NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The Board of Directors (the "Board") of Next Media Limited (the "Company" or "Next Media") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	NOTES	2011 HK$'000	2010 HK$'000
Revenue	2	**3,478,569**	3,126,199
Production costs			
Cost of raw materials consumed		**(1,163,461)**	(994,051)
Film production costs		**(52,497)**	—
Other overheads		**(207,557)**	(133,013)
Staff costs		**(889,793)**	(721,708)
		(2,313,308)	(1,848,772)
Personnel costs excluding direct production staff costs		**(576,043)**	(463,402)
Other income	2	**49,587**	35,967
Depreciation of property, plant and equipment		**(179,094)**	(131,838)
Release of prepaid lease payments to profit or loss		**(1,797)**	(1,797)
Other expenses		**(390,916)**	(311,437)
Finance costs	4	**(9,318)**	(11,220)
Share of results from a jointly controlled company		**(3,053)**	—
Profit before tax		**54,627**	393,700
Income tax expense	5	**(74,171)**	(72,943)
(Loss) profit for the year		**(19,544)**	320,757
Other comprehensive income			
Exchange differences arising on translation		**110,759**	64,952
Total comprehensive income for the year		**91,215**	385,709
(Loss) profit for the year attributable to:			
Owners of the Company		**(19,730)**	317,876
Non-controlling interests		**186**	2,881
		(19,544)	320,757
Total comprehensive income attributable to:			
Owners of the Company		**90,865**	382,855
Non-controlling interests		**350**	2,854
		91,215	385,709
(Loss) earnings per share	7		
— Basic		**HK(1) cent**	HK13 cents
— Diluted		**HK(1) cent**	HK13 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	NOTES	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Intangible assets	8	**1,300,881**	1,300,881
Property, plant and equipment		**2,132,185**	1,797,812
Prepaid lease payments		**63,352**	65,149
Deposit for acquisition of property, plant and equipment		**145,363**	1,545
Interest in a jointly controlled entity		**1,172**	—
Investment in an unlisted convertible note		**6,216**	—
Derivatives embedded in the investment in an unlisted convertible note		**1,584**	—
		3,650,753	3,165,387
CURRENT ASSETS			
Programmes and film rights		**68,240**	—
Inventories	9	**171,000**	133,916
Trade and other receivables	10	**711,610**	543,449
Prepaid lease payments		**1,797**	1,797
Tax recoverable		**1,716**	999
Restricted bank balances		**5,411**	5,411
Bank balances and cash		**878,557**	794,527
		1,838,331	1,480,099
CURRENT LIABILITIES			
Trade and other payables	11	**653,594**	466,053
Borrowings	12	**127,107**	116,869
Obligations under finance leases		**4**	30
Tax liabilities		**23,620**	28,910
		804,325	611,862
NET CURRENT ASSETS		**1,034,006**	868,237
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,684,759**	4,033,624
NON-CURRENT LIABILITIES			
Borrowings	12	**752,176**	202,079
Defined benefit plans obligations		**27,242**	22,705
Deferred tax liabilities		**291,781**	291,029
		1,071,199	515,813
NET ASSETS		**3,613,560**	3,517,811
CAPITAL AND RESERVES			
Share capital		**2,412,497**	2,412,497
Reserves		**1,196,650**	1,101,976
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,609,147**	3,514,473
NON-CONTROLLING INTERESTS		**4,413**	3,338
TOTAL EQUITY		**3,613,560**	3,517,811

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

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as disclosed below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group applies prospectively from 1 April 2010 the requirements in HKAS 27 (Revised 2008) *Consolidation and Separate Financial Statements* in relation to the allocation of profit or loss and other comprehensive items to non-controlling interests and the accounting for changes in ownership of a subsidiary.

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

However, as a part of the consequential amendments of HKAS 27, HKAS 7 has been amended such that the cash flows arising from changes in ownership interest in a subsidiary that do not result in a loss of control are classified as financing activities in the consolidated statement of cash flows. This change has been applied retrospectively. Accordingly, the cash consideration paid in the current year of HK$6,606,000 and in the prior year of HK$235,000 for acquisition of additional interest in a subsidiary has been reclassified from cash flows used in investing activities to cash flows used in financing activities.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HK (IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2011.
[3] Effective for annual periods beginning on or after 1 January 2013.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 January 2011.
[6] Effective for annual periods beginning on or after 1 July 2010.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either 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 accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 presentation 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and that the application of HKFRS 9 will have no material impact on the amount of the Group's financial assets and financial liabilities.

