NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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 2014, 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 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000* (Restated)
Continuing operations			
Revenue	*3*	**3,268,892**	3,474,096
Production costs			
Cost of raw materials consumed		**(805,455)**	(1,146,446)
Other overheads		**(276,449)**	(211,148)
Staff costs		**(838,197)**	(816,683)
		(1,920,101)	(2,174,277)
Personnel costs excluding direct production staff costs		**(580,525)**	(563,054)
Other income	*3*	**43,136**	42,117
Net exchange gain		**12,174**	58,734
Depreciation of property, plant and equipment		**(129,040)**	(134,807)
Release of prepaid lease payments		**(1,797)**	(1,797)
Other expenses		**(394,414)**	(352,885)
(Reversal of) allowance for bad and doubtful debts		**17,780**	(2,578)
Reversal of (impairment loss) recognised in respect of property, plant and equipment	*12*	**16,892**	(20,619)
Finance costs	*5*	**(18,125)**	(17,952)
Gain on disposal of associates	*14*	**117,680**	–
Profit before tax		**432,552**	306,978
Income tax expense	*6*	**(93,454)**	(143,722)
Profit for the year from continuing operations	*7*	**339,098**	163,256
Discontinued operation			
Loss for the year from discontinued operation	*8*	**(90,622)**	(1,107,858)
Profit (loss) for the year		**248,476**	(944,602)
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain (loss) on remeasurement of defined benefit obligations		**26,160**	(6,662)
Income tax related to actuarial gain (loss) from remeasurement of defined benefit obligations		**(4,447)**	1,133
		21,713	(5,529)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(27,875)**	(74,039)
Total comprehensive income (expense) for the year		**242,314**	(1,024,170)

	NOTE	2014 HK$'000	2013 HK$'000 (Restated)
Profit (loss) for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations		**330,768**	139,854
– Loss for the year from discontinued operation		**(90,622)**	(1,107,858)
		240,146	(968,004)
Non-controlling interests			
– Profit for the year from continuing operations		**8,330**	23,402
		248,476	(944,602)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**235,095**	(1,044,051)
Non-controlling interests		**7,219**	19,881
		242,314	(1,024,170)
Earnings (loss) per share	*10*		
From continuing and discontinued operations			
– Basic		**HK9.9 cents**	(HK40.1 cents)
– Diluted		**HK9.9 cents**	(HK40.1 cents)
From continuing operations			
– Basic		**HK13.6 cents**	HK5.8 cents
– Diluted		**HK13.6 cents**	HK5.8 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	2014 HK$'000	2013 HK$'000 (Restated)	2012 HK$'000 (Restated)
NON-CURRENT ASSETS				
Intangible assets	*11*	**1,300,881**	1,300,881	1,300,881
Property, plant and equipment	*12*	**1,304,241**	1,411,945	2,256,962
Prepaid lease payments	*13*	**57,961**	59,758	61,555
Deposit for acquisition of property, plant and equipment		**12,857**	1,866	21,592
Programmes and film rights		**–**	–	181,288
Interests in associates		**–**	–	–
Loans to associates		**–**	46,447	34,001
		2,675,940	2,820,897	3,856,279
CURRENT ASSETS				
Inventories	*15*	**127,955**	180,997	190,511
Trade and other receivables	*16*	**623,230**	584,520	735,247
Prepaid lease payments	*13*	**1,797**	1,797	1,797
Tax recoverable		**14,322**	1,270	294
Restricted bank balances	*17*	**4,815**	5,411	5,411
Amounts due from related parties		**799**	–	–
Bank balances and cash	*17*	**755,442**	565,330	725,784
		1,528,360	1,339,325	1,659,044
Assets classified as held for sale	*8*	**–**	489,552	–
		1,528,360	1,828,877	1,659,044
CURRENT LIABILITIES				
Trade and other payables	*18*	**460,258**	891,226	656,924
Amounts due to associates		**–**	–	2,981
Deferred revenue		**11,274**	–	–
Bank overdraft	*17*	**–**	49,790	–
Borrowings	*19*	**264,388**	323,734	289,305
Provisions		**113,959**	101,863	71,425
Tax liabilities		**25,397**	26,942	56,007
		875,276	1,393,555	1,076,642
Liabilities associated with assets classified as held for sale	*8*	**–**	66,899	–
		875,276	1,460,454	1,076,642
NET CURRENT ASSETS		**653,084**	368,423	582,402
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,329,024**	3,189,320	4,438,681

	NOTES	2014 HK$'000	2013 HK$'000 (Restated)	2012 HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Borrowings	*19*	**396,472**	480,672	724,684
Retirement benefits plans		**66,862**	92,688	83,079
Deferred tax liabilities		**275,509**	270,959	278,383
		738,843	844,319	1,086,146
NET ASSETS		**2,590,181**	2,345,001	3,352,535
CAPITAL AND RESERVES				
Share capital	*20*	**3,359,709**	2,431,007	2,412,497
Reserves		**(803,309)**	(113,478)	929,085
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,556,400**	2,317,529	3,341,582
NON-CONTROLLING INTERESTS		**33,781**	27,472	10,953
TOTAL EQUITY		**2,590,181**	2,345,001	3,352,535

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

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

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

Impact of the application of HKFRS 10

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

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

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The application of HKFRS 13 has had no material impact on the Group's financial instrument items since they are mainly carried at amortised cost as at 31 March 2014.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

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

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. The changes have had a significant impact on the amounts recognised in profit or loss and other comprehensive income (expense) for the years ended 31 March 2014 and 2013. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the tables below for details).

The effect of the application of HKAS 19 (as revised in 2011) on the profit or loss and other comprehensive income of the Group for the year ended 31 March 2013 is as follows:

	As previously reported	**Effect of adopting HKAS 19**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations			
Revenue	3,474,096	–	3,474,096
Production costs			
Cost of raw materials consumed	(1,146,446)	–	(1,146,446)
Other overheads	(211,148)	–	(211,148)
Staff costs	(818,860)	2,177	(816,683)
Personnel costs excluding direct production staff costs	(563,054)	–	(563,054)
Other income	42,117	–	42,117
Net exchange gain	58,734	–	58,734
Depreciation of property, plant and equipment	(134,807)	–	(134,807)
Release of prepaid lease payments	(1,797)	–	(1,797)
Other expenses	(352,885)	–	(352,885)
Allowance for bad and doubtful debts	(2,578)	–	(2,578)
Impairment loss recognised in respect of property, plant and equipment	(20,619)	–	(20,619)
Finance costs	(17,952)	–	(17,952)
Profit before tax	304,801	2,177	306,978
Income tax expense	(143,351)	(371)	(143,722)
Profit for the year from continuing operations	161,450	1,806	163,256

	As previously reported	Effect of adopting HKAS 19	As restated
	HK$'000	*HK$'000*	*HK$'000*
Discontinued operation			
Loss for the year from discontinued operation	(1,107,858)	–	(1,107,858)
Loss for the year	(946,408)	1,806	(944,602)
Other comprehensive (expense) income			
Actuarial loss on remeasurement of defined benefit obligations	–	(6,662)	(6,662)
Income tax related to actuarial loss from remeasurement of defined benefit obligations	–	1,133	1,133
Exchange differences on translating foreign operations	(74,039)	–	(74,039)
Total comprehensive expense for the year	(1,020,447)	(3,723)	(1,024,170)
Loss for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations	138,048	1,806	139,854
– Loss for the year from discontinued operation	(1,107,858)	–	(1,107,858)
	(969,810)	1,806	(968,004)
Non-controlling interests			
– Profit for the year from continuing operations	23,402	–	23,402
	(946,408)	1,806	(944,602)
Total comprehensive expense attributable to:			
Owners of the Company	(1,040,328)	(3,723)	(1,044,051)
Non-controlling interests	19,881	–	19,881
	(1,020,447)	(3,723)	(1,024,170)
Earnings (loss) per share			
From continuing and discontinued operations			
Basic	(HK40.1 cents)	–	(HK40.1 cents)
Diluted	(HK40.1 cents)	–	(HK40.1 cents)
From continuing operations			
Basic	HK5.7 cents	HK0.1 cent	HK5.8 cents
Diluted	HK5.7 cents	HK0.1 cent	HK5.8 cents

