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NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2015**

The Board of Directors (the “Board” or the “Directors”) of Next Media Limited (“Next Media” or the “Company”) announces the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2015, together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	NOTES	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations			
Revenue	3	2,956,934	3,268,892
Production costs			
Cost of raw materials consumed		(592,279)	(805,455)
Other overheads		(402,114)	(276,449)
Staff costs		(822,643)	(838,197)
		(1,817,036)	(1,920,101)
Personnel costs excluding direct production staff costs		(577,556)	(580,525)
Other income	3	45,614	43,136
Net exchange gain		18,008	12,174
Depreciation of property, plant and equipment		(117,840)	(129,040)
Release of prepaid lease payments		(1,797)	(1,797)
Other expenses		(295,318)	(394,414)
Reversal of allowance for bad and doubtful debts, net		18,828	17,780
Reversal of impairment loss recognised in respect of property, plant and equipment	11	–	16,892
Finance costs	5	(13,249)	(18,125)
Gain on disposal of associates		–	117,680
Profit before tax		216,588	432,552
Income tax expense	6	(47,950)	(93,454)
Profit for the year from continuing operations	7	168,638	339,098
Discontinued operations			
Loss for the year from discontinued operations		–	(90,622)
Profit for the year		168,638	248,476
Other comprehensive income (expense)			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Actuarial (loss) gain from remeasurement of defined benefit obligations, net of tax		(22,498)	21,713
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(43,869)	(27,875)
Total comprehensive income for the year		<u>102,271</u>	<u>242,314</u>

	<i>NOTE</i>	2015 HK\$'000	2014 HK\$'000
Profit for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations		164,300	330,768
– Loss for the year from discontinued operations		<u>–</u>	<u>(90,622)</u>
		164,300	240,146
Non-controlling interests			
– Profit for the year from continuing operations		<u>4,338</u>	<u>8,330</u>
		<u>168,638</u>	<u>248,476</u>
Total comprehensive income attributable to:			
Owners of the Company		99,872	235,095
Non-controlling interests		<u>2,399</u>	<u>7,219</u>
		<u>102,271</u>	<u>242,314</u>
Earnings per share			
	9		
<i>From continuing and discontinued operations</i>			
– Basic		<u>HK6.8 cents</u>	<u>HK9.9 cents</u>
– Diluted		<u>HK6.8 cents</u>	<u>HK9.9 cents</u>
<i>From continuing operations</i>			
– Basic		<u>HK6.8 cents</u>	<u>HK13.6 cents</u>
– Diluted		<u>HK6.8 cents</u>	<u>HK13.6 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Intangible assets	<i>10</i>	1,300,881	1,300,881
Property, plant and equipment	<i>11</i>	1,211,520	1,304,241
Prepaid lease payments	<i>12</i>	56,164	57,961
Deposit for acquisition of property, plant and equipment		3,568	12,857
		<u>2,572,133</u>	<u>2,675,940</u>
CURRENT ASSETS			
Inventories	<i>13</i>	115,444	127,955
Trade and other receivables	<i>14</i>	610,226	623,230
Prepaid lease payments	<i>12</i>	1,797	1,797
Tax recoverable		21,139	14,322
Restricted bank balances	<i>15</i>	1,500	4,815
Amounts due from related parties		2,565	799
Bank balances and cash	<i>15</i>	499,846	755,442
		<u>1,252,517</u>	<u>1,528,360</u>
CURRENT LIABILITIES			
Trade and other payables	<i>16</i>	436,223	460,258
Deferred revenue		11,680	11,274
Borrowings	<i>17</i>	78,461	264,388
Provisions	<i>18</i>	105,844	113,959
Tax liabilities		12,562	25,397
		<u>644,770</u>	<u>875,276</u>
NET CURRENT ASSETS		<u>607,747</u>	<u>653,084</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,179,880</u>	<u>3,329,024</u>

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Borrowings	<i>17</i>	307,303	396,472
Retirement benefits plans		85,429	66,862
Deferred tax liabilities		272,917	275,509
		<u>665,649</u>	<u>738,843</u>
NET ASSETS		<u>2,514,231</u>	<u>2,590,181</u>
CAPITAL AND RESERVES			
Share capital	<i>19</i>	2,434,747	3,359,709
Reserves		33,252	(803,309)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		2,467,999	2,556,400
NON-CONTROLLING INTERESTS		<u>46,232</u>	<u>33,781</u>
TOTAL EQUITY		<u>2,514,231</u>	<u>2,590,181</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Application of new and revised HKFRSs

The Group has applied for the first time in current year the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRS 10, HKFRS12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the amendments to HKFRSs and a new interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

For mobile game revenue derived from the sales of in-game virtual items, the Group determines the consumable and durable virtual items and recognises revenue from durable virtual items ratably over the Player Relationship Period. The determination of consumable and durable virtual items and Player Relationship Period is based on the Group’s best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on an annual basis. Any adjustments arising from changes in the determination of consumable and durable virtual items and Player Relationship Period as a result of new information will be accounted for prospectively as a change in accounting estimate.

Income taxes

As at 31 March 2015, the Group had estimated unused tax losses from continuing operations of approximately HK\$1,416,764,000 (2014: HK\$1,308,569,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately nil (2014: HK\$8,247,000) of such losses. No deferred tax assets has been recognised on the tax losses of approximately HK\$1,416,764,000 (2014: HK\$1,300,322,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, a further recognition of deferred tax assets may arise.

Provision for litigation

The management of the Group monitors any litigation against the Group closely. Provision for the litigation is made based on the opinion of the legal advisers on the possible outcome and liability of the Group. As at 31 March 2015, an amount of approximately HK\$105,844,000 (2014: HK\$113,959,000) has been provided for outstanding litigations. Details are set out in note 18.

Impairment loss of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine the amount of impairment loss. The amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2015, the carrying amount of trade receivables was HK\$522,417,000 (2014: HK\$521,912,000), net of allowance for doubtful debts of HK\$76,851,000 (2014: HK\$96,667,000). Details are set out in note 14.

Impairment loss on intangible assets

Determining whether intangible asset is impaired requires an estimation of the value in use of the cash-generating units to which intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2015 and 2014, the carrying amount of intangible assets is HK\$1,300,881,000. No impairment loss has been recognised for both years.

Retirement benefit obligations

Obligations for retirement benefit and related net periodic pension costs are determined in accordance with actuarial valuations. These valuations rely on key assumptions including discount rates and expected rate of salary growth. The discount rates assumptions are determined by reference to yield on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available, discount rates are based on government bonds yields. Due to changing marketing and economic conditions, the underlying key assumptions may differ from actual developments and may lead to significant changes in retirement benefit obligations. During the year ended 31 March 2015, actuarial loss from remeasurement of defined benefit obligations before tax effect amounting to HK\$27,107,000 (2014: actuarial gain of HK\$26,160,000) are recognised directly in equity in the period in which they occur.