2. REVENUE AND OTHER INCOME

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

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sales of newspapers	**782,952**	793,382
Sales of books and magazines	**259,890**	263,576
Newspapers advertising income	**1,533,407**	1,263,441
Books and magazines advertising income	**643,921**	548,599
Printing and reprographic services income	**240,305**	212,602
Television advertising income	**4,834**	—
Internet advertising income, internet subscription and content provision ("Internet businesses")	**13,260**	44,599
	3,478,569	3,126,199
Other income		
Sales of waste materials	**23,658**	16,583
Interest income on bank deposits	**1,529**	2,383
Rental income	**1,725**	1,764
Net exchange gain	**13,877**	7,659
Others	**8,798**	7,578
	49,587	35,967

3. SEGMENT INFORMATION

Information reported to the Group's chief operating officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on 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.

Specifically, the Group's operating segments under HKFRS 8 are as follows:

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

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

Segment revenue and results

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

For the year ended 31 March 2011

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	**2,453,300**	**1,007,175**	**4,834**	**13,260**	**—**	**3,478,569**
Inter-segment sales	**6,640**	**19,617**	**22**	**94,346**	**(120,625)**	**—**
	2,459,940	**1,026,792**	**4,856**	**107,606**	**(120,625)**	**3,478,569**
Segment results	**471,589**	**129,819**	**(459,215)**	**(49,650)**	**—**	**92,543**
Unallocated expenses						**(40,101)**
Unallocated income						**11,503**
Finance costs						**(9,318)**
Profit before tax						**54,627**
Income tax expense						**(74,171)**
Loss for the year						**(19,544)**

For the year ended 31 March 2010

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	2,176,485	905,115	—	44,599	—	3,126,199
Inter-segment sales	2,091	20,293	—	—	(22,384)	—
	2,178,576	925,408	—	44,599	(22,384)	3,126,199
Segment results	453,134	137,901	(94,895)	(73,445)	—	422,695
Unallocated expenses						(29,500)
Unallocated income						11,725
Finance costs						(11,220)
Profit before tax						393,700
Income tax expense						(72,943)
Profit for the year						320,757

Segment profit (loss) represents the profit (loss) earned by each segment without allocation of income resulted from interest income, finance costs and certain corporate and administrative expenses. This is the measure reported to management for the purposes of resource allocation and performance assessment. Included in profit (loss) for the year is loss on disposal of property, plant and equipment amounting to HK$1,493,000 (2010: HK$6,430,000).

Segment assets and liabilities

As at 31 March 2011

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Television** *HK$'000*	**Internet businesses** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
Segment assets	**2,514,988**	**829,747**	**1,184,447**	**61,698**	**—**	**4,590,880**
Unallocated assets						**898,204**
Total assets						**5,489,084**
Segment liabilities	**(276,666)**	**(232,619)**	**(126,544)**	**(20,406)**	**—**	**(656,235)**
Unallocated liabilities						**(1,219,289)**
Total liabilities						**(1,875,524)**

As at 31 March 2010

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	2,506,174	762,531	532,415	40,088	—	3,841,208
Unallocated assets						804,278
Total assets						4,645,486
Segment liabilities	(246,654)	(160,867)	(49,731)	(16,886)	—	(474,138)
Unallocated liabilities						(653,537)
Total liabilities						(1,127,675)

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

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

- all liabilities are allocated to operating segments other than certain other payables, tax liabilities, deferred tax liabilities and corporate liabilities that are not attributable to segments.

Geographical information

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (country of domicile)	**1,966,704**	1,829,929	**1,946,818**	1,972,336
Taiwan	**1,460,389**	1,250,303	**1,693,815**	1,191,872
North America	**25,232**	24,435	**1,148**	1,179
Europe	**14,194**	9,246	**—**	—
Australasia	**11,048**	10,886	**—**	—
Others	**1,002**	1,400	**—**	—
	3,478,569	3,126,199	**3,641,781**	3,165,387

Information about major customers

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

	2011	2010
	HK$'000	*HK$'000*
Customer A *(Note)*	**1,042,842**	1,056,958

Note: Revenue from this customer comprised revenue earned in newspapers publication and printing and books and magazines publication and printing amounting to HK$782,952,000 (2010: HK$793,382,000) and HK$259,890,000 (2010: HK$263,576,000), respectively.

4. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**9,317**	11,211
Interest expense on finance leases wholly repayable within five years	**1**	9
	9,318	11,220

5. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**67,074**	70,771
Taiwan	**6,373**	5,830
Overprovision in prior years	**(28)**	(77)
	73,419	76,524
Deferred tax:		
Current year	**752**	(3,581)
	74,171	72,943

Hong Kong Profits Tax is calculated at 16.5% for both years.

Taiwan Profits Tax is calculated at 17% (2010: 20%) of the estimated assessable profits. The statutory corporate income tax rate was reduced from 25% to 20% from 1 January 2010. On 28 May 2010, Taiwan Legislative Council has gone through the entire three-reading procedure to enact a change in the statutory corporate income tax rate from the previously reduced 20% further to 17% effective in current financial year.

6. DIVIDENDS

No dividend was paid or declared during the years ended 31 March 2010 and 2011, nor has any dividend been proposed since the end of the reporting period.

7. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(19,730)**	317,876

Number of shares

	2011	2010
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,412,496,881**	2,412,496,881
Effect of dilutive potential ordinary shares:		
Share options and share subscription plan *(Note)*	**—**	26,900
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,412,496,881**	2,412,523,781

Note: The computation of diluted loss per share for the current year does not assume the conversion of the Company's outstanding share options and share subscription plan as their exercise would result in a decrease in loss per share.

8. INTANGIBLE ASSETS

	Masthead and publishing rights *HK$'000*
COST	
At 1 April 2009, 31 March 2010 and 31 March 2011	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2009, 31 March 2010 and 31 March 2011	181,918
CARRYING VALUES	
At 31 March 2011 and 31 March 2010	1,300,881

9. INVENTORIES

	2011 *HK$'000*	2010 *HK$'000*
Raw materials	**165,941**	128,606
Work in progress	**3,366**	3,675
Finished goods	**1,693**	1,635
	171,000	133,916

10. TRADE AND OTHER RECEIVABLES

	2011 *HK$'000*	2010 *HK$'000*
Trade receivables	**588,504**	530,149
Less: allowance for doubtful debts	**(104,547)**	(96,449)
	483,957	433,700
Prepayments	**166,219**	51,369
Rental and other deposits	**17,586**	14,224
Others	**43,848**	44,156
Trade and other receivables	**711,610**	543,449

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

	2011	2010
	HK$'000	*HK$'000*
0–1 month	**250,644**	224,810
1–3 months	**227,767**	204,447
3–4 months	**5,121**	3,776
Over 4 months	**425**	667
	483,957	433,700

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$425,000 (2010: HK$667,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors assessed that the balances will be recovered base 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:

	2011	2010
	HK$'000	*HK$'000*
Over 4 months	**425**	667

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

Movement in the allowance for doubtful debts

	2011	2010
	HK$'000	*HK$'000*
Balance at beginning of the year	**96,449**	79,753
Allowance for bad and doubtful debts	**6,892**	15,638
Exchange difference	**3,264**	2,311
Amounts written off as uncollectible	**(2,058)**	(1,253)
Balance at end of the year	**104,547**	96,449

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$104,547,000 (2010: HK$96,449,000) which have delayed payments with poor settlement record. The Group does not hold any collateral over these balances.

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

	2011		2010	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	*HK$'000*	*$'000*	*HK$'000*
USD	**691**	**5,374**	1,069	8,300
AUD	**251**	**2,015**	226	1,575
GBP	**41**	**506**	24	293

11. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**163,620**	122,441
Accrued charges and other payables *(Note)*	**489,974**	343,612
Trade and other payables	**653,594**	466,053

Note: The accrued charges include an amount of HK$88,293,000 (2010: HK$51,200,000) as provision mainly for legal and professional expenses relating to a number of legal proceedings. Utilisation of such provision amounted to HK$36,010,000 (2010: HK$26,038,000) during the year ended 31 March 2011.