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

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

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

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

Except as described above, the application of the other new or revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for current and prior years and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) – Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[5] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[6] Effective for annual periods beginning on or after 1 January 2016

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is in the process of making an assessment of the impact of this standard and amendments to the Group's results and financial position in the period of initial application. So far it has concluded that the adoption of this standard and the related amendments is unlikely to have a significant impact on the Group's results of operations and the Group's and the Company's financial statements.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the financial statements.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make the following estimates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below:

Revenue recognition

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 2014, the Group had estimated unused tax losses from continuing operations of approximately HK$1,308,569,000 (2013: HK$1,185,813,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$8,247,000 (2013: HK$18,030,000) of such losses. No deferred tax assets has been recognised on the tax losses of approximately HK$1,300,322,000 (2013: HK$1,167,783,000) 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 2014, an amount of approximately HK$113,959,000 (2013: HK$101,863,000) has been provided for outstanding litigations.

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. In the current year, a reversal of allowance for bad and doubtful debts of approximately HK$17,780,000 (2013: an allowance for bad and doubtful debts of HK$2,578,000) and allowance for bad and doubtful debts of approximately HK$2,154,000 (2013: HK$1,615,000) are recognised in profit or loss for continuing operations and discontinued operation, respectively. Details are set out in note 16.

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 2014 and 2013, the carrying amount of intangible assets is HK$1,300,881,000. No impairment loss has been recognised for both years.

Impairment loss on property, plant and equipment, and programmes and film rights

One of the Group's cash-generating units was engaged in "television and multi-media" business operation that consisted of property, plant and equipment and programmes and film rights with carrying amounts (net of impairment losses) of HK$259,610,000 and HK$112,604,000, respectively as at 31 March 2013.

Determining whether assets of such a cash-generating unit are impaired requires an estimation of the recoverable amount of the cash-generating unit. The recoverable amount of the cash-generating unit is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of the cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. 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 recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit, an impairment loss may arise. In current year, impairment losses on property, plant and equipment and programmes and film rights for discontinued operation of approximately HK$nil and HK$7,235,000 respectively (2013: HK$229,110,000 and HK$81,731,000, respectively) are recognised in profit or loss. Details are set out in notes 8 and 12.

With the discontinuation of the operation of the television and multi-media business, the recoverable amount of certain plant and machinery in relation to digital businesses which had been used to provide support to the television and multi-media business is less than its carrying amount. An impairment loss on plant and machinery for continuing operations of approximately HK$20,619,000 was recognised in profit or loss for the year ended 31 March 2013.

A reversal of impairment loss on plant and machinery for continuing operations of approximately HK$16,892,000 is recognised in profit or loss for the year ended 31 March 2014 due to subsequent disposal.

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:

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Revenue		
Sales of newspapers	**608,463**	664,842
Sales of books and magazines	**160,740**	199,237
Newspapers advertising income	**1,324,701**	1,544,327
Books and magazines advertising income	**626,852**	688,007
Printing and reprographic services income	**183,847**	220,476
Internet advertising income, internet subscription, content provision and development of mobile games and apps ("Digital businesses")	**364,289**	157,207
	3,268,892	3,474,096
Other income		
Sales of waste materials	**17,403**	21,805
Interest income on bank deposits	**1,194**	897
Interest income on loans to associates	**740**	1,253
Rental income	**11,934**	2,181
Others	**11,865**	15,981
	43,136	42,117

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

The segment information reported below does not include any amounts for these discontinued operation, which are described in more detail in note 8.

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 2014

Continuing operations

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

For the year ended 31 March 2013

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Digital businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000* (Restated)
REVENUE					
External sales	2,329,251	987,637	157,208	–	3,474,096
Inter-segment sales	123,245	14,467	18,123	(155,835)	–
	2,452,496	1,002,104	175,331	(155,835)	3,474,096
Segment results	350,499	112,925	(124,487)	–	338,937
Unallocated expenses					(34,319)
Unallocated incomes					20,312
Finance costs					(17,952)
Profit before tax from continuing operations					306,978

Segment result represents 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 2014

Continuing operations

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

As at 31 March 2013

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Digital businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000* (Restated)
Segment assets	2,276,147	905,973	356,371	–	3,538,491
Assets classified as held for sale					489,552
Unallocated assets					621,731
Total assets					4,649,774
Segment liabilities	(335,102)	(238,887)	(258,445)	–	(832,434)
Liabilities associated with assets classified as held for sale					(66,899)
Unallocated liabilities					(1,405,440)
Total liabilities					(2,304,773)

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 2014

Continuing operations

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Digital businesses** *HK$'000*	**Corporate** *HK$'000*	**Consolidated** *HK$'000*
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	**683**	**(169)**	**7,615**	**–**	**8,129**

For the year ended 31 March 2013

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Digital businesses *HK$'000*	Corporate *HK$'000*	Consolidated *HK$'000*
Addition to non-current assets	17,310	9,978	6,621	20	33,929
Depreciation of property, plant and equipment	99,868	21,194	10,109	3,636	134,807
Release of prepaid lease payments	991	–	–	806	1,797
Impairment loss recognised in respect of property, plant and equipment	–	–	20,619	–	20,619
(Reversal of) allowance for bad and doubtful debts	(15,860)	7,271	11,167	–	2,578
Share-based payment expense	–	–	–	3,731	3,731
Loss (gain) on disposal of property, plant and equipment	16	(93)	545	–	468

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)*	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (country of domicile)	**1,904,976**	1,999,092	**1,827,138**	1,846,268
Taiwan	**1,312,679**	1,423,558	**847,948**	927,213
North America	**33,722**	22,255	**854**	969
Europe	**9,290**	16,165	**–**	–
Australasia	**8,122**	12,262	**–**	–
Others	**103**	764	**–**	–
	3,268,892	3,474,096	**2,675,940**	2,774,450

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 operation and financial instruments.

Information about major customers

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

	2014	2013
	HK$'000	*HK$'000*
Customer A *(Note)*	**769,203**	864,079

Note: Revenue from this customer comprised revenue earned in newspapers and magazines publication amounting to HK$608,463,000 (2013: HK$664,842,000) and HK$160,740,000 (2013: HK$199,237,000), respectively.

5. FINANCE COSTS

Continuing operations

	2014	2013
	HK$'000	*HK$'000*
Interest expense on bank borrowings wholly repayable within five years	**10,832**	15,695
Interest expense on bank borrowings not wholly repayable within five years	**7,293**	2,257
	18,125	17,952

6. INCOME TAX EXPENSE

Continuing operations

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
Hong Kong	**54,355**	77,064
Taiwan	**38,226**	72,953
Under(over) provision in prior years	**1,017**	(9)
	93,598	150,008
Deferred tax:		
Current year	**(144)**	(6,286)
	93,454	143,722

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taiwan Income Tax is calculated at 17% of the estimated assessable profit for both years.