3. REVENUE AND OTHER INCOME

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

Revenue recognised during the year from continuing operations is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations		
Revenue		
Sales of newspapers	496,324	608,463
Sales of books and magazines	134,136	160,740
Newspapers advertising income	986,927	1,324,701
Books and magazines advertising income	513,433	626,852
Printing and reprographic services income	178,511	183,847
Internet advertising income, internet subscription, content provision and development of mobile games and apps ("Digital businesses")	647,603	364,289
	<u>2,956,934</u>	<u>3,268,892</u>
Other income		
Sales of waste materials	13,000	17,403
Interest income on bank deposits	2,148	1,194
Interest income on loans to associates	–	740
Rental income	20,874	11,934
Others	9,592	11,865
	<u>45,614</u>	<u>43,136</u>

4. SEGMENT INFORMATION

Information reported to the Company's chief operating officer (who is the Group's chief operating decision maker, "CODM") for the purposes of resource allocation and assessment of performance focuses on types of goods delivered and services rendered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

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

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

The segment information reported below does not include any amounts for discontinued operations.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating segments.

For the year ended 31 March 2015

Continuing operations

	Newspapers publication and printing <i>HK\$'000</i>	Books and magazines publication and printing <i>HK\$'000</i>	Digital businesses <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	1,586,104	723,227	647,603	–	2,956,934
Inter-segment sales	191,202	9,035	–	(200,237)	–
	<u>1,777,306</u>	<u>732,262</u>	<u>647,603</u>	<u>(200,237)</u>	<u>2,956,934</u>
Segment results	216,357	(25,733)	37,427	–	228,051
Unallocated expenses					(30,828)
Unallocated incomes					32,614
Finance costs					(13,249)
Profit before tax from continuing operations					<u>216,588</u>

For the year ended 31 March 2014

Continuing operations

	Newspapers publication and printing <i>HK\$'000</i>	Books and magazines publication and printing <i>HK\$'000</i>	Digital businesses <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	2,022,315	882,288	364,289	–	3,268,892
Inter-segment sales	92,703	18,689	65	(111,457)	–
	<u>2,115,018</u>	<u>900,977</u>	<u>364,354</u>	<u>(111,457)</u>	<u>3,268,892</u>
Segment results	295,508	50,404	(17,722)	–	328,190
Unallocated expenses					(20,925)
Unallocated incomes					25,732
Gain on disposal of associates					117,680
Finance costs					(18,125)
Profit before tax from continuing operations					<u>432,552</u>

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

Segment assets and liabilities

As at 31 March 2015

Continuing operations

	Newspapers publication and printing <i>HK\$'000</i>	Books and magazines publication and printing <i>HK\$'000</i>	Digital businesses <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	2,037,382	814,260	446,998	–	3,298,640
Unallocated assets					<u>526,010</u>
Total assets					<u>3,824,650</u>
Segment liabilities	(306,408)	(226,811)	(82,970)	–	(616,189)
Unallocated liabilities					<u>(694,230)</u>
Total liabilities					<u>(1,310,419)</u>

As at 31 March 2014

Continuing operations

	Newspapers publication and printing <i>HK\$'000</i>	Books and magazines publication and printing <i>HK\$'000</i>	Digital businesses <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	2,129,798	860,277	436,026	–	3,426,101
Unallocated assets					<u>778,199</u>
Total assets					<u>4,204,300</u>
Segment liabilities	(299,841)	(245,622)	(311,991)	–	(857,454)
Unallocated liabilities					<u>(756,665)</u>
Total liabilities					<u>(1,614,119)</u>

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

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

Other segment information

For the year ended 31 March 2015

Continuing operations

	Newspapers publication and printing <i>HK\$'000</i>	Books and magazines publication and printing <i>HK\$'000</i>	Digital businesses <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Addition to non-current assets	17,740	9,717	19,970	566	47,993
Depreciation of property, plant and equipment	75,646	24,466	13,878	3,850	117,840
Release of prepaid lease payments	991	–	–	806	1,797
(Reversal of) allowance for bad and doubtful debts	(16,078)	(4,282)	1,532	–	(18,828)
Share-based payment expense	4,643	–	5,762	8,313	18,718
Loss (gain) on disposal of property, plant and equipment	<u>1,151</u>	<u>(447)</u>	<u>25</u>	<u>–</u>	<u>729</u>

For the year ended 31 March 2014

Continuing operations

	Newspapers publication and printing <i>HK\$'000</i>	Books and magazines publication and printing <i>HK\$'000</i>	Digital businesses <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Addition to non-current assets	27,438	19,715	11,992	655	59,800
Depreciation of property, plant and equipment	80,509	26,580	18,278	3,673	129,040
Release of prepaid lease payments	991	–	–	806	1,797
Reversal of impairment loss recognised in respect of property, plant and equipment	–	–	(16,892)	–	(16,892)
(Reversal of) allowance for bad and doubtful debts	(11,272)	(7,304)	796	–	(17,780)
Share-based payment expense	–	–	1,470	4,264	5,734
Loss (gain) on disposal of property, plant and equipment	<u>683</u>	<u>(169)</u>	<u>7,615</u>	<u>–</u>	<u>8,129</u>

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers (Note a)		Non-current assets (Note b)	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong (country of domicile)	1,721,980	1,904,976	1,800,731	1,827,138
Taiwan	1,193,667	1,312,679	770,669	847,948
North America	19,107	33,722	733	854
Europe	9,998	9,290	–	–
Australasia	7,071	8,122	–	–
Others	5,111	103	–	–
	2,956,934	3,268,892	2,572,133	2,675,940

Note a: The Group's revenue by geographical location is based on location of operations, irrespective of the origins of the goods and services.

Note b: Non-current assets excluded those relating to discontinued operations and financial instruments.

Information about major customers

Revenues from customers contributing over 10% of total sales of the Group are as follows:

	2015 HK\$'000	2014 HK\$'000
Customer A (Note)	618,735	769,203

Note: Revenue from this customer comprised revenue earned in newspapers and magazines publication amounting to HK\$496,324,000 (2014: HK\$608,463,000) and HK\$122,411,000 (2014: HK\$160,740,000), respectively.