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

	2011	2010
	HK$'000	*HK$'000*
0–1 month	**128,910**	88,831
1–3 months	**28,733**	24,632
Over 3 months	**5,977**	8,978
	163,620	122,441

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

	2011	2010
	Denominated currency	Denominated currency
	$'000	*$'000*
USD	**4,034**	5,298
Equivalent to	**HK$31,563**	HK$41,135

12. BORROWINGS

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

	2011	2010
	HK$'000	*HK$'000*
Carrying amount repayable		
— within one year	**127,107**	116,869
— in the second year	**370,857**	116,869
— in the third year	**289,607**	85,210
— in the fourth year	**45,856**	—
— in the fifth year	**45,856**	—
	879,283	318,948
Less: Amount due within one year shown under current liabilities	**(127,107)**	(116,869)
Non-current portion	**752,176**	202,079

All bank loans are variable-rate borrowings which carry interests at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.75% per annum and Hong Kong Interbank Offered Rate plus 2% per annum (2010: Primary Commercial Paper composite rate in Taiwan 51328 plus 0.75% per annum).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.21% (2010: 2.14%) per annum.

All the Group's borrowings are denominated in NTD and HK$, the functional currencies of the relevant group entities.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Next Media's revenue totalled HK$3,478.6 million during the year ended 31 March 2011. This was 11.3 per cent higher than the figure of HK$3,126.2 million for the preceding 12 months.

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the largest percentage of the Group's revenue. During the 2010/11 financial year, the Division's revenue totalled HK$2,453.3 million, an increase of 12.7 per cent on the figure of HK$2,176.5 million for the previous year.

Apple Daily

Apple Daily's revenue amounted to HK$1,095.2 million during the year under review, an increase of 8.3 per cent on the previous financial year's figure of HK$1,011.6 million. Due to a slight decrease in its average daily sales during the year, *Apple Daily*'s circulation sales income was HK$388.6 million, 3.7 per cent less than the previous year's figure of HK$403.4 million. Influenced by the Hong Kong economy's strong recovery during the second half of 2010, the newspaper's advertising sales income amounted to HK$706.6 million, 16.2 per cent more than the previous financial year's figure of HK$608.2 million.

Taiwan Apple Daily

Taiwan Apple Daily remained highly attractive to the island's advertisers, especially businesses in the property, department store and cosmetics sectors. The improving economy and the paper's excellent readership profile encouraged them to increase their spending. As a result, *Taiwan Apple Daily*'s advertising revenue grew by 26.2 per cent to HK$826.8 million, compared with HK$655.2 million for the 2009/10 financial year.

Meanwhile, the newspaper's total revenue increased by HK$176.8 million during the year under review, and its profitability grew by 22.4 per cent to HK$213.7 million, compared with the previous financial year's HK$174.6 million.

Apple Daily Printing Limited (ADPL)

The newspaper printing business once again contributed a stable income to the Group. Its Hong Kong printing operations recorded a revenue of HK$396.6 million during the 2010/11 financial year, compared with HK$377.6 million the previous year, an increase of 5.0 per cent.

Excluding transactions related to printing Next Media's own publications, the revenue of ADPL amounted to HK$133.7 million during the 2010/11 financial year, which was 14.0 per cent higher than the HK$117.3 million it achieved in the preceding 12 months.

Books and Magazines Publication and Printing Division

The Books and Magazines Publishing and Printing Division accounted for a significant proportion of the Group's income. Its revenue during the year under review amounted to HK$1,007.2 million, a 11.3 per cent increase on the previous financial year's figure of HK$905.1 million.

Next Magazine Bundle

The Group's flagship weekly maintained its ranking as Hong Kong's second most widely read Chinese weekly magazine during the financial year ended 31 March 2011. Since October 2010, *Next+ONe*, a perfect-bound magazine that focuses on city trends and smart lifestyles in the areas of fashion, luxury, beauty and living, has been bundled with *Next Magazine*, in order to attract high-end and luxury product advertising.

Next Magazine Bundle's advertising revenue for the year under review surged by 16.8 per cent to HK$188.2 million, compared with HK$161.1 million during the preceding 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 stands head and shoulders above other publications that primarily target female readers.

During the year under review, *Sudden Weekly Bundle*'s advertising sales income amounted to HK$216.1 million, compared with the figure of HK$187.4 million in 2009/10; and its total revenue amounted to HK$305.2 million, as against HK$278.1 million during the previous financial year, representing increases of 15.3 per cent and 9.7 per cent, respectively.

FACE Bundle

FACE, which is bundled with *Auto Express*, *Trading Express* and *Ketchup*, aims to attract affluent young adult readers and advertisers seeking to reach them.

FACE Bundle's total revenue was 7.2 per cent higher in the year under review, amounting to HK$93.3 million, compared to HK$87.0 million during the preceding 12 months.