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:

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Profit before tax from continuing operations	**432,552**	306,978
Tax at Hong Kong Profits Tax rate of 16.5%	**71,371**	50,651
Tax effect of expenses not deductible for tax purpose	**26,835**	32,957
Tax effect of income not taxable for tax purpose	**(6,520)**	(3,814)
Tax effect of gain on disposal of associates not taxable for tax purpose	**(19,417)**	–
Under(over) provision in prior years	**1,017**	(9)
Tax effect of estimated tax losses not recognised for Hong Kong subsidiaries	**21,309**	61,285
Tax effect of estimated tax losses not recognised for Taiwan subsidiaries	**653**	4,700
Utilisation of tax losses previously not recognised	**(1,738)**	(4,158)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**791**	2,806
Others	**(847)**	(696)
Tax charge for the year	**93,454**	143,722

7. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
(Reversal of) allowance for bad and doubtful debts	**(17,780)**	2,578
Auditor's remuneration	**3,999**	3,253
Operating lease expenses on:		
Properties	**6,734**	6,915
Plant and equipment	**19,216**	18,367
Provision for litigation expenses included in other expenses	**34,560**	44,849
Staff costs	**1,418,722**	1,379,737
Loss on disposal of property, plant and equipment	**8,129**	468

8. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE

As at 31 March 2013, the management of the Group finalised and committed themselves to a plan for the disposal of the operations of the Group's television and multi-media business in Taiwan (the "Disposal") to an independent third party. The Directors were of opinion that the Disposal was highly probable. Hence, the television and multi-media business had been presented as a discontinued operation for the year ended 31 March 2013. The assets and liabilities attributable to the television and multi-media business have been classified as disposal group held for sale and were presented separately in the consolidated statement of financial position as at 31 March 2013.

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

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

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

After consultation of a legal counsel for legal advice, the Directors of the Company were of the opinion that 100% risks and rewards of ownership of Next TV had been transferred to the Purchaser and the Group had lost its control and all its shareholding voting rights and powers over Next TV as at the date of transfer of the 55% of the issued share capital of Next TV (i.e. 31 May 2013), which is considered as the date of completion of the S&P Agreement. At the same date, the Group derecognised the assets and liabilities and related equity components of Next TV.

On 30 December 2013, the Company received the formal approval letter from the ICTW confirming its approval on the transfer of the remaining 45% of the issued share capital of Next TV from Max Growth to Mr. Lien and the transfer was completed on 30 December 2013. Upon the transfer, the Group ceased to hold any shares in Next TV.

The loss for the year from discontinued operation relating to the television and multi-media business were analysed as follows:

	2014	2013
	HK$'000	*HK$'000*
Loss of television and multi-media business for the year	**(82,636)**	(1,107,858)
Loss on disposal of Next TV	**(7,986)**	–
Loss for the year from discontinued operation	**(90,622)**	(1,107,858)

The loss for the year from discontinued operation relating to television and multi-media business (previously reported as the television and multi-media reportable segment), which has been included in the consolidated statement of profit or loss and other comprehensive income, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue	**21,410**	53,092
Productions costs		
Film production costs	**(49,366)**	(215,920)
Other overheads	**(3,381)**	(67,562)
Staff costs *(Note a)*	**(12,791)**	(148,222)
	(65,538)	(431,704)
Personnel costs excluding direct production staff costs *(Note a)*	**5,669**	(66,807)
Depreciation of property, plant and equipment	**(26,457)**	(235,015)
Other income *(Note b)*	**13,823**	13,613
Other expenses	**(16,002)**	(121,424)
Allowance for bad and doubtful debts	**(2,154)**	(1,615)
Impairment loss recognised in respect of property, plant and equipment *(Note d)*	**–**	(229,110)
Impairment loss recognised in respect of programmes and film rights *(Note d)*	**(7,235)**	(81,731)
Impairment loss recognised in respect of prepayments	**–**	(2,493)
Finance costs *(Note c)*	**(6,008)**	(4,195)
Loss before tax	**(82,492)**	(1,107,389)
Income tax expense	**(144)**	(469)
Loss for the year from discontinued operation	**(82,636)**	(1,107,858)

Note a: The balance comprises reversal of over-provision of staff termination cost upon cessation of television and multi-media business of HK$14,777,000 (2013: Nil), wages, salaries and other benefits of HK$20,978,000 (2013: HK$199,660,000) and pension costs for defined contribution plans of HK$921,000 (2013: HK$15,369,000).

Note b: The balance comprises rental income of HK$6,079,000 (2013: HK$6,339,000), bank interest income of HK$270,000 (2013: HK$170,000) and others of HK$7,474,000 (2013: HK$7,104,000).

Note c: The balance comprises interest expense on bank borrowings not wholly repayable within five years of HK$6,008,000 (2013: HK$4,195,000).

Note d: For the year ended 31 March 2013, with the discontinuation of operation of the television and multi-media business, the management conducted an impairment review of the Group's television and multi-media business based on fair value less cost of disposal. Impairment losses of HK$229,110,000 on property, plant and equipment, and HK$81,731,000 on programme and film rights were recognised in profit or loss. For the year ended 31 March 2014, in view that the operations of the television and multi-media business had been ceased, a further impairment loss of HK$7,235,000 was made in respect of programme and film rights and recognised in profit or loss.

Loss for the year from the discontinued operation includes the following:

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**363**	746
Operating lease expense on:		
Properties	**–**	16,374
Plant and equipment	**58**	9,757
Legal and professional fees included in other expenses	**4,143**	9,669
Net exchange loss (gain)	**5,777**	(16)
Loss on disposal of property, plant and equipment	**4,349**	13,083

Cash flows for the year from television and multi-media business were as follows:

	2014	2013
	HK$'000	*HK$'000*
Net cash outflows from operating activities	**(457,254)**	(189,089)
Net cash inflows from investing activities	**371,338**	30,023
Net cash inflows from financing activities	**242,648**	68,405
Net cash inflows (outflows)	**156,732**	(90,661)

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

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

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

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

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

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

9. DIVIDENDS

No dividend was paid or declared during the years ended 31 March 2014 and 2013, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS (LOSS) PER SHARE

From continuing operations

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Profit figures are calculated as follows:		
Profit (loss) for the year attributable to the owners of the Company	**240,146**	(968,004)
Less: Loss for the year from discontinued operation	**(90,622)**	(1,107,858)
Profit for the purposes of basic and diluted earnings per share from continuing operations	**330,768**	139,854

Number of shares

	2014	2013
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	**2,431,006,881**	2,415,685,428
Effect of dilutive potential ordinary shares: Share options and share subscription and financing plan *(Note)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,431,006,881**	2,415,685,428

Note: The computation of diluted earnings per share for both years does not assume the exercise of the Company's outstanding share options and the exercise of rights under the share subscription and financing plan as their exercise price exceeds the average market price of the shares during both years.

From continuing and discontinued operations

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

Loss

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Earnings (loss) for the year attributable to owners of the Company and earnings (loss) for the purposes of basic and diluted loss per share	**240,146**	(968,004)

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

From discontinued operation

For the year ended 31 March 2014, basic loss per share and diluted loss per share for the discontinued operation were HK3.7 cents per share (2013: HK45.9 cents per share), based on loss for the year from discontinued operation of HK$90,622,000 (2013: HK$1,107,858,000) and the denominators detailed above for both basic and diluted loss per share.

