NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2010

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 2010 together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	NOTES	**2010** **HK$'000**	2009 *HK$'000*
Revenue	2	**3,126,199**	3,291,501
Production costs			
Cost of raw materials consumed		**(994,051)**	(1,346,719)
Other overheads		**(133,013)**	(163,095)
Staff costs		**(721,708)**	(695,770)
Personnel costs excluding direct production staff costs		**(463,402)**	(454,511)
Other income	2	**35,967**	60,381
Depreciation of property, plant and equipment		**(131,838)**	(133,194)
Release of prepaid lease payments to profit or loss		**(1,797)**	(1,797)
Other expenses		**(311,437)**	(233,897)
Finance costs	4	**(11,220)**	(10,417)
Profit before tax		**393,700**	312,482
Income tax expense	5	**(72,943)**	(54,998)
Profit for the year		**320,757**	257,484
Other comprehensive income (expense)			
Exchange differences arising on translation		**64,952**	(120,920)
Total comprehensive income for the year		**385,709**	136,564
Profit for the year attributable to:			
Owners of the Company		**317,876**	257,484
Minority interests		**2,881**	–
		320,757	257,484
Total comprehensive income attributable to:			
Owners of the Company		**382,855**	136,564
Minority interests		**2,854**	–
		385,709	136,564
Earnings per share	7		
– Basic		**HK13 cents**	HK11 cents
– Diluted		**HK13 cents**	HK11 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2010

	NOTES	**2010** **HK$'000**	2009 *HK$'000*
NON-CURRENT ASSETS			
Intangible assets	*8*	**1,300,881**	1,300,881
Property, plant and equipment		**1,797,812**	1,404,015
Prepaid lease payments		**65,149**	66,947
Deposit for acquisition of property, plant and equipment		**1,545**	3,554
		3,165,387	2,775,397
CURRENT ASSETS			
Inventories	*9*	**133,916**	188,872
Trade and other receivables	*10*	**543,449**	456,319
Prepaid lease payments		**1,797**	1,797
Derivative financial instruments		**–**	27
Tax recoverable		**999**	10,102
Restricted bank balances		**5,411**	5,411
Bank balances and cash		**794,527**	895,372
		1,480,099	1,557,900
CURRENT LIABILITIES			
Trade and other payables	*11*	**466,053**	385,118
Borrowings	*12*	**116,869**	142,724
Obligations under finance leases		**30**	242
Tax liabilities		**28,910**	8,922
		611,862	537,006
NET CURRENT ASSETS		**868,237**	1,020,894
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,033,624**	3,796,291
NON-CURRENT LIABILITIES			
Borrowings	*12*	**202,079**	364,822
Defined benefit plans obligations		**22,705**	19,441
Deferred tax liabilities		**291,029**	294,610
		515,813	678,873
NET ASSETS		**3,517,811**	3,117,418
CAPITAL AND RESERVES			
Share capital		**2,412,497**	2,412,497
Reserves		**1,101,976**	704,878
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,514,473**	3,117,375
MINORITY INTERESTS		**3,338**	43
TOTAL EQUITY		**3,517,811**	3,117,418

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, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes, (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments *(see Note 3)* nor changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. This change in accounting policy has no material effect on the consolidated financial statements. Accordingly, no adjustment has been required.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 except paragraph 80 of HKAS 39[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]

HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] *Effective for annual periods beginning on or after 1 July 2009*

[2] *Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*

[3] *Effective for annual periods beginning on or after 1 January 2010*

[4] *Effective for annual periods beginning on or after 1 February 2010*

[5] *Effective for annual periods beginning on or after 1 July 2010*

[6] *Effective for annual periods beginning on or after 1 January 2011*

[7] *Effective for annual periods beginning on or after 1 January 2013*

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 April 2010.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

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 websites, internet subscription and the provision of internet content. Revenue recognised during the year is as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Sales of newspapers	**793,382**	798,951
Sales of books and magazines	**263,576**	276,792
Newspapers advertising income	**1,263,441**	1,308,141
Books and magazines advertising income	**548,599**	606,382
Printing and reprographic services income	**212,602**	256,636
Internet advertising income, internet subscription and content provision ("Internet businesses")	**44,599**	44,599
	3,126,199	3,291,501
Other income		
Sales of waste materials	**16,583**	23,605
Interest income on bank deposits	**2,383**	7,096
Rental income	**1,764**	1,686
Net exchange gain	**7,659**	16,685
Others	**7,578**	11,309
	35,967	60,381

3. SEGMENT INFORMATION

Segment information reported was analysed according to the nature of the business activities carried out by its operating segments. The Group's operating segments under HKFRS 8 are therefore 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 business 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 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**

For the year ended 31 March 2009

	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	2,227,226	1,019,676	–	44,599	–	3,291,501
Inter-segment sales	1,985	24,972	–	107	(27,064)	–
	2,229,211	1,044,648	–	44,706	(27,064)	3,291,501
Segment results	226,913	180,408	–	(62,241)	–	345,080
Unallocated expenses						(42,272)
Unallocated income						20,091
Finance costs						(10,417)
Profit before tax						312,482
Income tax expense						(54,998)
Profit for the year						257,484

Segment profit represents the profit earned by each segment without allocation of income resulted from interest income, paper reel handling 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.

