertible note by reference to a valuation conducted by RHL to ascertain the fair value of the convertible note as at the issue date.

15. TRADE AND OTHER RECEIVABLES

	30 September 2010 HK$'000	31 March 2010 HK$'000
Trade receivables, net	**486,743**	433,700
Prepayments	**59,618**	51,369
Rental and other deposits	**15,645**	14,224
Others	**30,860**	44,156
	592,866	543,449

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 debt presented based on invoice date at the end of the reporting period:

	30 September 2010 HK$'000	31 March 2010 HK$'000
0–1 month	**243,470**	224,810
1–3 months	**239,646**	204,447
Over 3 months	**3,627**	4,443
	486,743	433,700

16. 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.

17. TRADE AND OTHER PAYABLES

	30 September 2010 HK$'000	31 March 2010 HK$'000
Trade payables	**126,544**	122,441
Other payables	**421,665**	343,612
	548,209	466,053

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

	30 September 2010 HK$'000	31 March 2010 HK$'000
0–1 month	**86,659**	88,831
1–3 months	**29,005**	24,632
Over 3 months	**10,880**	8,978
	126,544	122,441

18. BORROWINGS

	30 September 2010 HK$'000	31 March 2010 HK$'000
Secured bank loans (Note)	**264,912**	318,948

An analysis of the above is as follows:

	30 September 2010 HK$'000	31 March 2010 HK$'000
Secured bank loans repayable		
— within one year	**118,842**	116,869
— in the second year	**118,842**	116,869
— in the third year	**27,228**	85,210
	264,912	318,948
Less: Current portion	**(118,842)**	(116,869)
Non-current portion	**146,070**	202,079

During the period, the Group repaid bank loans amounting to HK$59 million.

Note:

At 30 September 2010, the Group's utilised and unutilised banking facilities were secured by the following:

— Certain of the Group's freehold land and buildings with an aggregate carrying value of approximately HK$720 million (At 31 March 2010: HK$353 million);

— Certain of the Group's plant and machinery with an aggregate carrying value of approximately HK$327 million (At 31 March 2010: HK$242 million); and

— The Group's prepaid lease payments with carrying amount of approximately HK$66 million (At 31 March 2010: HK$Nil).

19. SHARE CAPITAL

	Authorised	
	Ordinary shares	
	No. of shares	HK$'000
Ordinary shares of HK$1.00 each		
At 1 April 2009, 30 September 2009, 1 April 2010 and 30 September 2010	4,600,000,000	4,600,000

	Issued and fully paid	
	Ordinary shares	
	No. of shares	HK$'000
At 1 April 2009, 30 September 2009, 1 April 2010 and 30 September 2010	2,412,496,881	2,412,497

20. CONTINGENCIES

(a) Pending litigations

As at 30 September 2010, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

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

Other than the legal and professional expenses which have been accrued in other payables, amounting to HK$67,281,000 (At 31 March 2010: HK$51,200,000), no provision has been recognised in respect of the above mentioned outstanding legal proceedings as based on advice obtained from legal counsel, the Directors are of the opinion that the claims can be successfully defended by the Group.

20. CONTINGENCIES (continued)

(b) Guarantees

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai Chee Ying, Jimmy, Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third party claims made against the Acquired Group on and before 26 October 2001, (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001 and (3) the contractual dispute with UDL (the "Indemnity") as mentioned above in (a). In relation to the Indemnity, Mr. Lai Chee Ying, Jimmy procured a bank guarantee of HK$60,000,000 for a term of three years from 25 October 2007 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity. As at the date of this report, the bank guarantee has been further extended for a term of three years to 25 October 2013.