11. INTANGIBLE ASSETS

	Masthead and publishing rights
	HK$'000
COST	
At 1 April 2012, 31 March 2013 and 31 March 2014	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2012, 31 March 2013 and 31 March 2014	181,918
CARRYING VALUES	
At 31 March 2014 and 31 March 2013	1,300,881

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.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 April 2012	298,751	895,553	203,310	2,003,605	422,240	17,362	20,267	3,861,088
Exchange difference	–	(4,625)	(1,188)	(12,951)	(1,759)	(117)	(216)	(20,856)
Additions	–	–	655	20,473	42,951	–	–	64,079
Transfer	–	–	3,331	16,720	–	–	(20,051)	–
Classified as held for sale	–	(22,133)	(108,473)	(760,860)	(96,809)	(9,192)	–	(997,467)
Disposals	–	–	(24,581)	(2,273)	(35,861)	(1,416)	–	(64,131)
At 31 March 2013	298,751	868,795	73,054	1,264,714	330,762	6,637	–	2,842,713
Exchange difference	(10,783)	(12,063)	(307)	(11,898)	(3,317)	(21)	–	(38,389)
Additions	–	–	4,753	638	43,258	160	–	48,809
Disposals	–	–	(582)	(27,060)	(35,545)	(539)	–	(63,726)
At 31 March 2014	287,968	856,732	76,918	1,226,394	335,158	6,237	–	2,789,407
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 2012	–	123,814	55,625	1,122,458	294,035	8,194	–	1,604,126
Exchange difference	–	–	(328)	(7,628)	(1,595)	(43)	–	(9,594)
Charge for the year	–	24,363	24,802	248,968	69,838	1,851	–	369,822
Eliminated on classified as held for sale	–	(3,621)	(57,866)	(596,738)	(74,806)	(4,826)	–	(737,857)
Eliminated on disposals	–	–	(10,963)	(1,087)	(32,088)	(1,320)	–	(45,458)
Impairment loss recognised in profit or loss *(Note a)*	–	–	26,586	202,795	18,171	2,177	–	249,729
At 31 March 2013	–	144,556	37,856	968,768	273,555	6,033	–	1,430,768
Exchange difference	–	(1,035)	214	(10,939)	(932)	(20)	–	(12,712)
Charge for the year	–	22,300	3,277	60,415	42,667	381	–	129,040
Eliminated on disposals	–	–	(193)	(9,880)	(34,477)	(488)	–	(45,038)
Reversal of impairment loss recognised in profit or loss *(Note b)*	–	–	–	(16,892)	–	–	–	(16,892)
At 31 March 2014	–	165,821	41,154	991,472	280,813	5,906	–	1,485,166
CARRYING VALUES								
At 31 March 2014	287,968	690,911	35,764	234,922	54,345	331	–	1,304,241
At 31 March 2013	298,751	724,239	35,198	295,946	57,207	604	–	1,411,945

Notes:

(a) For the year ended 31 March 2013, with the discontinuation of the operation of the television and multi-media business, the management conducted an impairment review of the Group's television and multi-media business based on its fair value less cost of disposal. An impairment loss of HK$310,841,000 was recognised in profit or loss, HK$81,731,000, HK$26,586,000, HK$182,176,000, HK$18,171,000 and HK$2,177,000 of which were allocated to programmes and film rights, leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles respectively.

In addition, the Directors were of the opinion that the recoverable amount of certain plant and machinery in relation to digital businesses which had been used to provide support to the television and multi-media business was less than its carrying amount. An additional impairment loss on plant and machinery of HK$20,619,000 was recognised in profit or loss for the year ended 31 March 2013.

(b) For the year ended 31 March 2014, a portion of plant and machinery impaired as at 31 March 2013 was subsequently disposed of to the third parties. Hence, reversal of impairment in respect of plant and machinery was recognised in profit or loss.

As at 31 March 2014, the carrying value of the Group's land and buildings comprised the following:

	2014	2013
	HK$'000	*HK$'000*
Buildings situated in Hong Kong under medium-term lease	**330,454**	339,296
Buildings situated outside Hong Kong on freehold land	**360,457**	384,943
Freehold land situated outside Hong Kong	**287,968**	298,751
	978,879	1,022,990

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%
Furniture, fixtures and equipment	20% – 33.33%
Motor vehicles	20%

Notes:

(a) As at 31 March 2014, certain of the Group's freehold land and buildings with carrying values of HK$287,968,000 (2013: HK$248,549,000) and HK$591,816,000 (2013: HK$489,226,000), respectively were pledged as security for the Group's banking facilities (note 19).

(b) As at 31 March, 2014, certain of the Group's plant and machinery with an aggregate carrying value of HK$224,000 (2013: HK$413,000) were pledged as security for the Group's banking facilities (note 19).

13. PREPAID LEASE PAYMENTS

	2014	2013
	HK$'000	*HK$'000*
The prepaid lease payments comprise medium-term leasehold land in Hong Kong	**59,758**	61,555
Analysed for reporting purposes as:		
Current asset	**1,797**	1,797
Non-current asset	**57,961**	59,758
	59,758	61,555

As at 31 March 2014, the prepaid lease payments of the Group with a carrying value of HK$32,971,000 (2013: HK$33,963,000) were pledged as security for the Group's banking facilities (note 19).

14. DISPOSAL OF ASSOCIATES

On 27 September 2013, AtNext Limited ("AtNext"), a wholly owned subsidiary of the Company, as the vendor entered into a sale and purchase agreement with Sum Tat Ventures Limited ("STV"), a company 100% beneficially owned by Mr. Lai, as the purchaser and Mr. Lai, as guarantor for the obligations of STV, pursuant to which, AtNext had conditionally agreed to sell and STV had conditionally agreed to purchase the 30 shares, which represented the Group's remaining 30% equity interest in Colored World Limited and its subsidiaries (the "Colored World Group"), and the loans to associates at a total cash consideration of US$20.0 million (equivalent to HK$155.1 million) (the "Transaction"). The Transaction was completed on 18 November 2013, AtNext ceased to hold any shares in Colored World Limited and thus, members of the Colored World Group ceased to be associates of the Group.

The gain on disposal of associates is analysed as follows:

	HK$'000
Gain on disposal of associates:	
Cash consideration received	155,050
Less: Net assets disposed of	–
Loans to associates	(34,626)
Interest receivable for the loans to associates	(2,189)
Expenses in relation to the Transaction	(555)
Gain on disposal	117,680
Net cash inflow arising on disposal:	
Cash consideration	155,050
Less: Expenses paid in relation to the Transaction	(555)
	154,495

15. INVENTORIES

	2014	2013
	HK$'000	*HK$'000*
Raw materials	**122,742**	175,796
Work in progress	**2,325**	2,709
Finished goods	**2,888**	2,492
	127,955	180,997

16. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**618,579**	643,079
Less: allowance for doubtful debts	**(96,667)**	(113,445)
	521,912	529,634
Prepayments *(Note)*	**49,481**	25,236
Rental and other deposits	**21,275**	14,076
Others	**30,562**	15,574
Trade and other receivables	**623,230**	584,520

Note: Included in the balance are mainly rental and utilities prepayments of HK$7,158,000 (2013: HK$6,512,000), value-added tax receivables of HK$15,288,000 (2013: HK$595,000) and other prepayments of HK$27,035,000 (2013: HK$18,129,000).

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:

	2014	2013
	HK$'000	*HK$'000*
0 – 1 month	**257,140**	264,791
1 – 3 months	**182,053**	219,702
3 – 4 months	**45,437**	42,653
Over 4 months	**37,282**	2,488
	521,912	529,634

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$37,282,000 (2013: HK$2,488,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors of the Company assessed that the balances will be recovered based on their settlement records. The Group does not hold any collateral over these balances.

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

	2014	2013
	HK$'000	*HK$'000*
Over 4 months	**37,282**	2,488

Movement in the allowance for doubtful debts

	2014	2013
	HK$'000	*HK$'000*
Balance at beginning of the year	**113,445**	116,162
(Reversal of) allowance for bad and doubtful debts	**(17,780)**	4,193
Exchange difference	**1,563**	(91)
Amounts written off as uncollectible	**(561)**	(4,820)
Transfer to assets classified as held for sale	**–**	(1,999)
Balance at end of the year	**96,667**	113,445

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$96,667,000 (2013: HK$113,445,000) 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 of the Company 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:

	2014		2013	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	***HK$'000***	*$'000*	*HK$'000*
USD	**1,090**	**8,460**	935	7,258
AUD	**105**	**757**	116	935
GBP	**16**	**211**	27	315

17. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH/BANK OVERDRAFT

As at 31 March 2014, bank balances amounting to HK$4,815,000 (2013: HK$5,411,000) 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 2003. The restricted bank balances carry fixed interest rate at 0.50% (2013: 0.50%) per annum for the year.