5. FINANCE COSTS

Continuing operations

	2015 HK\$'000	2014 HK\$'000
Interest expense on bank borrowings wholly repayable within five years	13,249	10,832
Interest expense on bank borrowings not wholly repayable within five years	–	7,293
	13,249	18,125

6. INCOME TAX EXPENSE

Continuing operations

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax:		
Hong Kong	31,276	54,355
Taiwan	12,802	38,226
Under (over) provision in prior years		
Hong Kong	2,594	1,017
Taiwan	(1,011)	–
Other jurisdictions	399	–
	<u>46,060</u>	93,598
Deferred tax:		
Current year	<u>1,890</u>	<u>(144)</u>
	<u>47,950</u>	<u>93,454</u>

- (a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.
- (b) Taiwan Income Tax is calculated at 17.0% of the estimated assessable profit for both years.
- (c) Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the profit before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before tax from continuing operations	<u>216,588</u>	<u>432,552</u>
Tax at Hong Kong Profits Tax rate of 16.5%	35,737	71,371
Tax effect of expenses not deductible for tax purpose	8,199	26,835
Tax effect of income not taxable for tax purpose	(14,937)	(6,520)
Tax effect of gain on disposal of associates not taxable for tax purpose	–	(19,417)
Underprovision in prior years	1,982	1,017
Tax effect of estimated tax losses not recognised for Hong Kong subsidiaries	19,432	21,309
Tax effect of estimated tax losses not recognised for Taiwan subsidiaries	1,257	653
Utilisation of tax losses previously not recognised	(23)	(1,738)
Effect of different tax rates of subsidiaries operating in other jurisdictions	485	791
Others	<u>(4,182)</u>	<u>(847)</u>
Income tax expense for the year	<u>47,950</u>	<u>93,454</u>

7. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year from continuing operations has been arrived at after charging:		
Auditor's remuneration	3,114	3,999
Operating lease expenses on:		
Properties	6,020	6,734
Plant and equipment	17,641	19,216
Provision for litigation expenses, net of reversal, included in other expenses (note 18)	23,355	34,560
Loss on disposal of property, plant and equipment	729	8,129

8. DIVIDENDS

The Directors have declared an interim dividend of HK1.5 cents per share for the year ended 31 March 2015 and paid to the shareholders on 19 December 2014, amounted to HK\$36.5 million. In addition, a special dividend of HK6.6 cents per share was declared by the Directors on 14 July 2014 and paid to the shareholders on 14 August 2014, amounted to HK\$160.4 million. The aggregate amount of the dividends paid or declared for the year ended 31 March 2015 amounted HK\$196.9 million (2014: nil).

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 March 2015 of HK2.0 cents per share (2014: nil) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming general meeting, it will be payable to the shareholders whose names appear on the Register of Members of the Company on 7 August 2015.

9. EARNINGS PER SHARE

(i) From continuing operations

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit figures are calculated as follows:		
Profit for the year attributable to the owners of the Company	164,300	240,146
Less: loss for the year from discontinued operations	–	(90,622)
Profit for the purposes of basic and diluted earnings per share from continuing operations	164,300	330,768

Number of shares

	2015	2014
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	2,431,006,881	2,431,006,881
Effect of dilutive potential ordinary shares: Share options and award of new shares (<i>Note</i>)	<u>238,689</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,431,245,570</u>	<u>2,431,006,881</u>

Note: The computation of diluted earnings per share for the year ended 31 March 2014 does not assume the exercise of the Company's outstanding share options as their exercise price exceeds the average market price of the shares during the year ended 31 March 2014.

(ii) From continuing and discontinued operations

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company and earnings for the purposes of basic and diluted loss per share	<u>164,300</u>	<u>240,146</u>

The denominators used are the same as those detailed in note 9(i) above for both basic and diluted loss per share.

(iii) From discontinued operations

For the year ended 31 March 2014, basic loss per share and diluted loss per share for the discontinued operations were HK3.7 cents per share, based on loss for the year from discontinued operations of HK\$90,622,000 and the denominators detailed in note 9(i) above for both basic and diluted loss per share.

10. INTANGIBLE ASSETS

	Masthead and publishing rights <i>HK\$'000</i>
COST At 1 April 2013, 31 March 2014 and 31 March 2015	1,482,799
ACCUMULATED IMPAIRMENT At 1 April 2013, 31 March 2014 and 31 March 2015	<u>181,918</u>
CARRYING VALUES At 31 March 2015 and 31 March 2014	<u>1,300,881</u>

The masthead and publishing rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute net cash inflows to the Group indefinitely. It has been tested for impairment annually and whenever there is an indication that it may be impaired.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer software HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST								
At 1 April 2013	298,751	868,795	73,054	1,264,714	330,253	509	6,637	2,842,713
Exchange difference	(10,783)	(12,063)	(307)	(11,898)	(3,142)	(175)	(21)	(38,389)
Additions	-	-	4,753	638	42,104	1,154	160	48,809
Disposals	-	-	(582)	(27,060)	(35,542)	(3)	(539)	(63,726)
At 31 March 2014	287,968	856,732	76,918	1,226,394	333,673	1,485	6,237	2,789,407
Exchange difference	(13,323)	(14,934)	(407)	(14,192)	(4,232)	-	(31)	(47,119)
Additions	-	-	3,716	12,973	25,418	15,175	-	57,282
Disposals	-	-	(1,133)	(5,221)	(13,683)	-	(732)	(20,769)
At 31 March 2015	274,645	841,798	79,094	1,219,954	341,176	16,660	5,474	2,778,801
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 2013	-	144,556	37,856	968,768	273,439	116	6,033	1,430,768
Exchange difference	-	(1,035)	214	(10,939)	(908)	(24)	(20)	(12,712)
Charge for the year	-	22,300	3,277	60,415	42,333	334	381	129,040
Eliminated on disposals	-	-	(193)	(9,880)	(34,475)	(2)	(488)	(45,038)
Reversal of impairment loss recognised in profit or loss (<i>Note</i>)	-	-	-	(16,892)	-	-	-	(16,892)
At 31 March 2014	-	165,821	41,154	991,472	280,389	424	5,906	1,485,166
Exchange difference	-	(1,601)	(185)	(10,724)	(4,035)	-	(27)	(16,572)
Charge for the year	-	22,003	3,586	54,876	33,255	4,033	87	117,840
Eliminated on disposals	-	-	(1,076)	(4,121)	(13,224)	-	(732)	(19,153)
At 31 March 2015	-	186,223	43,479	1,031,503	296,385	4,457	5,234	1,567,281
CARRYING VALUES								
At 31 March 2015	274,645	655,575	35,615	188,451	44,791	12,203	240	1,211,520
At 31 March 2014	287,968	690,911	35,764	234,922	53,284	1,061	331	1,304,241

Note:

For the year ended 31 March 2014, a portion of plant and machinery impaired in previous years were subsequently disposed of to certain third parties. Hence, a reversal of impairment in respect of plant and machinery were recognised in profit or loss.

As at 31 March 2015, the carrying value of the Group's land and buildings comprised the following:

	2015	2014
	HK\$'000	HK\$'000
Buildings situated in Hong Kong under medium-term lease	320,568	330,454
Buildings situated outside Hong Kong on freehold land	335,007	360,457
Freehold land situated outside Hong Kong	274,645	287,968
	930,220	978,879

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of lease or useful lives of twenty-five to fifty years
Leasehold improvements	Over the shorter of the term of lease or estimated useful lives of five years
Plant and machinery	6.67% - 33.33%
Computer software	33.33% - 50%
Furniture, fixtures and equipment	20% - 33.33%
Motor vehicles	20%

Note: As at 31 March 2015, certain of the Group's freehold land, buildings and plant and machinery with carrying values of HK\$226,961,000 (2014: HK\$287,968,000), HK\$228,710,000 (2014: HK\$591,816,000) and nil (2014: HK\$224,000), respectively were pledged as security for the Group's banking facilities (note 17).