Taiwan Next Magazine Bundle

Taiwan Next Magazine Bundle greatly extended its lead as the island's best-read and bestselling weekly during the 12 months up to 31 March 2011. Since November 2010, a perfect-bound magazine — "*Taiwan ME!*" — focusing on fashion, luxury and beauty products for high-income females and office ladies has been bundled with *Taiwan Next Magazine*, in order to attract further advertising revenue from these product segments.

Buoyed by the island's improving economy *Taiwan Next Magazine Bundle*'s advertising sales amounted to HK$162.9 million in the year ended 31 March 2011, an increase of 22.9 per cent on the figure of HK$132.5 million for the previous 12 months.

Commercial Printing

Next Media's commercial printing operation had to continue to compete vigorously against a growing number of increasingly sophisticated rivals in Mainland China in order to win business from price-sensitive clients, many of whom were publishers of high-end books in Hong Kong, North America, Europe and Australasia. Its revenue during the year ended 31 March 2011 amounted to HK$265.5 million, which was 8.0 per cent more than the figure of HK$245.8 million for the previous financial year. Internal sales accounted for HK$162.1 million or 61.1 per cent of this, whereas sales to external customers made up the remaining HK$103.4 million, an increase of 11.3 per cent on the preceding financial year's figure of HK$92.9 million.

Internet Division

The Internet Division continued to provide local and overseas readers with a convenient and economical way to access their favourite Next Media publications.

To attract more visitors and advertising revenue, it has been continuously refining and improving the Group's websites. During the year, it revamped *Apple Daily's* i-Phone and i-Pad application and launched an Android version of mobile application, extending the paper's availability to all segments of the market.

In addition, the Division has begun to create virtual entertainment content for the Group's TV network in Taiwan. It has also formed an international editorial team to offer its animation services to external clients in Hong Kong and worldwide, and a sales office has been established in the US for the same purpose.

The Division generated a total of HK$13.3 million in external revenue, compared with HK$44.6 million the previous financial year. This consisted of subscription fees, advertising revenue and content licensing payments, as well as a new income stream from its animation services for external clients.

The Group is confident the Internet Division's revenue will improve in the future. It has therefore revamped the portal's contents, and it has continued to invest in human resources and technology for its webcast and animation operations.

The Internet Division made a segmental loss of HK$49.7 million during the year under review, compared to a loss of HK$73.4 million during the previous year. However, this loss will be further mitigated in the coming months, when TV, *Apple Daily*, *Taiwan Apple Daily* and Next Media Webcast Limited begin to pay commercial rates for the work the Division does on its behalf.

TV Division

Next Media sees great potential in the overcrowded but fragmented and analogue-dominated Taiwan TV market.

The Group's first step was to launch two Internet Protocol TV (IPTV) channels dedicated to news and general interests programming on 28 December 2010. By March 2011, more than 100,000 households have already signed up to become members of our Yi Wang Le club. A key benefit for such members is that they received set-top boxes which are necessary for decoding *Next TV* signals on loan and free of charge. A video-on-demand service was also launched at the same time, offering the latest Hollywood movies as well as other popular programs to such members.

Whilst operating IPTV channels does not require government licensing, broadcasting on other platforms (e.g. cable) requires satellite TV Broadcast licenses. To keep all our options open, we have taken a number of steps in the area of satellite TV Broadcast licenses. The Taiwan Government's National Communications Committee ("NCC") has granted the Group two satellite TV Broadcast licences, for a movie and a sports channel. These have not yet started broadcasting. Applications for a news channel is currently in progress. We have also filed administrative review requests against the NCC's previous rejection of our satellite TV Broadcast licenses for news, entertainment and general interests channels.

For more than a year, the Group has been creating original and attractive high-definition (HD) content, and in addition to the IPTV platform, which is central to our strategy, we have also signed up distribution partnerships for selected programmes on both cable TV and MOD platforms in Taiwan.

Naturally, such an ambitious venture requires substantial capital expenditure. During the year under review, the Division invested HK$455.0 million, and it expects to make further investments in the areas of staff recruitment, content production, equipment purchases, studio construction, office premises and system software in the coming months. These essential investments have not yet begun to generate a positive return. As a result, the Division recorded an operating segmental loss of HK$459.2 million.

However, the Group expects its TV business to become highly successful once they are fully scaled, and that they will serve as a catalyst which will dramatically transform the landscape of the Taiwan TV industry when they begin to reach a mass audience.