Segment assets and liabilities

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)**

As at 31 March 2009

	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	2,598,209	775,794	–	45,040	–	3,419,043
Unallocated assets						914,254
Total assets						4,333,297
Segment liabilities	(244,319)	(136,399)	–	(13,338)	–	(394,056)
Unallocated liabilities						(821,823)
Total liabilities						(1,215,879)

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

- all assets are allocated to operating segments other than 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	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,829,929**	1,885,194	**1,972,336**	2,036,072
Taiwan	**1,250,303**	1,319,934	**1,191,872**	738,259
North America	**24,435**	41,844	**1,179**	1,066
Europe	**9,246**	30,043	**–**	–
Australasia	**10,886**	13,035	**–**	–
Others	**1,400**	1,451	**–**	–
	3,126,199	3,291,501	**3,165,387**	2,775,397

Information about major customers

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

	2010	2009
	HK$'000	*HK$'000*
Customer A *(note)*	**1,056,958**	1,075,743

Note: Revenue from this customer comprised revenue from newspapers publication and magazine publication amounting to HK$793,382,000 (2009: HK$798,951,000) and HK$263,576,000 (2009: HK$276,792,000) respectively.

4. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**11,211**	10,330
Interest expense on finance lease wholly repayable within five years	**9**	87
	11,220	10,417

5. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**70,771**	54,392
Taiwan	**5,830**	10,884
Other jurisdictions	**–**	(530)
(Over)underprovision in prior years	**(77)**	8,200
	76,524	72,946
Deferred tax:		
Current year	**(3,581)**	(87)
Attributable to change in tax rate	**–**	(17,861)
	(3,581)	(17,948)
	72,943	54,998

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% for both years.

Taiwan Profits Tax is calculated at 25% (2009: 25%) of the estimated assessable profits for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDENDS

No dividend was paid or declared during 2010, nor has any dividend been proposed since the end of the reporting period (2009: final dividend of HK9.0 cents and amounting to HK$217,125,000 in total and special dividend of HK10.0 cents and amounting to HK$241,250,000 in total in respect of the year ended 31 March 2008 were declared and paid).

7. EARNINGS PER SHARE

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

Earnings

	2010	2009
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**317,876**	257,484

Number of shares

	2010	2009
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,412,496,881**	2,412,357,791
Effect of dilutive potential ordinary shares: Share options and share subscription plan	**26,900**	292,982
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,412,523,781**	2,412,650,773

8. INTANGIBLE ASSETS

	Masthead and publishing rights
	HK$'000
COST	
At 1 April 2008, 31 March 2009 and 31 March 2010	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2008, 31 March 2009 and 31 March 2010	181,918
CARRYING VALUES	
At 31 March 2010 and 31 March 2009	1,300,881

9. INVENTORIES

	2010	2009
	HK$'000	*HK$'000*
Raw materials	**128,606**	185,352
Work in progress	**3,675**	2,216
Finished goods	**1,635**	1,304
	133,916	188,872

10. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**530,149**	482,316
Less: allowance for doubtful debts	**(96,449)**	(79,753)
	433,700	402,563
Prepayments	**51,369**	13,981
Rental and other deposits	**14,224**	9,930
Others	**44,156**	29,845
Trade and other receivables	**543,449**	456,319

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:

	2010	2009
	HK$'000	*HK$'000*
0 – 1 month	**224,810**	178,475
1 – 3 months	**204,447**	186,631
3 – 4 months	**3,776**	26,854
Over 4 months	**667**	10,603
	433,700	402,563

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$667,000 (2009: HK$10,603,000) 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:

	2010	2009
	HK$'000	*HK$'000*
Over 4 months	**667**	10,603

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

	2010	2009
	HK$'000	*HK$'000*
Balance at beginning of the year	**79,753**	98,972
Allowance for (reversal of) bad and doubtful debts	**15,638**	(12,481)
Exchange difference	**2,311**	(4,873)
Amounts written off as uncollectible	**(1,253)**	(1,865)
Balance at end of the year	**96,449**	79,753

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK96,449,000 (2009: HK$79,753,000) 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:

	2010		2009	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	'000	***HK$'000***	*'000*	*HK$'000*
United States Dollar ("USD")	**1,069**	**8,300**	1,501	11,657
Pound Sterling ("GBP")	**24**	**293**	20	223
Australian Dollar ("AUD")	**226**	**1,575**	199	1,027

11. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**122,441**	162,992
Accrued charges and other payable *(note)*	**343,612**	222,126
Trade and other payables	**466,053**	385,118

Note: The accrued charges include an amount of HK$51,200,000 (2009: HK$35,981,000) as provision mainly for legal and professional expenses relating to a number of legal proceedings. Utilisation of such provision amounted to HK$26,038,000 (2009: HK$25,098,000) during the year ended 31 March 2010.