12. PREPAID LEASE PAYMENTS

	2015	2014
	HK\$'000	HK\$'000
The prepaid lease payments comprise medium-term leasehold land in Hong Kong	57,961	59,758
Analysed for reporting purposes as:		
Current asset	1,797	1,797
Non-current asset	56,164	57,961
	57,961	59,758

As at 31 March 2015, the prepaid lease payments of the Group with a carrying value of nil (2014: HK\$32,971,000) were pledged as security for the Group's banking facilities (note 17).

13. INVENTORIES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Raw materials	110,336	122,742
Work in progress	2,254	2,325
Finished goods	2,854	2,888
	<u>115,444</u>	<u>127,955</u>

14. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	599,268	618,579
Less: allowance for doubtful debts	<u>(76,851)</u>	<u>(96,667)</u>
	522,417	521,912
Prepayments (<i>Note</i>)	58,678	49,481
Rental and other deposits	15,284	21,275
Others	<u>13,847</u>	<u>30,562</u>
Trade and other receivables	<u>610,226</u>	<u>623,230</u>

Note: Included in the balance are mainly rental and utilities prepayments of HK\$5,215,000 (2014: HK\$7,158,000), value-added tax receivables of HK\$16,876,000 (2014: HK\$15,288,000) and other prepayments of HK\$36,587,000 (2014: HK\$27,035,000).

The Group allows credit terms of 7 to 120 days to its trade customers. The following is an aged analysis of the trade receivables after deducting the allowance for doubtful debts presented based on invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 - 1 month	280,821	257,140
1 - 3 months	174,407	182,053
3 - 4 months	39,899	45,437
Over 4 months	<u>27,290</u>	<u>37,282</u>
	<u>522,417</u>	<u>521,912</u>

Before accepting any new customer, the management of the Group estimates the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year. Trade receivables that are neither past due nor impaired have no default payment record.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK\$27,290,000 (2014: HK\$37,282,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the Directors assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Over 4 months	<u>27,290</u>	<u>37,282</u>

Movement in the allowance for doubtful debts

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Balance at beginning of the year	96,667	113,445
Impairment loss recognised	4,526	3,194
Reversal of allowance for bad and doubtful debts	(23,354)	(20,974)
Exchange difference	(583)	1,563
Amounts written off as uncollectible	(405)	(561)
Balance at end of the year	<u>76,851</u>	<u>96,667</u>

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$76,851,000 (2014: HK\$96,667,000) which have delayed payments with poor settlement record. The Group does not hold any collateral over these balances.

The Group does not hold any collateral over other receivables. The Group has not provided for impairment loss as the Directors assessed that the balances will be recovered based on their settlement records.

The Group's trade receivables that are denominated in currencies other than functional currencies of the respective group companies are set out below:

	2015		2014	
	Denominated currency \$'000	Equivalent to HK\$'000	Denominated currency \$'000	Equivalent to HK\$'000
USD	602	4,665	1,090	8,460
AUD	110	646	105	757
GBP	<u>–</u>	<u>–</u>	<u>16</u>	<u>211</u>

15. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH

As at 31 March 2015, bank balances amounting to HK\$1,500,000 (2014: HK\$4,815,000) were 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 2015. The restricted bank balances carry fixed interest rate at 0.60% (2014: 0.50%) per annum for the year.

Included in bank balances and cash is an amount of approximately HK\$200,362,000 (2014: HK\$236,151,000) placed in time deposits for periods from 2 weeks to 12 months. Such deposits bear fixed interest between 0.35% to 1.31% (2014: 0.01% to 1.31%) per annum.

The remaining bank balances are placed in current and savings accounts, the former bear no interest and the latter bear prevailing market interest rate of 0.10% (2014: 0.10%) per annum.

16. TRADE AND OTHER PAYABLES

The average credit period taken for trade payables is 7 to 120 days.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	81,635	86,834
Accrued staff costs	187,766	157,682
Accrued charges (<i>Note a</i>)	83,652	78,980
Other payables (<i>Note b</i>)	83,170	136,762
	<hr/>	<hr/>
Trade and other payables	436,223	460,258

Note a: The balance includes accrual for repair and maintenance expenses of HK\$38,994,000 (2014: HK\$35,902,000), accrual for utilities of HK\$13,451,000 (2014: HK\$9,043,000) and other miscellaneous accrual of HK\$31,207,000 (2014: HK\$34,035,000).

Note b: The balance includes deposit received for subscription of and advertisement in newspapers, magazines and internet of HK\$5,713,000 (2014: HK\$10,109,000) and temporary receipt from customers of newspaper publication of HK\$19,729,000 (2014: HK\$22,031,000) and other operating expenses payables of HK\$57,728,000 (2014: HK\$104,622,000).

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 1 month	56,228	59,332
1 – 3 months	22,105	20,152
Over 3 months	3,302	7,350
	<hr/>	<hr/>
	81,635	86,834

The Group's trade payables that are denominated in currencies other than functional currencies of the respective group companies are set out below:

	2015	2014
	Denominated	Denominated
	currency	currency
	\$'000	\$'000
USD	2,320	2,462
Equivalent to	HK\$17,982	HK\$19,099

17. BORROWINGS

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

	2015	2014
	HK\$'000	HK\$'000
Carrying amount repayable		
– on demand or within one year	78,461	264,388
– in the second year	78,461	80,638
– in the third year	78,461	80,638
– in the fourth year	78,461	80,638
– in the fifth year	71,920	80,638
– more than five years	–	73,920
	385,764	660,860
Less: Amount due within one year or on demand shown under current liabilities	(78,461)	(264,388)
Non-current portion	307,303	396,472

Bank loans comprise balances of HK\$385,764,000 carrying interests at Post Office 2 - year Deposit rate in Taiwan plus 1.4275% per annum (2014: bank loans of HK\$477,110,000 carrying interests at Post Office 2-year deposit rate in Taiwan plus 1.4275% per annum and balances of HK\$183,750,000 carrying interest at HIBOR plus 2.75%).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.80% (2014: 2.85%) per annum.

The Group's borrowings are denominated in NT\$ or HK\$, functional currencies of the relevant group entities.

As at 31 March 2014, the Group was unable to fulfil the required financial covenants for the syndicated bank loans of HK\$183,750,000, hence the syndicated bank loans were classified as current liabilities before being settled subsequently after the year-end.