Included in bank balances and cash is an amount of approximately HK$236,151,000 (2013: HK$167,272,000) placed in time deposits for periods from 1 day to 2 months. Such deposits bear fixed interest between 0.01% – 1.31% (2013: 0.15% to 0.50%) 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% (2013: 0.10%) per annum.

As at 31 March 2013, the bank overdraft carried interest based on Hong Kong Dollar Prime Rate of 4.25% per annum and repayable on demand. No bank overdraft is made as at 31 March 2014.

18. TRADE AND OTHER PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**86,834**	109,185
Accrued staff costs	**157,682**	133,741
Accrued charges *(Note a)*	**78,980**	80,942
Deposit received for potential disposal of Taiwan business *(Note b)*	**–**	455,373
Other payables *(Note c)*	**136,762**	111,985
Trade and other payables	**460,258**	891,226

Note a: The balance includes accrual for repair and maintenance expenses of HK$35,902,000 (2013: HK$23,240,000), accrual for utilities of HK$9,043,000 (2013: HK$8,307,000) and other miscellaneous accrual of HK$34,035,000 (2013: HK$49,395,000).

Note b: The balance represents deposit received from the potential purchasers for the potential disposal of newspapers publication and printing business, books and magazines publication and printing business and television broadcasting business in Taiwan. The amount is refunded subsequent to 31 March 2013 after termination of the sale and purchase agreement.

Note c: The balance includes deposit received for subscription of and advertisement in newspapers, magazines and internet of HK$10,109,000 (2013: HK$12,042,000) and temporary receipt from customers of newspaper publication of HK$22,031,000 (2013: HK$14,399,000) and other operating expenses payables of HK$104,622,000 (2013: HK$85,544,000).

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

	2014	2013
	HK$'000	*HK$'000*
0 – 1 month	**59,332**	78,473
1 – 3 months	**20,152**	22,192
Over 3 months	**7,350**	8,520
	86,834	109,185

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

	2014	2013
	Denominated currency	Denominated currency
	$'000	*$'000*
USD	**2,462**	5,025
Equivalent to	**HK$19,099**	HK$38,978

19. BORROWINGS

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

	2014	2013
	HK$'000	*HK$'000*
Carrying amount repayable		
– on demand or within one year	**264,388**	323,734
– in the second year	**80,638**	82,401
– in the third year	**80,638**	82,401
– in the fourth year	**80,638**	82,401
– in the fifth year	**80,638**	82,401
– more than five years	**73,920**	151,068
	660,860	804,406
Less: Amount due within one year or on demand shown under current liabilities	**(264,388)**	(323,734)
Non-current portion	**396,472**	480,672

Bank loans comprise balances of HK$477,110,000 carrying interests at Post Office 2-year Deposit rate in Taiwan plus 1.4275% per annum and balance of HK$183,750,000 carrying interest at HIBOR plus 2.75% per annum (2013: bank loans of HK$494,406,000 carrying interests at Post Office 2-year deposit rate in Taiwan plus 1.4275% per annum, balances of HK$210,000,000 and HK$100,000,000 carrying interest at HIBOR plus 2.75% and 1.25% per annum, respectively).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.85% (2013: 2.70%) per annum.

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

In respect of the syndicated bank loans of HK$183,750,000 as at 31 March 2014 (2013: HK$210,000,000), the Group was unable to fulfil the required financial covenants. Up to the date these consolidated financial statements are authorised for issuance, the syndicated bank loans were fully settled. The loans are classified as current liability as at 31 March 2014.

20. SHARE CAPITAL

Ordinary shares of HK$1 each *(Note b)*

	Authorised	
	No. of shares	*HK$'000*
At 1 April 2012, 31 March 2013 and 31 March 2014 *(Note a)*	4,600,000,000	4,600,000

	Issued and fully paid			
	Number of shares		**Share capital**	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
			HK$'000	*HK$'000*
At beginning of year	**2,431,006,881**	2,412,496,881	**2,431,007**	2,412,497
Exercise of share options	**–**	18,510,000	**–**	18,510
Ordinary shares of HK$1 each	**2,431,006,881**	2,431,006,881	**2,431,007**	2,431,007
Transfer of share premium reserve upon abolition of par value *(Note b)*	**–**	–	**928,702**	–
Ordinary shares with no par value	**2,431,006,881**	2,431,006,881	**3,359,709**	2,431,007

Note a: Under Chapter 622 of the new Hong Kong Companies Ordinance, the concept of "authorised share capital" had been abolished. However, the Company is required to disclose the authorised capital if the Company include a maximum number of shares in its articles of association.

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

21. EVENT AFTER THE REPORTING PERIOD

On 9 May 2014, the Hong Kong High Court made an order confirming the reduction of the Company's share premium account by HK$924,962,000 (the "Reduction of Share Premium Account") pursuant to Section 60 of the Companies Ordinance. Upon registration of the court order with the Companies Registry on 22 May 2014, the Reduction of Share Premium Account became effective. Hence, the Company reduced its share capital account by HK$924,962,000 to set off against the Company's total accumulated losses.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The revenue from the continuing operations of Next Media Limited ("the Company") and its subsidiaries (collectively, "the Group") amounted to HK$3,268.9 million during the year ended 31 March 2014. This was HK$205.2 million less than the figure of HK$3,474.1 million achieved in the previous 12 months. The major contributing factor for this decrease was the decrease in advertising and circulation income of the Group's publications.

Discontinued Operation

Television and Multi-media Business

Since 31 October 2012, the Group has ceased its multi-media operation in Taiwan.

The Group sold the entire issued share capital of Next TV Broadcasting Limited ("Next TV"), its TV operating subsidiary in Taiwan, and assigned the shareholders' loan to Mr. Lien Tai-sheng during the year under review. Mr. Lien paid the total consideration due under the sale and purchase agreement that he and the Group had signed on 15 April 2013; and he assumed the right to manage, deal with and enjoy the benefits therefrom with effect from 31 May 2013 pursuant to a supplement agreement dated 23 September 2013. Upon completion of this sale on 30 December 2013, the Group ceased to hold any interest in Next TV.

Disposal of Associates

Colored World Holdings Limited ("Colored World")

On 27 September 2013, Next Media agreed to sell its remaining 30.0 per cent equity interest in its animation business, Colored World, to Sum Tat Ventures Limited ("STV"), a company 100.0 per cent beneficially owned by Next Media's Chairman, Mr. Jimmy Lai, for a cash consideration of US$20.0 million (the equivalent of HK$155.1 million). As this transaction constituted a connected transaction for the Company under the Listing Rules, Next Media sought the approval of the Company's independent shareholders, which was given at an Extraordinary General Meeting held on 13 November 2013. The transaction was duly completed on 18 November 2013.

Next Media had previously sold the other 70.0 per cent of its equity interest in Colored World to STV on 31 October 2011. It therefore, upon completion of the above sale of 30.0 per cent equity interest, no longer has any interest in Colored World and its subsidiaries, which have ceased to be associated companies of the Group.

Continuing Operations

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division once again accounted for the lion's share of the Group's revenue from all its continuing operations. The Division's revenue for this year amounted to HK$2,022.3 million, a decrease of 13.2 per cent compared with the figure of HK$2,329.3 million for the previous year.