Financial Review

Consolidated Financial Results

Revenue

Next Media recorded total revenue of HK$3,478.6 million during the year ended 31 March 2011. This represented an increase of 11.3 per cent or HK$352.4 million on the figure of HK$3,126.2 million achieved in the previous 12 months.

The Group continued to derive most of its revenue from Hong Kong, where its operations accounted for HK$1,966.7 million or 56.5 per cent of its total revenue during the 2010/11 financial year. That was followed by Taiwan, which was responsible for 42.0 per cent. Taiwan's contribution increased by 16.8 per cent from the previous financial year's HK$1,250.3 million to HK$1,460.4 million during the year under review.

Newspaper publishing and printing continued to account for the largest part of the Group's revenue. The Newspapers Publication and Printing Division contributed HK$2,453.3 million or 70.5 per cent of its total revenue, an increase of HK$276.8 million or 12.7 per cent on the figure of HK$2,176.5 million for the previous financial year.

The Books and Magazines Publication and Printing Division generated HK$1,007.2 million or 29.0 per cent of the Group's total revenue, an increase of 11.3 per cent on the figure of HK$905.1 million in 2009/10.

EBITDA and Segment Results

The Group's Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) for the year ended 31 March 2011 amounted to HK$244.6 million. This was HK$291.1 million or 54.3 per cent less than the HK$535.7 million it achieved in the previous financial year.

The Group made a segment profit of HK$92.5 million during the year under review, compared with a profit of HK$422.7 million in the previous financial year.

The Newspapers Publication and Printing Division's segment profit rose by 4.1 per cent to HK$471.6 million, compared to the previous financial year's figure of HK$453.1 million.

The segment profit of the Books and Magazines Publication and Printing Division decreased by 5.9 per cent to HK$129.8 million, compared to the figure of HK$137.9 million for the previous financial year.

The TV Division recorded a segment loss of HK$459.2 million, compared to a loss of HK$94.9 million in 2009/10; whereas the Internet Division recorded a segment loss of HK$49.7 million, compared with a loss of HK$73.4 million during the last financial year.

Operating Expenses

The Group's operating expenses totalled HK$3,423.9 million during the financial year under review. That was HK$691.4 million or 25.3 per cent higher than the previous financial year's figure of HK$2,732.5 million. Of this, HK$1,163.5 million or 34.0 per cent consisted of essential production costs. Paper was one of the most significant of these. While its cost gradually increased in the first half of the year under review, it remained quite static during the second half. Personnel costs accounted for HK$1,465.8 million or 42.8 per cent of the Group's total operating expenses, an increase of HK$280.7 million or 23.7 per cent on the previous financial year's figure of HK$1,185.1 million. This rise was mainly attributable to the growth in the headcounts of the Group's TV Division and animation operation during the course of the year.

Taxation

The taxes levied on the Group during the 2010/11 financial year amounted to HK$74.2 million, which was 1.8 per cent more than the previous financial year's figure of HK$72.9 million.

Financial Position

Current Assets and Current Liabilities

As at 31 March 2011, the Group held HK$1,838.3 million in current assets, an increase of 24.2 per cent on the figure of HK$1,480.1 million a year earlier. The Group's total liabilities on the same date were HK$1,875.5 million, 66.3 per cent more than the figure of HK$1,127.7 million 12 months earlier. The Group's bank balances and cash, including restricted bank balances, totalled HK$884.0 million, as at 31 March 2011. The current ratio on the same date was 228.6 per cent, which was 13.3 per cent lower than the ratio of 241.9 per cent a year earlier.

Trade Receivables

As at 31 March 2011, the Group's trade receivables totalled HK$484.0 million, an increase of 11.6 per cent on the figure of HK$433.7 million 12 months earlier. The average revenue days for the Group's accounts receivable as at 31 March 2011 was 48.1 days, compared to 48.8 days on the same date of the previous financial year.

Trade Payables

As at 31 March 2011, the Group's trade payables amounted to HK$163.6 million. This was 33.7 per cent more than the figure of HK$122.4 million on the same date of the previous financial year. The average revenue days for its accounts payable was 44.9 days, compared to 52.4 days during 2009/10.