18. PROVISIONS

	Litigations	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	113,959	101,863
Additional provision during the year	24,178	52,424
Payment during the year	(30,519)	(21,832)
Reversal during the year	(823)	(17,864)
Exchange difference	(951)	(632)
	<u>105,844</u>	<u>113,959</u>

As at 31 March 2015 and 2014, the Group had provisions classified as current liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

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

19. SHARE CAPITAL

	Number of shares		Share capital	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
			<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$1 each (<i>Note a</i>)	<u>N/A</u>	<u>4,600,000,000</u>	<u>N/A</u>	<u>4,600,000</u>
Issued and fully paid:				
At beginning of year	2,431,006,881	2,431,006,881	3,359,709	2,431,007
Transfer of share premium reserve upon abolition of par value (<i>Note b</i>)	–	–	–	928,702
Capital reduction (<i>Note c</i>)	–	–	(924,962)	–
At end of the year	<u>2,431,006,881</u>	<u>2,431,006,881</u>	<u>2,434,747</u>	<u>3,359,709</u>

Note a: The Company's shares have no par value from the commencement date of Chapter 622 of the Hong Kong Companies Ordinance (i.e. 3 March 2014).

Note b: Under Chapter 622 of the Hong Kong Companies Ordinance effective on 3 March 2014, the concept of "authorised share capital" had been abolished.

Note c: On 9 May 2014, the Hong Kong High Court made an order confirming the reduction of the share premium account of the Company by HK\$924,962,000 which has become effective upon the registration of such order with the Companies Registry on 22 May 2014. The Company reduced its share capital account by HK\$924,962,000 to set off against the Company's total accumulated losses during the year ended 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance

The Group's performance was better in the first half of the year and able to achieve the targets as set out for the year. However, in light of the deteriorating economic conditions and market sentiments in the second half, the operating results were fallen behind the expectation of the Group.

Next Media's total revenue from the continuing operations amounted to HK\$2,956.9 million during the year ended 31 March 2015. This was HK\$312.0 million less than the figure of HK\$3,268.9 million earned in the previous 12 months. The major contributing factor for this decrease was the drop in advertising and circulation income of the Group's publications due to the shift of reading habit from print properties to free online media. The Group's digital business, however, has entered into profitable territory for the first time since it was introduced.

Continuing Operations

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the largest share of the Group's revenue from all its continuing operations. However, like all their competitors in Hong Kong, the Group faced continuous contraction of the paid-for daily newspapers market, the Division's revenue for this year amounted to HK\$1,586.1 million, a decrease of 21.6% against the figure of HK\$2,022.3 million for the last year, which was mainly attributable to the decrease in both advertising income and sales of newspapers.

Apple Daily

The vivid presentation of *Apple Daily* together with its fearless investigation and unbiased reporting of the facts caught the eyes of the public audiences and enabled it to retain its position as the most widely read paid-for newspaper in Hong Kong.

During the year under review, *Apple Daily*'s revenue amounted to HK\$607.7 million, a 24.6% decrease on the previous year's figure of HK\$806.0 million. Its advertising revenue for the year was HK\$343.7 million, a 31.3% decrease on the previous year's total of HK\$500.6 million. Due to the drop in sales of the newspaper, its circulation revenue decreased to HK\$264.0 million, which was 13.6% lower than the previous year's figure of HK\$305.4 million.

Taiwan Apple Daily

The outspoken and incisive reporting style of *Taiwan Apple Daily*, together with its lively and colourful format earned its dominant position amongst the newspapers in the island since its first debut in 2003 and attracted loyal readers with excellent demographic profiles.

Taiwan Apple Daily's total revenue stood at HK\$836.0 million, a decrease of 18.3% on the previous year's HK\$1,023.8 million. Its advertising revenue accounted for HK\$601.8 million of this, 16.2% less than the figure of HK\$718.1 million recorded for the preceding 12 months, whereas its circulation revenue accounted for HK\$232.3 million, 23.4% less than the figure of HK\$303.1 million a year earlier.

Taiwan Sharp Daily

Since its launch in October 2006, *Taiwan Sharp Daily*, the Group's free daily, has been distributed to travelers with a daily mix of news, entertainment and features at Taipei Rapid Transit's subway stations every morning from Monday to Friday with a daily average of 129,819 copies.

This free daily has been proved popular with advertisers, in particularly, small local advertisers who cannot afford expensive island-wide advertising campaigns, as it offers cost-efficient access to the commuters. During the year under review, the major advertisers for *Taiwan Sharp Daily* were mainly from department stores, computer, communications, consumer electronics, banking, food and beverage industries.

Apple Daily Printing Limited ("ADPL")

The newspaper printing business was adversely affected by the fall in the print runs of the Group's newspaper publications. Nonetheless, ADPL continued to make positive contribution to the Group. It recorded a total revenue of HK\$239.7 million for the year, a decrease of 18.7% on its total revenue of HK\$294.7 million during the previous year. Apart from transactions related to the Group's newspaper publications, the external revenue of ADPL amounted to HK\$100.9 million for the year, an increase of HK\$14.3 million or 16.5% against the figure of HK\$86.6 million achieved last year.

Books and Magazines Publication and Printing Division

Due to intense competition within the global printing industry and the shift of reading habit from premium print properties to online media, the revenue for the Books and Magazines Publication and Printing Division was decreased by 18.0% or HK\$159.1 million to HK\$723.2 million as compared to the last year's figure of HK\$882.3 million.

Next Magazine Bundle

The Group's flagship weekly, *Next Magazine Bundle*, was Hong Kong's most widely read Chinese weekly magazine during the period from January to December 2014.

Due to the very difficult market conditions, the advertising revenue of the *Next Magazine Bundle* during the year under review amounted to HK\$149.9 million, a decrease of 18.5% compared with the figure of HK\$183.9 million for last year, whereas its total revenue was HK\$196.5 million, a decrease of 17.4% on the figure of HK\$238.0 million recorded in the preceding 12 months. This was mainly attributed by the significant fall in advertising revenue during the year.

Sudden Weekly Bundle

Sudden Weekly Bundle, comprising, *Sudden Weekly*, *Eat and Travel Weekly* and *ME!*, was the Hong Kong's second most widely read weekly magazine during January to December 2014.

During the year under review, *Sudden Weekly Bundle's* advertising revenue amounted to HK\$173.0 million, compared with the previous year's figure of HK\$220.0 million, a decrease of 21.4%, whereas its total revenue amounted to HK\$217.2 million, as against HK\$273.1 million during the previous year, a decrease of 20.5% that was mainly attributable to a considerable decrease in advertising revenue.

FACE Bundle

The *FACE Bundle*, which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express*, focuses on affluent, image-conscious young adult readers. The title's total revenue decreased by 10.1% to HK\$82.7 million in the year under review, compared to HK\$92.0 million during the previous 12 months.

Taiwan Next Magazine Bundle

Taiwan Next Magazine, the island's most widely read weekly, its advertising revenue amounted to HK\$114.7 million during the year ended 31 March 2015, a decrease of 17.9% on the figure of HK\$139.7 million for the previous 12 months. Its total revenue recorded a drop of HK\$32.5 million or 17.9% to HK\$149.5 million for the year, compared to HK\$182.0 million for the last year.