Apple Daily

The high calibre of *Apple Daily*'s content, together with its fearless investigation and reporting of the facts concerning a broad range of issues that interest the public, have earned it the strong loyalty of its quality readership and enabled it to retain its top market position in terms of the average number of people who read it every day. During the year under review, *Apple Daily*'s revenue amounted to HK$806.0 million, a 11.0 per cent decrease on the previous financial year's figure of HK$905.7 million. Circulation income accounted for HK$305.4 million of this, which was 1.1 per cent lower than the previous year's figure of HK$308.8 million. Its advertising income for the year totalled HK$500.6 million, a 16.1 per cent decrease on the previous year's total of HK$596.9 million.

Hong Kong Sharp Daily

On 21 October 2013, the Group discontinued the publication of *Sharp Daily*, its free daily newspaper in Hong Kong, which was published by its indirectly wholly-owned subsidiary, Sharp Daily Limited. It took this step in order to consolidate its printing operations in Hong Kong and to focus its attention and resources on its profitable operations. Nevertheless, it continues to publish *Taiwan Sharp Daily*.

Taiwan Apple Daily

The objective and dynamic reporting style of *Taiwan Apple Daily*, together with its lively and colourful format, have been a huge hit with readers on the island ever since it made its debut in 2003. This has been demonstrated by the dominant position the newspaper has consistently enjoyed in the industry, both in terms of readership and advertising revenue. The unique demographics of the newspaper's readers also make it an ideal choice for advertisers seeking to reach younger high-income individuals. They include companies in the property, retail, cosmetics, household electrical appliance and automobile sectors.

The newspaper's revenue totalled HK$1,023.8 million, a decrease of 10.5 per cent on the previous year's HK$1,143.7 million. Advertising income accounted for HK$718.1 million of this, 8.4 per cent less than the HK$783.8 million recorded for the preceding 12 months, whereas its circulation income was HK$303.1 million, 14.9 per cent less than the HK$356.0 million a year earlier.

Taiwan Sharp Daily

Since 2006, this free daily has been providing a daily average of 171,943 copies to commuters with a daily mix of news, entertainment and features as they leave Taipei Rapid Transit's subway stations every morning from Monday to Friday.

Apple Daily Printing Limited ("ADPL")

The Group's newspaper printing business was adversely affected by the decline in the print runs of its publications, the discontinuation of *Hong Kong Sharp Daily* and the expiry of contracts to print several titles for external publishers. Nonetheless, ADPL continued to contribute to the Group's revenues, earning a total of HK$86.6 million for its work on behalf of external customers, a decrease of 25.5 per cent on its external revenue during the previous financial year.

Books and Magazines Publication and Printing Division

The Books and Magazines Publication and Printing Division continued to contribute to the Group's total revenue. Its revenue for the year under review amounted to HK$882.3 million, a 10.7 per cent decrease on the previous year's figure of HK$987.6 million.

Next Magazine Bundle

The Group's flagship weekly remained Hong Kong's second most widely read Chinese weekly magazine during the year under review. The high-calibre demographic profile of *Next Magazine*'s readers remains very attractive to advertisers. This makes the magazine a magnet for advertising, especially companies in the skincare and cosmetics, watches and fashion sectors. *Next+ONe* – a perfect-bound magazine focusing on city trends and smart lifestyles in the areas of fashion, luxury, beauty and living that is bundled with *Next Magazine* – continued to draw a substantial amount of high-end product advertising. The advertising revenue of the *Next Magazine Bundle* during the year under review amounted to HK$183.9 million, a decrease of 11.2 per cent compared with the figure of HK$207.1 million for the previous financial year.

Sudden Weekly Bundle

Sudden Weekly Bundle incorporates *Sudden Weekly*, *Eat and Travel Weekly* and *ME!*. It is Hong Kong's bestselling and most widely read weekly magazine, and it dominates the market segment of publications that target female readers. During the financial year under review, *Sudden Weekly Bundle*'s advertising income amounted to HK$220.0 million, compared with the previous year's figure of HK$242.0 million, a decrease of 9.1 per cent, whereas its total revenue amounted to HK$273.1 million, as against HK$308.2 million during the previous year, a decrease of 11.4 per cent that was mainly attributable to lower advertising income.

FACE Bundle

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 4.8 per cent to HK$92.0 million in the year under review, compared to HK$96.6 million during the previous 12 months.

Taiwan Next Magazine Bundle

The island's best-selling and most widely read weekly, *Taiwan Next Magazine*, these factors made *Taiwan Next Magazine*'s readership an attractive target for advertisers, especially those in the beauty and toiletries, watches and eyewear and food and beverage sectors. Its advertising revenue amounted to HK$139.7 million during the year ended 31 March 2014, a decrease of 9.5 per cent on the figure of HK$154.3 million for the previous 12 months.

Commercial Printing

The commercial printing industry is now a global one, and Next Media's commercial printing business has to compete against an increasing number of rival companies in the region and worldwide, including increasingly sophisticated operations based in low-cost economies. Its performance was also buffeted by adverse economic conditions in many parts of the world, which reduced its volume of new business and made existing clients more and more price sensitive during the year under review. The operation's revenue for the year ended 31 March 2014 amounted to HK$228.5 million, which was 4.3 per cent less than its income of HK$238.7 million during the previous financial year. Internal revenue accounted for HK$133.8 million or 58.6 per cent of its revenue, whereas revenue from external customers contributed the remaining HK$94.7 million, a decrease of 5.7 per cent on the preceding financial year's figure of HK$100.4 million.

Digital Businesses Division

The past few years have shown beyond any shadow of a doubt that the future of media companies like Next Media lies in the online and mobile markets. Consumers of content and specifically our readers have changed and migrated to digital devices. So the Group established and built up its Digital Businesses Division to better serve our readers.

The digital (mobile and web) version of *Apple Daily* has retained its unchallenged status as Hong Kong's most-visited interactive news destination. It has consistently attracted more than 30.0 million view counts every day from all channels and devices, and the number of daily unique users has reached 2.0 million (Source: Google Analytics). As a result, *Apple Action News* has a dominant readership position on mobile devices, with an average number of 5.6 million monthly unique users.

In Taiwan, *Apple Daily*'s portal has made further inroads digitally in line with its print leadership position, attracting 16.0 million view counts everyday from all platforms and devices with monthly unique users of 22.0 million (Source: Google Analytics).

Having acquired the games operations of Next Media Animation Limited since August 2013, the Division has devoted greater resources to developing a number of mobile games with high monetisation potential. Since last year's successful launch of *Life Is Crime*, a location-based Massive Multiplayer Online (MMO) game, the Division, via its operating arm, nxTomo Games, has gone on to introduce *Barcode Footballer*, a mobile football management game that has consistently ranked among the top-grossing mobile games on *App Store* and *Google Play* respectively.

In January 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.

A new genre of animated entertainment called *TomoToon* has been introduced as well. This blends licensed Japanese Manga content with 3D animation in an exciting new way. Its pilots were well received when they were distributed on *Apple Daily*'s website and mobile apps.

The Division's external revenues consisted of subscription fees, online advertising revenue, content licensing payments, games and content sponsorship and in-app purchase of virtual products. They amounted to HK$364.3 million during the year under review, an increase of 131.7 per cent on the previous year's figure of HK$157.2 million. The bulk of this income, around 85.4 per cent, was generated in Hong Kong.

During the year under review, the Division recorded a segment loss of HK$17.7 million, a marked improvement from a segment loss of HK$124.5 million in the previous 12 months. This was mainly due to a significant increase in advertising income. Following a period of ongoing investment in the technology infrastructure to support more sophisticated digital advertising, games development and startup costs for the digital strategies for our magazine properties, the Division has entered into profitability beginning from the last quarter of the reporting period as a result of increased advertising as well as games revenue.