Long-term and Short-term Borrowings

As at 31 March 2011, the Group's long-term borrowings, including current portions, totalled HK$879.3 million. This represented an increase of 175.7 per cent on the figure of HK$318.9 million on the same date of the previous financial year. As at 31 March 2011, the current portion of the Group's long-term borrowings stood at HK$127.1 million, an increase of 8.7 per cent measured against the figure of HK$116.9 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during the 2010/11 financial year was the cash flow generated by its operating activities and — to a lesser extent — the banking facilities provided by its principal bankers.

During the year, the Group obtained a term loan facility for an aggregate amount of HK$650.0 million from a syndicate of eight banks. Under the conditions of this facility, the borrower (Apple Daily Limited) and each of its guarantors (including the Company, ADPL, Apple Daily I.P. Limited and Next Media I.P. Limited, all of which are indirectly wholly owned subsidiaries of the Company) shall ensure that Mr. Lai Chee Ying, Jimmy (Mr. Lai, a controlling shareholder who at present holds 74.0 per cent of the Company's total issued share capital) (1) is and will remain the chairman of the Company; and (2) holds and will continue to hold, directly or indirectly, at least 51.0 per cent of the total issued share capital of the Company.

As at 31 March 2011, the Group's available banking facilities totalled HK$1,384.5 million, of which HK$884.8 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 2011, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$884.0 million. Its gearing ratio on the same date was 16.0 per cent, compared to 6.9 per cent a year earlier. The Group's gearing ratios are calculated by dividing long-term borrowings, including current portions, by total asset value.

Share Capital Structure

There was no change in the share capital structure of the Company during the year. As at 31 March 2011, the Company's total issued share capital was HK$2,412.5 million. This amount was made up of 2,412,496,881 shares with a par value of HK$1.0 each.

Cash Flow

The Group's net cash inflow from operating activities during the year ended 31 March 2011 amounted to HK$109.4 million, whereas its cash inflow from operating activities in the preceding financial year was HK$570.1 million, which was due to a decline in the amount of profit before tax by HK$339.1 million.

The outflow of investment-related cash during the 2010/11 financial year totalled HK$573.0 million. This represented an increase of 19.6 per cent on the total amount of HK$479.1 million during the previous financial year. The main reason for this significant increase in cash outflow was the Group's capital investments in its TV and multi-media operations in Taiwan.

The Group's net cash inflow for financing activities during the year reached HK$507.6 million, compared to the preceding year's net cash outflow figure of HK$227.6 million. The 2010/11 figure mainly consisted of a new term loan of HK$650.0 million from a bank syndicate, and the repayment of bank borrowings amounting to HK$126.5 million.

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 magazine and newspaper-publishing operations in Taiwan, and it aims to reduce this exposure by arranging bank loans in New Taiwanese dollars, as and when appropriate. As at 31 March 2011, the Group's net currency exposure stood at NT$6,893.8 million (the equivalent of HK$1,825.2 million) an increase of 17.4 per cent on the figure of NT$5,874.4 million (HK$1,434.2 million) a year earlier. The Group will continue to monitor its overall currency exposure, and it will take steps to hedge further against such exposure, if and when necessary.

The Group's capital expenditure for the 2010/11 financial year totalled HK$565.6 million, of which HK$502.3 million was used to fund its operations in Taiwan. As at 31 March 2011, it had committed to further capital expenditure of HK$144.7 million on its operations, of which HK$130.8 million was to fund its operations in Taiwan.

Pledge of Assets

As at 31 March 2011, 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 Hong Kong and Taiwan operations. The aggregate carrying value of these assets was HK$1,112.3 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 the judgement issued by the High Court on 18 January 2008, the default judgement against ADPL had been set aside and the proceedings against ADPL had been referred to arbitration. UDL had been ordered to pay 20 per cent of ADPL's costs on the application to set aside the default judgement. ADPL also obtained an order for the payment of all of its costs in relation to the application for a stay of proceedings to arbitration from UDL, and 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, Mr. Lai, the Chairman and a substantial shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third-party claims made against the Acquired Group on and before 26 October 2001; (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001; and (3) the contractor dispute with UDL (the Indemnity). In relation to the Indemnity, Mr. Lai also procured a bank guarantee of HK$60.0 million for a term of three years from 26 October 2010 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 indemnity given by Mr. Lai, it is unlikely the Group would incur any indemnity if UDL were to pursue its various claims to their ultimate conclusion. It is therefore the opinion of the Directors of the Company that the 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 2011, these contingent liabilities stood at HK$879.3 million.

Intangible Assets

In view of 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 2011, based on the value-in-use approach.