Commercial Printing

Apart from complementing the printing working of the Group's magazines, Next Media's commercial printing business is facing keen competition from an increasing number of rival companies in the Mainland China and elsewhere around the world. Its operations for the year was also adversely affected by economic conditions in many parts of the world, which led to a dearth of new business and existing clients became increasingly price sensitive.

The total revenue of the commercial printing business for the year ended 31 March 2015 amounted to HK\$165.2 million, which was 27.7% less than its revenue of HK\$228.5 million during the previous year. Of which, revenue from external customers amounted to HK\$75.7 million, a decrease of 20.1% on the preceding year's figure of HK\$94.7 million. This was mainly attributable to the drop in print runs of the Group's magazines and the external orders.

Digital Businesses Division

The media industry is undergoing an inevitable move away from traditional paid-for print publications to free online media, and the future of media companies lies in the online and mobile markets. In the past few years, Next Media has prepared well to capitalize on this opportunity by devoting resources in equipping ourselves to serve our readers better in terms of contents and new offerings with new apps and other products such as online games.

During the year, the digital (mobile and web) version of *Apple Daily* maintained its dominant position as Hong Kong's most-visited interactive news destination. It attracted more than 42.0 million view counts every day from all channels and devices, and has an average of 2.0 million daily unique users. As a result, *Apple Action News* has a top market readership position on mobile devices, with an average number of 2.9 million monthly unique users (Source: Google Analytics: 1 April 2014 to 31 March 2015). In addition, *Apple Daily* is the top media page on *Facebook* and the No.1 *YouTube* channel in Hong Kong (Source: Socialbakers–February 2015).

Following the success of *Apple Daily*'s digital efforts, the Group has also introduced the mobile app version of *Next Plus*, *Eat & Travel*, *Ketchuper*, *Sudden+*, *Face Pop* and *ME!* into the market. These apps will be the main vehicles to extend the Group's leadership in magazine readerships by transforming their popular contents into videos, which are the digital language of the day.

In Taiwan, *Taiwan Apple Daily*'s portal has made further inroads digitally, continuing attracting 34.0 million view counts every day from all platforms and devices with monthly unique users of 35.0 million (Source: Google Analytics: 1 April 2014 to 31 March 2015).

The Division has also devoted greater resources in developing a number of mobile games with high monetization potential. Since the launch of *Life Is Crime* in 2012, a location-based Massive Multiplayer Online (MMO) game, the Division, via its operating arm, nxTomo Games, had launched *Barcode Footballer*, a mobile football management game which had ranked among the top-grossing mobile games on *App Store* and *Google Play* respectively since its launch in 2013. In 2014, the Group further entered into collaboration arrangements with Gung Ho Online Entertainment, Inc., the largest mobile games company in Japan, as marketing agent for the world top selling game – *Puzzle & Dragons* in Hong Kong and Taiwan.

The Division's external revenue, consisting of subscription fees, online advertising revenue, content licensing payments, games and content sponsorship and in-app purchase of virtual products, amounted to HK\$647.6 million during the year under review, an increase of 77.8% on the previous year's figure of HK\$364.3 million, of which, around 82.7% was generated in Hong Kong and others while the remaining was from Taiwan.

During the year under review, the Division recorded a segment profit of HK\$37.4 million, a remarkable improvement from a segment loss of HK\$17.7 million in the previous 12 months. This was mainly due to a significant increase in online advertising revenue, especially, mobile advertising.

Following the investments made in the technology infrastructure to support more sophisticated digital advertising and games development as well as startup costs for digitalization of the Group's magazines in the past few years, the Division has entered into profitability since the beginning of 2014. These encouraging results have undoubtedly reinforced our on-going efforts in strengthening our digital set-ups with an aim to reaching out the internet-savvy generation to further expand our customer bases and usages.

Financial Review

Consolidated Financial Results for Continuing Operations

Revenue

Next Media Limited's total revenue from continuing operations amounted to HK\$2,956.9 million during the year ended 31 March 2015, a decrease of 9.5% or HK\$312.0 million on the figure of HK\$3,268.9 million recorded in the last year.

The Group earned most of its revenue from Hong Kong, of which, its operations accounted for HK\$1,722.0 million or 58.2% of its total revenue during the year. That was followed by Taiwan, which accounted for 40.4%. Taiwan's contribution decreased by 9.1% from HK\$1,312.7 million recorded in last year to HK\$1,193.7 million for the year under review.

Newspapers Publication and Printing Division continued to account for the larger share of the Group's revenue from continuing operations. It generated HK\$1,586.1 million or 53.6% of the Group's total revenue, a decrease of HK\$436.2 million or 21.6% on the figure of HK\$2,022.3 million for the previous year.

The Books and Magazines Publication and Printing Division's revenue accounted for HK\$723.2 million or 24.5% of the Group's total revenue from continuing operations, a decrease of 18.0% on the figure of HK\$882.3 million in 2013/14.

During the year under review, the Digital Businesses Division generated revenue amounting to HK\$647.6 million, representing an increase of HK\$283.3 million or 77.8% against the figure of HK\$364.3 million for the previous year.

EBITDA and Segment Results

The Group's earnings before interest, taxes, depreciation, amortization ("EBITDA") and impairments from continuing operations for the year ended 31 March 2015 amounted to HK\$345.1 million. This was HK\$211.2 million or 38.0% less than the figure of HK\$556.3 million in the previous year.

The Group made a segment profit from continuing operations of HK\$228.1 million during the year under review, compared with the figure of HK\$328.2 million in the previous year, representing a decrease of 30.5% or HK\$100.1 million.

The segment profit of the Newspapers Publication and Printing Division decreased by 26.8% to HK\$216.4 million, compared to the previous year's figure of HK\$295.5 million.

The Books and Magazines Publication and Printing Division recorded a segment loss of HK\$25.7 million, a decline of 151.0% compared with the segment profit of HK\$50.4 million for the preceding 12 months.

The Digital Businesses Division recorded a segment profit of HK\$37.4 million, compared with a segment loss of HK\$17.7 million during the previous year, representing an improvement of 311.3% over the last year's figure.

Operating Expenses

The Group's expenses for continuing operations amounted to HK\$2,740.3 million during the year under review. This was HK\$230.6 million or 7.8% lower than the previous year's figure of HK\$2,970.9 million. Essential production costs accounted for HK\$994.4 million or 36.3% of its operating expenses during the year. Personnel costs accounted for HK\$1,400.2 million or 51.1%, a decrease of HK\$18.5 million or 1.3% on the previous year's figure of HK\$1,418.7 million.

Taxation

The taxes levied on the Group during 2014/15 amounted to HK\$48.0 million, which was 48.7% or HK\$45.5 million less than the previous year's figure of HK\$93.5 million.

Financial Position

Current Assets and Current Liabilities

As at 31 March 2015, the Group's current assets amounted to HK\$1,252.5 million, a decrease of 18.1% on the figure of HK\$1,528.4 million 12 months earlier. The Group's current liabilities on the same date were HK\$644.8 million, 26.3% less than the figure of HK\$875.3 million during the preceding 12 months. The aggregate total of the Group's bank balances and cash, including restricted bank balances, was HK\$501.3 million, as at 31 March 2015. The current ratio on the same date was 194.3%, which was 11.3% higher than the figure of 174.6% a year earlier.