Financial Review

Consolidated Financial Results for Continuing Operations

Revenue

Next Media Limited's total revenue from continuing operations amounted to HK$3,268.9 million during the year ended 31 March 2014, a decrease of 5.9 per cent or HK$205.2 million on the figure of HK$3,474.1 million recorded in the previous 12 months.

The Group continued to derive most of its revenue from Hong Kong, where its operations accounted for HK$1,905.0 million or 58.3 per cent of its total revenue during the 2013/14 financial year. That was followed by Taiwan, which was responsible for 40.2 per cent. Taiwan's contribution decreased by 7.8 per cent from the previous financial year's HK$1,423.6 million to HK$1,312.7 million during the year under review.

Newspapers Publication and Printing Division continued to account for the largest share of the Group's revenue from continuing operations. It generated HK$2,022.3 million or 61.9 per cent of the Group's total revenue, a decrease of HK$307.0 million or 13.2 per cent on the figure of HK$2,329.3 million for the previous financial year.

The Books and Magazines Publication and Printing Division's revenue accounted for HK$882.3 million or 27.0 per cent of the Group's total revenue from continuing operations, a decrease of 10.7 per cent on the figure of HK$987.6 million in 2012/13.

During the year under review, the Digital Businesses Division generated revenues amounting to HK$364.3 million, representing an increase of 131.7 per cent against the figures of HK$157.2 million for the previous year.

EBITDA and Segment Results

The Group's Earnings Before Interest, Taxes, Depreciation, Amortisation (EBITDA) and impairment from continuing operations for the year ended 31 March 2014 amounted to HK$556.3 million. This was HK$97.5 million or 21.3 per cent higher than the restated figure of HK$458.8 million in the previous financial year.

The Group made a segment profit from continuing operations of HK$328.2 million during the year under review, compared with a segment profit of HK$338.9 million in the previous financial year.

The segment profit of the Newspapers Publication and Printing Division decreased by 15.7 per cent to HK$295.5 million, compared to the previous financial year's figure of HK$350.5 million.

The segment profit of the Books and Magazines Publication and Printing Division declined by 55.4 per cent to HK$50.4 million, compared with the figure of HK$112.9 million for the preceding 12 months.

The Digital Businesses Division recorded a segment loss of HK$17.7 million, compared with a segment loss of HK$124.5 million during the previous financial year.

Discontinued Operation

Television and Multi-media Business

Since 31 October 2012, the Group has ceased its multi-media operation in Taiwan.

During the year under review, the Group sold its entire shareholding interest in Next TV to Mr. Lien pursuant to a sale and purchase agreement dated 15 April 2013. On 23 September 2013, the parties concerned entered into a supplemental agreement, whereby, Mr. Lien assumed the right to manage, deal with and enjoy the benefits of all shares in Next TV with effect from 31 May 2013 and therefore, the Group would not be responsible for any losses and profits arising from the shares in Next TV. Completion of the said sale has taken place on 30 December 2013. The Group recorded a loss on disposal of Next TV of HK$8.0 million. During the year, the Division recorded a loss of HK$82.6 million, compared with a loss of HK$1,107.9 million for the financial year 2012/13.

Disposal of Associates

Colored World

As a result of the sale of the remaining 30.0 per cent equity interest in Colored World during the year under review, the Group has recorded a gain on disposal amounting to HK$117.7 million. Colored World and its subsidiaries have ceased to be associated companies of the Group upon completion of such sale on 18 November 2013.

Operating Expenses

The Group's expenses for continuing operations and excluding gain on disposal of associates totalled HK$2,970.9 million during the financial year under review. This was HK$175.6 million or 5.6 per cent lower than the previous financial year's restated figure of HK$3,146.5 million. Essential production costs accounted for HK$1,081.9 million or 36.4 per cent of its operating expenses during the year. Personnel costs accounted for HK$1,418.7 million or 47.8 per cent, an increase of HK$39.0 million or 2.8 per cent on the previous financial year's restated figure of HK$1,379.7 million.

Taxation

The taxes levied on the Group during the 2013/14 financial year amounted to HK$93.5 million, which was 34.9 per cent less than the previous financial year's figure of HK$143.7 million.

Financial Position

Current Assets and Current Liabilities

As at 31 March 2014, the Group's current assets (excluding assets classified as held for sale) amounted to HK$1,528.4 million, an increase of 14.1 per cent on the figure of HK$1,339.3 million 12 months earlier. The Group's current liabilities on the same date were HK$875.3 million, 37.2 per cent less than the figure of HK$1,393.6 million 12 months earlier. The aggregate total of the Group's bank balances and cash, including restricted bank balances, was HK$760.3 million, as at 31 March 2014. The current ratio on the same date was 174.6 per cent, which was 81.7 per cent higher than the figure of 96.1 per cent a year earlier.

Trade Receivables

The Group's trade receivables amounted to HK$521.9 million as at 31 March 2014, a decrease of 1.5 per cent on the figure of HK$529.6 million 12 months earlier. As at 31 March 2014, the average revenue days for the Group's trade receivables was 58.7 days, compared to 56.1 days on the same date of the previous financial year.

Trade Payables

As at 31 March 2014, the Group's trade payables amounted to HK$86.8 million. This was 20.5 per cent less than the figure of HK$109.2 million on the same date of the previous financial year. The average revenue days for the Group's trade payables was 44.4 days, compared to 40.1 days during 2012/13.

Long-term and Short-term Borrowings

As at 31 March 2014, the Group's long-term borrowings, including current portions, totalled HK$660.9 million. This represented a decrease of 17.8 per cent on the figure of HK$804.4 million on the same date of the previous financial year. As at 31 March 2014, the current portion of the Group's long-term borrowings stood at HK$264.4 million, a decrease of 18.3 per cent on the figure of HK$323.7 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during the 2013/14 financial year 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 2014, the Group's available banking facilities totalled HK$697.8 million, of which HK$664.4 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 Hong Kong and New Taiwanese dollars. As at 31 March 2014, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$760.3 million. Its gearing ratio on the same date was 15.7 per cent, compared to 19.3 per cent a year earlier. The Group's gearing ratio is calculated by dividing long-term borrowings, including current portions, by total asset value.

Share Capital Structure

With effect from the commencement of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); i.e. 3 March 2014, the Company's shares have no par value. As at 31 March 2014, the Company's total amount of issued and fully paid share capital became HK$3,359.7 million, of which, HK$928.7 million was transferred from the share premium reserve upon abolition of par value of shares. As at 31 March 2014, 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 2014 amounted to HK$383.2 million, compared with a net cash outflow from operating activities of HK$364.7 million the previous year.

The outflow of investment-related cash during the 2013/14 financial year totalled HK$9.4 million, compared to the inflow of investment-related activities of HK$401.1 million recorded during the previous financial year. Deposit received for potential disposal of Taiwan businesses in a total amount of HK$455.4 million was refunded during the year.

The Group's net cash outflow for financing activities during the year amounted to HK$160.0 million, compared to the preceding year's net cash outflow figure of HK$214.1 million. The new loans raised during the year under review totalled HK$150.0 million, of which a HK$150.0 million term loan from a bank syndicate was drawn down and pre-paid during the 2013/14 financial year.

Exchange Rate Exposure and Capital Expenditure

The Group's assets and liabilities are mainly denominated in Hong Kong dollars and New Taiwanese dollars. It continues to face exchange rate exposure, due to its newspaper and magazine publishing and digital businesses operations in Taiwan. It aims to reduce this exposure by arranging bank loans in New Taiwanese dollars, as and when appropriate.