According to the valuation report, the value of the Group's masthead and publishing rights was HK$2,333.3 million as at 31 March 2011 (31 March 2010: HK$2,247.3 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2011 (31 March 2010: HK$1,300.9 million). Therefore, a revaluation surplus of HK$1,032.4 million as at 31 March 2011 (31 March 2010: HK$946.4 million) arose on a Group basis. The Group's accounting policy is to state these intangible assets at cost less accumulated amortisation and accumulated impairment loss, so no adjustment was made to the Group's financial statements for this revaluation surplus.

PROSPECTS AND OUTLOOK

Given their close relationships with China's increasingly powerful economy, the Group is cautiously optimistic about the prospects for the economies of Hong Kong and Taiwan in the coming year. Even so, it is worth bearing in mind that there still many uncertainties about the global economic environment.

There is also a constant risk that sudden developments further afield might have a negative impact on them. One such example has been the string of sovereign debt crises in Europe, which drove several national governments to the verge of bankruptcy. Another, more recent, one was the tragic earthquake, tsunami and nuclear disaster in Japan, the full economic consequences of which are not yet clear. For instance, there is a possibility that shortages of electronic components and products may occur, due to damage to the Japanese plants where they are manufactured. This might have a knock-on effect on the retail and advertising industries worldwide.

Generally speaking, the results of the Group's core print media operations were in line with and even exceeded its expectations. Most of its publications outperformed their competitors in the market, in terms of both their sales and advertising revenues. *Apple Daily* and *Taiwan Apple Daily* occupied the top spots as the most widely read paid-for newspapers in Hong Kong and Taiwan. *Next Magazine*

Bundle and *Sudden Weekly Bundle* were the bestselling and most widely read weeklies in their respective categories in Hong Kong, whereas *FACE Bundle* remained a favourite weekly of the city's young people. The sales and readership of *Taiwan Next Magazine Bundle* continued to be unassailable.

All these titles have very loyal readerships that possess more attractive demographic profiles for advertisers than their rivals. The Group therefore regards them as its most valuable assets, and feels they will continue to make indispensible contributions to its future success.

At the same time, Next Media has always believed in staying ahead by looking and planning ahead. That is why it continuously seeks opportunities to extend the scope of its operations into new areas, especially in Taiwan, which it sees as the ideal location for its future development.

Having scaled the heights of the island's newspaper and weekly magazine markets in the past decade, Next Media is now rolling out its first TV operation there. The new multi-media platform has gained traction with the distribution of the set-top boxes. This exciting new venture will make the Next Media brand more comprehensive and competitive than ever, and create a synergy that will allow it to reach out to new audiences and advertisers in Taiwan.

As it has stated all along, the Group needs to make significant ongoing investments to get the TV operation and new multi-media platform off the ground and onto the airwaves before it can begin to produce tangible results.

In the meantime, Next Media will continue to pay close attention to its costs, but it will never compromise on the quality and professionalism of its publications. This has always been and will always remain its firm commitment to its readers, advertisers, shareholders and employees.

EMPLOYEES RELATIONS

As at 31 March 2011, Next Media employed a total of 5,229 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, including retirement benefits, amounted to HK$1,465.8 million, an increase of 23.7% over the last year's figure of HK$1,185.1 million.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year (2009/10: Nil).

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 Independent Non-executive Directors, 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 2011.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2011, Next Media achieved full compliance with the applicable provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "Code"), except for Code provision E.1.2. Due to another business engagement, the Chairman of the Board did not attend the Company's Annual General Meeting held on 19 July 2010 (the "2010 AGM"). Instead, Mr. Chu Wah Hui, an Executive Director and the Chief Executive Officer, chaired the 2010 AGM in accordance with the provisions of Next Media's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Next Media has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Following specific enquiries by the Company, all its Directors have confirmed that they fully complied with the required standards of the Model Code for the year ended 31 March 2011.

By Order of the Board
Lai Chee Ying, Jimmy
Chairman

Hong Kong, 3 June 2011

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 Executive Directors of the Company are Mr. Lai Chee Ying, Jimmy, Mr. Chu Wah Hui, Mr. Cheung Ka Sing, Cassian, Mr. Ting Ka Yu, Stephen and Mr. Ip Yut Kin and the Independent Non-executive Directors of the Company are Mr. Fok Kwong Hang, Terry, Mr. Wong Chi Hong, Frank and Dr. Lee Ka Yam, Danny.