Trade Receivables

The Group's trade receivables amounted to HK\$522.4 million as at 31 March 2015, an increase of 0.1% on the figure of HK\$521.9 million 12 months earlier. As at 31 March 2015, the average revenue days for the Group's trade receivables was 64.5 days, compared to 58.7 days on the same date of the previous year.

Trade Payables

As at 31 March 2015, the Group's trade payables amounted to HK\$81.6 million. This was 6.0% less than the figure of HK\$86.8 million on the same date of the previous year. The average revenue days for the Group's trade payables was 51.9 days, compared to 44.4 days on the same date of the previous year.

Long-term and Short-term Borrowings

As at 31 March 2015, the Group's long-term borrowings, including current portions, stood at HK\$385.8 million. This represented a decrease of 41.6% on the figure of HK\$660.9 million on the same date of the previous year. As at 31 March 2015, the current portion of the Group's long-term borrowings amounted to HK\$78.5 million, a decrease of 70.3% on the figure of HK\$264.4 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during 2014/15 was the cash flow generated by its operating activities and – to a lesser extent – the banking facilities provided by its principal bankers.

As at 31 March 2015, the Group's available banking facilities amounting to a total of HK\$395.8 million, of which HK\$391.6 million had been utilised. There was no seasonality in the Group's bank borrowing requirements, and all the monies borrowed bear interest at floating rates.

The Group's bank borrowings during the year were denominated in HK\$ and NT\$. As at 31 March 2015, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK\$501.3 million. Its gearing ratio on the same date was 10.1%, compared to 15.7% a year earlier. The Group's gearing ratio is calculated by dividing long-term borrowings, including current portions, by total assets value.

Share Capital Structure

Since the commencement of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") on 3 March 2014, the Company's shares have no par value. As at 31 March 2015, the Company's total amount of issued and fully paid share capital was HK\$2,434.7 million and the total number of issued shares with no par value was 2,431,006,881 shares.

Cash Flow

The Group's net cash inflow from operating activities during the year ended 31 March 2015 amounted to HK\$284.4 million, compared with a net cash inflow from operating activities of HK\$383.2 million the previous year.

The outflow of investment-related cash during 2014/15 was in a total of HK\$45.0 million, compared to the outflow of investment-related activities of HK\$9.4 million recorded during the previous year.

The Group's net cash outflow for financing activities during the year amounted to HK\$471.0 million, compared to the preceding year's net cash outflow figure of HK\$160.0 million. During the year, the Group has repaid bank borrowings in a total of HK\$264.1 million.

Exchange Rate Exposure and Capital Expenditure

The Group's assets and liabilities are mainly denominated in HK\$ and NT\$. It continues to face exchange rate exposure, due to its newspapers and magazines publishing and digital businesses operations in Taiwan. It aims to reduce this exposure by arranging bank loans in NT\$, as and when appropriate.

As at 31 March 2015, the Group's net currency exposure stood at NT\$3,915.7 million (the equivalent of HK\$970.2 million) an increase of 15.2% on the figure of NT\$3,399.2 million (the equivalent of HK\$865.6 million) a year earlier. The Group will continue to monitor its overall currency exposure and take steps to hedge further against such exposure, if and when necessary.

The Group's capital expenditure for 2014/15 was in total of HK\$48.0 million. It has committed to further capital expenditure of HK\$5.6 million for its continuing operations.

Pledge of Assets

As at 31 March 2015, Next Media had pledged certain elements of the Group's Hong Kong and Taiwan property portfolio and printing equipment to Hong Kong and Taiwan banks as securities for bank loans granted to its operations in these two places. The aggregate carrying value of these assets was HK\$455.7 million.

Contingent Liabilities and Guarantees

(a) Pending litigations

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

In addition, the Group had a dispute with UDL Contracting Limited ("UDL") as the contractor for the construction of a printing facility of a subsidiary of the Company, ADPL, over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), a controlling shareholder of the Company, in the High Court during 2007.

Pursuant to a judgement issued by the High Court on 18 January 2008, the default judgement against ADPL was set aside and the proceedings against ADPL were referred to arbitration. UDL was ordered to pay 20.0% of ADPL's costs for the application to set aside the default judgement. ADPL also obtained an order for the payment of all of its costs relating to an application for a stay of proceedings to arbitration from UDL. This amount was received in July 2008. This litigation case has no further development since then.

In July 2010, BaWang International (Group) Holdings Limited (as 1st Plaintiff) and BaWang (Guangzhou) Company Limited (as 2nd Plaintiff) (collectively referred as "BaWang") issued a writ against Next Magazine Publishing Limited ("Next Magazine") in respect of an article published by Next Magazine alleging, amongst other things, that certain parts of such article were defamatory and/or amounted to a malicious falsehood. Next Magazine filed a Defence to such claim in January 2011. Trial commenced on 2 March 2015. On 10 April 2015, trial was adjourned part heard. The second session of trial concluded on 13 May 2015. Further trial dates have been fixed in June and August 2015. In the event that trial concludes in August 2015, it is then anticipated that the Trial Judge will reserve the judgement. It is not known when the judgement will be given.

The Group has accrued for HK\$105.8 million (31 March 2014: HK\$114.0 million) in legal expenses under trade and other payables. This provision was recognized in respect of the outstanding legal proceedings based on advice from legal counsel.

(b) Contingent liabilities arising from the acquisition of Database Gateway Limited

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the “Acquired Group”) on 26 October 2001, the Group may be subject to contingent liabilities including 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 or before 26 October 2001; (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001; and (3) the contractor dispute with UDL.

Mr. Lai, a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all contingent liabilities (the “Indemnity”). In relation to the Indemnity, Mr. Lai has also procured a bank guarantee of HK\$60.0 million for a term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors of the Company are of the opinion that, in view of the bank guarantee procured by Mr. Lai in favour of Next Media and the Acquired Group, it is unlikely that the Group would incur any liability if UDL were to pursue its various claims to their ultimate conclusion. It is therefore their opinion that outstanding claims brought by UDL would not have any adverse material impact on the Group’s financial position.

(c) Guarantees

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilized by certain of its subsidiaries. As at 31 March 2015, these contingent liabilities amounted to HK\$395.8 million (31 March 2014: HK\$697.8 million), HK\$391.6 million (31 March 2014: HK\$664.4 million) of which has been utilised by certain of its subsidiaries.

Intangible Assets

In accordance with current accounting standards, particularly, HKAS 38 in respect of the valuation of intangible assets, the Board appointed an independent professional valuer to conduct a valuation of the Group’s mastheads and publishing rights as at 31 March 2015, based on the value-in-use approach.