21. COMMITMENTS

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

	30 September 2010 HK$'000	31 March 2010 HK$'000
Authorised but not contracted for	**8,250**	51,126
Contracted but not provided for	**157,267**	85,293
	165,517	136,419

21. COMMITMENTS (continued)

(b) Commitments under operating leases

At 30 September 2010, the Group had future aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2010			31 March 2010		
	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	8,512	53,663	62,175	6,884	9,908	16,792
In the second to fifth years inclusive	2,539	84,657	87,196	4,302	6,540	10,842
	11,051	138,320	149,371	11,186	16,448	27,634

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

22. RELATED PARTY DISCLOSURE

(a) Compensation of key management personnel

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

	Six months ended 30 September	
	2010 HK$'000	2009 HK$'000
Short-term benefits	10,645	10,270
Share-based payments	2,645	2,418
	13,290	12,688

22. RELATED PARTY DISCLOSURE (continued)

(b) Related party transactions

Nature of transaction	Name of related company	Relationship with the Group	Six months ended 30 September **2010** **HK$'000**	2009 HK$'000
Software licence fee paid by the Group	Orbit-Media Limited	Jointly controlled entity of the Group	**250**	—
Payment by the Group for a non-exclusive licence to install a program in the set top boxes for television broadcasting activities	Orbit-Media Limited	Jointly controlled entity of the Group	**3,000**	—
Consultancy fee paid by the Group	Orbit-Media Limited	Jointly controlled entity of the Group	**180**	—
Consultancy fee paid by the Group	Young Bright Technology Limited	An associate of the jointly controlled entity of the Group	**120**	—
Car park rental expenses paid by the Group in Taiwan	Best Combo Limited, Taiwan Branch	Indirect wholly owned by Mr. Lai Chee Ying, Jimmy, a director and controlling shareholder of the Company	**298**	259

Pursuant to Rule 14A.31 (2) of the Listing Rules, the above transactions have been exempted from all the reporting, announcement and independent shareholders' approval requirements.

GLOSSARY

2007 AGM	The Company's Annual General Meeting held on 30 July 2007
2010 AGM	The Company's Annual General Meeting held on 19 July 2010
2007 ADPDL Share Option Scheme	The share option scheme of ADPDL adopted by the Company on 30 July 2007
2000 Share Option Scheme	The share option scheme adopted by the Company on 29 December 2000 and amended to comply with the requirements of Chapter 17 of the Listing Rules on 31 July 2002
2007 Share Option Scheme	The share option scheme adopted by the Company on 30 July 2007
ADPL	Apple Daily Printing Limited, an indirect wholly owned subsidiary of the Company
ADPDL	Apple Daily Publication Development Limited, an indirect non-wholly owned subsidiary of the Company
Articles of Association	The Company's Articles of Association
Board	The Board of the Company
CEO	The Chief Executive Officer of the Group
CFO	The Chief Financial Officer of the Group
Co-CEO	The Co-Chief Executive Officer of the Group
Code	The Code on Corporate Governance Practices, Appendix 14 to the Listing Rules
Company or Next Media	Next Media Limited
COO	The Chief Operating Officer of the Group
Deloitte	Deloitte Touche Tohmatsu, the external auditor of the Group
Director(s)	Director(s) of the Company
ED(s)	Executive Director(s) of the Company
EGM	Extraordinary General Meeting of the Company

GLOSSARY >>

Group	Next Media Limited and together with its subsidiaries
HKAS	Hong Kong Accounting Standard
HKICPA	Hong Kong Institute of Certified Public Accountants
HK$	Hong Kong dollars
Interim Financial Statements	The unaudited interim financial statements of the Company for the six months ended 30 September 2010
INED(s)	Independent Non-Executive Director(s) of the Company
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules
NT$	New Taiwan dollars
RSM	RSM Nelson Wheeler Consulting Limited, an independent professional firm engaged by the Group to carry out internal audit services for the Group
Subscription Plan	The share subscription and financing plan adopted by the Company on 29 October 2007
SFO	Securities and Futures Ordinance
Share(s)	Ordinary share(s) of HK$1.00 each of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Subsidiary Share Option Schemes	The share option schemes adopted by Aim High Investments Limited, Apple Community Infonet Limited, Apple Daily Publication Development Limited, Next Media Animation Limited, Next Media Publishing Limited, Next Media Webcast Limited, Next TV Broadcasting Limited, Next Multi-media Entertainment Services Limited and Next Media Lifestyle Entertainment Services Limited, all of which are subsidiaries of the Company

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