As at 31 March 2014, the Group's net currency exposure stood at NT$3,399.2 million (the equivalent of HK$865.6 million) a decrease of 25.0 per cent on the figure of NT$4,534.3 million (the equivalent of HK$1,179.9 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 the 2013/14 financial year totalled HK$59.8 million. It has committed to further capital expenditure of HK$13.6 million for its continuing operations.

Pledge of Assets

As at 31 March 2014, 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$913.0 million.

Contingent Liabilities and Guarantees

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 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 per cent 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.

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

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As at 31 March 2014, these contingent liabilities amounted to HK$664.4 million.

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 masthead and publishing rights as at 31 March 2014, based on the value-in-use approach.

According to the valuation report, the value of the Group's masthead and publishing rights was HK$2,289.7 million as at 31 March 2014 (31 March 2013: HK$2,319.2 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2014 (31 March 2013: HK$1,300.9 million). Therefore, a revaluation surplus of HK$988.8 million arose on a Group basis as at 31 March 2014 (31 March 2013: HK$1,018.3 million). The Group's accounting policy is to state these intangible assets at cost less accumulated amortisation and accumulated impairment loss. Therefore, no adjustment was made to the Group's financial statements for this revaluation surplus.

PROSPECTS AND OUTLOOK

Overview of Major Markets

The fortunes of Hong Kong and Taiwan – the two markets in which Next Media operates – are very much intertwined with the economies of their principal trading partners, especially Mainland China, the US and Europe. At present, their prospects for 2014 look modestly bright.

In May, the OECD trimmed its forecast for China's 2014 economic growth slightly to 7.4 per cent, against last year's figure of 7.7 per cent. It also predicted an inflation rate of 2.4 per cent this year, compared with 2.6 per cent in 2013, and growth of exports of goods and services of 7.5 per cent, compared with 8.6 percent last year.

US economic growth rebounded strongly in the second quarter of 2014, with GDP expanding at a 3.9 per cent annualised rate. The brisk pace is expected to continue throughout the rest of the year.

The European Commission has stated that it believes the region's economic recovery, which began in the second quarter of last year, will continue to spread throughout its member states, gaining strength and becoming more balanced, in 2014.

Intensive public infrastructure works and sanguine consumer and business sentiment are expected to boost the Hong Kong economy this year. According to official forecasts, Hong Kong's GDP is expected to increase by between 3.0 and 4.0 per cent, compared with 2.9 per cent in 2013, and inflation is likely to ease from last year's 4.0 per cent to 3.7 per cent. Exports should fare better in 2014 too, riding on the latest improvements in advanced economies.

In Taiwan, the economy grew by 3.0 per cent year-on-year during the first quarter of 2014, the fastest rate since 2012 but well below the speed it regularly attained before the financial crisis. Key exports of semiconductors to the US and Europe increased, but those to China barely grew. The IMF believes Taiwan is on track to post GDP growth of 3.1 per cent this year, up from 2.1 per cent last year and 1.5 per cent in 2012.

Business Outlook

Against this somewhat mixed economic backdrop the Group intends to act prudently and keep a tight rein on its finances during the coming year.

In recent months it has withdrawn from a number of business activities which – although they seemed promising at the outset – failed to deliver the results the Group was aiming for. It has now consolidated its activities and sharpened its focus on its core brands. These are Next Media's most valuable assets. They include the most widely-read paid-for daily newspapers and weekly magazines in Hong Kong and Taiwan. They uphold high standards of journalistic professionalism, and they have tremendously loyal readerships with excellent demographics for generating advertising revenue.

The Group has long recognized the fundamental shift in demographics where the younger population are embracing digital media. It would be remiss of the Group not to acknowledge and proactively involve itself in these new ways of communicating with the public, especially the younger generation, and satisfying its demand for information and entertainment.

In these efforts, Next Media already has an important leading edge in the form of its journalistic capabilities, which have already made its online and mobile news portals frontrunners. Moreover, it is also investing in building a highly talented creative and technology team that is already producing acclaimed content and services that are generating a new revenue stream for the Group.

In summary, Next Media intends to refocus its efforts on its core traditional print media operations while simultaneously recognising the importance of engaging with huge potential new audiences via 21st century technology.

EMPLOYEES RELATIONS

As at 31 March 2014, Next Media employed a total of 4,044 people based in Hong Kong, Taiwan and Canada. Employees are rewarded on a basis of performance. Performance-related variable pay such as special year-end bonuses and a profit sharing scheme are provided to team members who have made exceptional contributions to the Group. To motivate our staff to generate extra value for shareholders, Next Media and its subsidiaries also operate discretionary share option schemes and a share subscription and financing plan. During the year under review, Next Media's total staff costs from continuing operations, including retirement benefits, amounted to HK$1,418.7 million, an increase of 2.8 per cent over the last year's restated figure of HK$1,379.7 million.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year (2012/13: Nil).

BOOK CLOSE PERIOD

The Register of Members of the Company will be closed from Monday, 28 July 2014 to Thursday, 31 July 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2014 Annual General Meeting of the Company (the "2014 AGM"), all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 25 July 2014.

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 2014.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2014, Next Media achieved full compliance with the applicable provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules (the"CG Code"), except for Code provision E.1.2 and A.6.7. Due to another business engagement, Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), the Chairman of the Board, Mr. Fok Kwong Hang, Terry, Mr. Wong Chi Hong, Frank, and Dr. Lee Ka Yam, Danny did not attend the Company's Annual General Meeting held on 22 July 2013 (the"2013 AGM"). Instead, Mr. Cheung Ka Sing, Cassian, the Executive Director of the Company and the Group's Chief Executive Officer, chaired the 2013 AGM in accordance with the provisions of Next Media's Articles of Association. During the year under review, the Chairman of the Board, Mr. Lai did not hold meetings with the INEDs of the Company pursuant to the 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 2014.

REDUCTION OF SHARE PREMIUM ACCOUNT

Reference is made to the Company's announcement dated 26 November 2013 and the circular to the shareholders dated 11 December 2013, subject to the shareholders' approval, confirmation from the High Court and the registration of the Court order (the "Order") with the Companies Registry in Hong Kong, the Company proposed to reduce the share premium account of the Company (the "Reduction of Share Premium Account") by HK$924,961,945 and apply the credit arising therefrom to set off against the accumulated losses of the Company. The proposal to set off the Company's accumulated losses with the credit arising out of the Reduction of Share Premium Account would put the Company in a position to legally pay dividends.

At an extraordinary general meeting held on 15 January 2014, the special resolution approving the Reduction of Share Premium Account has been duly passed by the shareholders.

On 9 May 2014, the Company announced that the High Court made the Order confirming the Reduction of the Share Premium Account of the Company from HK$928,701,723 to HK$3,739,778. On 22 May 2014, the Order has been duly registered with the Companies Registry in Hong Kong and the Reduction of Share Premium Account became effective upon registration.

Following the Reduction of Share Premium Account, the Company is now in position to legally pay dividends to its shareholders. Accordingly, the Board will consider to declare the payment of a special dividend and will make further announcement(s) as and when appropriate.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "New CO") governing companies incorporated in Hong Kong came into effect on 3 March 2014 which brought a number of statutory changes, the Directors, accordingly, propose to seek the approval from the shareholders at the 2014 AGM to adopt a new set of Articles of Association in place of the existing one by way of a special resolution in order to be in line with the relevant provisions as stipulated in the New CO. A circular containing, inter alia, information about the proposed amendments and notice of the 2014 AGM will be dispatched to the shareholders in due course.

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
Executive Director and Chief Executive Officer

Hong Kong, 16 June 2014

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. Lai Chee Ying, Jimmy *(Chairman)*
Mr. Cheung Ka Sing, Cassian
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