According to the valuation report, the value of the Group's mastheads and publishing rights was HK\$2,830.3 million as at 31 March 2015 (31 March 2014: HK\$2,289.7 million) against the corresponding carrying value of HK\$1,300.9 million as at 31 March 2015 (31 March 2014: HK\$1,300.9 million). Therefore, a revaluation surplus of HK\$1,529.4 million arose on a Group basis as at 31 March 2015 (31 March 2014: HK\$988.8 million). The Group's accounting policy is to state these intangible assets at cost less accumulated amortization and accumulated impairment loss. Therefore, no adjustment was made to the Group's financial statements for this revaluation surplus.

PROSPECTS AND OUTLOOK

In view of the lackluster economy outlook resulting from weak external demand, austere global economy environment as well as the slower pace in economic growth in Mainland China, the Group will act prudently and exercise strict control on its finances during the coming year.

Following the consolidation of certain business operations in the past two years, the Group has re-focused on its core brands, the most widely-read paid-for daily newspapers and weekly magazines in both Hong Kong and Taiwan, by upholding our high standard journalistic professionalism in its publications. Next Media has anticipated the fundamental shift from print media towards digital media and placed more emphasis on further development of its digital operations in order to actualize its vision in the online media market and leverage the popularity of the Group's contents in the digital world. We will continue with our focus on delivering more targeted advertising with digital media, and more innovative and entertaining features for our readers. With the Group's news business as its rock-solid foundation, we are getting well prepared to keep abreast of the rapid change in media industry and believe that we could grasp the growth momentum when opportunities arise.

EMPLOYEES RELATIONS

As of 31 March 2015, Next Media employed a total of 3,922 people in Hong Kong, Taiwan and Canada (2013/14: 4,044). The decrease of 122 people on the previous year's headcounts was mainly attributable to closure of certain operating units resulted from digitalisation of newspapers and magazines publications of the Group during the year.

During the year under review, Next Media's staff-related costs from continuing operations, including retirement benefits, totalled HK\$1,400.2 million, a decrease of 1.3% on the previous year's figure of HK\$1,418.7 million. This was mainly due to the decrease in headcounts during the year.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK2.0 cents per share, amounting to HK\$48.6 million (2013/14: Nil). Subject to the approval by the shareholders at the 2015 annual general meeting (“2015 AGM”), which has been scheduled to be held on 31 July 2015, it will be payable to the shareholders whose names appear on the register of members of the Company on Friday, 7 August 2015. Dividend warrants will be dispatched to the shareholders of the Company on or around 13 August 2015.

BOOK CLOSURE PERIODS

For Attending the 2015 AGM

The register of members of the Company will be closed from Tuesday, 28 July 2015 to Friday, 31 July 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2015 AGM of the Company, all transfers of shares accompanied by relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited (“Computershare”), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 27 July 2015.

For Ascertaining Entitlement to the Final Dividend

The register of members of the Company will be closed from Wednesday, 5 August 2015 to Friday, 7 August 2015, both days inclusive, during which period no transfer of shares will be registered in order to ascertain the entitlement to the final dividend. To qualify for the final dividend for the year ended 31 March 2015 of the Company, all transfers of shares accompanied by relevant share certificates must be lodged with Computershare at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 4 August 2015. Dividend warrants will be dispatched to the shareholders of the Company on or around 13 August 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company listed shares during the year.

AUDIT COMMITTEE

The Audit Committee's current membership consists solely of three Independent Non-executive Directors ("INEDs"), namely, Mr. Fok Kwong Hang, Terry, Mr. Wong Chi Hong, Frank and Dr. Lee Ka Yam, Danny. None of them is, or has previously been, a member of the Company's current or previous external auditors. The Chairman of the Audit Committee, Dr. Lee, possesses the professional qualifications and financial management expertise required under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Working closely with the external auditors, the Committee has reviewed the Group's audited consolidated results for the year ended 31 March 2015.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Code throughout the year ended 31 March 2015, except for Code provisions E.1.2 and A.6.7. Due to other business engagements, Mr. Lai, the ex-Chairman; Mr. Fok Kwong Hang, Terry; Mr. Wong Chi Hong, Frank; and Dr. Lee Ka Yam, Danny, did not attend the 2014 annual general meeting held on 31 July 2014 ("2014 AGM"). Instead, Mr. Cassian Cheung, the Interim Chairman, an Executive Director and Chief Executive Officer, chaired the 2014 AGM in accordance with the provisions of Next Media's Articles of Association. Also, during the year under review, the ex-Chairman, Mr. Lai or the Interim Chairman, Mr. Cassian Cheung, did not hold any meetings with the INEDs of the Company pursuant to Code provision A.2.7.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Following specific enquiries by the Company, all its current Directors have confirmed that they fully complied with the required standards of the Model Code for the year ended 31 March 2015.

REDUCTION OF SHARE PREMIUM ACCOUNT

Reference is made to an announcement dated 26 November 2013 and the circular dated 11 December 2013 issued by the Company proposing reduction of the share premium account of the Company by HK\$924,961,945 (the "Reduction of Share Premium Account") and the application for the credit arising therefrom to set off against the accumulated losses of the Company for the purpose of placing the Company in a position to legally pay dividends. The Reduction of Share Premium Account was subject to the approval from the shareholders at an extraordinary general meeting (the "EGM"), confirmation from the High Court and registration of the order issued by the High Court (the "Order") with the Companies Registry in Hong Kong.

At an EGM held on 15 January 2014, the special resolution approving the Reduction of Share Premium Account was duly approved by the Shareholders. On 9 May 2014, the Company announced that the High Court made the Order confirming the Reduction of Share Premium Account and the Order was duly registered with the Companies Registry in Hong Kong on 22 May 2014.

ADOPTION OF A NEW SET OF ARTICLES OF ASSOCIATION

A new set of Articles of Association (“AOA”) of the Company was adopted by passing a special resolution at the 2014 AGM in order to bring the AOA of the Company in line with certain statutory changes as a result of the implementation of the Companies Ordinance which commenced operation on 3 March 2014.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The annual report of the Company for the year containing all information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and of the Company at www.nextmedia.com respectively in due course.

By Order of the Board
Cheung Ka Sing, Cassian

Interim Chairman and Chief Executive Officer

Hong Kong, 15 June 2015

FORWARD-LOOKING STATEMENTS

This announcement contains several statements that are “forward-looking”, or which use various “forward-looking” terminologies. Such statements are based on the current beliefs, assumptions, expectations and projections of the Directors regarding the industry and markets in which the Group is active. Readers are reminded that such statements are subject to risks, uncertainties and other factors that are beyond the Group’s control.

As at the date of this announcement, the Board comprises:-

Executive Directors:

Mr. Cheung Ka Sing, Cassian

(Interim Chairman)

Mr. Ting Ka Yu, Stephen

Mr. Ip Yut Kin

Independent Non-executive Directors:

Mr. Fok Kwong Hang, Terry

Mr. Wong Chi Hong, Frank

Dr. Lee Ka Yam, Danny

Dr. Bradley Jay Hamm