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

	2010	2009
	HK$'000	*HK$'000*
0 – 1 month	**88,831**	96,887
1 – 3 months	**24,632**	56,439
Over 3 months	**8,978**	9,666
	122,441	162,992

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

	2010	2009
	Denominated currency	Denominated currency
	'000	*'000*
USD	**5,298**	11,853
Equivalent to	**HK$41,135**	HK$91,977

12. BORROWINGS

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

	2010	2009
	HK$'000	*HK$'000*
Carrying amount repayable		
– within one year	**116,869**	142,724
– in the second year	**116,869**	142,724
– in the third year	**85,210**	140,055
– in the fourth year	**–**	82,043
	318,948	507,546
Less: Amount due within one year shown under current liabilities	**(116,869)**	(142,724)
Non-current portion	**202,079**	364,822

All bank loans are variable-rate borrowings which carry interests at Primary Commercial Paper composite rate in Taiwan per annum (2009: Primary Commercial Paper composite rate in Taiwan per annum).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.14% (2009: 2.37%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue totalled HK$3,126.2 million for the year ended 31 March 2010. This was 5.0% lower than the figure of HK$3,291.5 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 entire revenue. During the 2009/10 financial year, the Division's revenue totalled HK$2,176.5 million, a slight decline of 2.3% on the figure of HK$2,227.2 million it achieved in the previous year.

Apple Daily

In the year under review, *Apple Daily*'s revenue amounted to HK$1,011.6 million, a slight decrease of 1.8% on the previous year's figure of HK$1,030.3 million. Circulation income accounted for HK$403.4 million of this figure, which was 1.9% less than the previous year's figure of HK$411.2 million. However, the lingering effects of the global economic crisis on Hong Kong's economy depressed the newspaper's advertising income, which amounted to HK$608.2 million, a 1.8% decline on the previous year's figure of HK$619.1 million.

Although the Hong Kong newspaper industry has been in the doldrums for the past year, the Group is confident the trickle-down effect of the economic recovery that is now taking place will give *Apple Daily*'s performance a boost in the coming months, and that it will remain one of the Group's most valuable assets. The strong loyalty of its readers and the attractiveness of their demographic profile have helped to maintain the newspaper's attractiveness to advertisers, even though many of them have had to curtail their budgets in the past year. *Apple Daily* will therefore be well positioned to benefit from the improving business climate in the near future.

Taiwan Apple Daily

Despite the impact of the global economic downturn on advertisers' budgets in the past financial year, and the fact that this makes it difficult to set advertising rates that reflect the newspaper's readership, *Taiwan Apple Daily*'s advertising income has been more buoyant than that of many of its competitors, declining by just 4.9% to HK$655.2 million, compared with the previous financial year's figure of HK$689.0 million.

While the newspaper's total revenue decreased by HK$31.8 million to HK$1,047.6 million in the year under review, its profitability grew by 1,064.0% to HK$174.6 million, compared with the previous financial year's profit of HK$15.0 million. This was mainly attributables to reductions in its direct production costs, including the cost of paper, and cost-saving measures implemented by the Group.

Apple Daily Printing Limited

The newspaper printing business continued to contribute a stable income to the Group. The revenue of its Hong Kong printing operations amounted to HK$377.6 million, the same figure as in the previous year.

Excluding transactions related to printing Next Media's own publications, the revenue of Apple Daily Printing Limited amounted to HK$117.3 million during the 2009/10 financial year, which was 0.2% lower than the HK$117.5 million it achieved in the preceding 12 months.

Books and Magazines Publication and Printing Division

The results of the Books and Magazines Publication Division and the Books and Magazines Printing Division were combined into the Books and Magazines Publication and Printing Division, with effect from 1 April 2009.

Between them, these operations continued to account for a sizeable proportion of the Group's revenue. The total revenue of the combined Division was HK$905.1 million during the year under review, a 11.2% decrease on the total revenue of HK$1,019.7 million that the two divisions generated in the previous year. This was mainly attributable to a reduction in the printing orders it received from external customers in Europe and USA, due to unfavourable economic conditions in those two regions as well as a drop in sales of magazines and advertising income.

Next Magazine

Despite the economic situation, the Group's flagship weekly stood its ground during the financial year ended 31 March 2010. *Next Magazine*'s advertising income amounted to HK$161.1 million during the year, 6.7% less than the previous year's total of HK$172.6 million.

Sudden Weekly Bundle

Sudden Weekly Bundle, which incorporates *Sudden Weekly*, *Eat and Travel Weekly* and *ME!*, maintained its strong leading edge among its predominantly female target readers.

The title's advertising income amounted to HK$187.4 million in the 2009/10 financial year, basically holding steady on the previous year's figure of HK$187.9 million, in a very difficult business environment. On the other hand, its circulation income rose by 2.4%. As a result, the title's total revenue amounted to HK$278.1 million in the 2009/10 financial year, compared with HK$276.5 million during the previous year.

FACE Bundle

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

FACE Bundle's revenues came under considerable pressure during the year. This situation was particularly attributable to the fall in its income from employment and auto-trading advertising. Although the situation improved somewhat as the months passed, the title's total revenue was 15.4% lower in the year under review, declining to HK$87.0 million, compared with HK$102.8 million during the previous 12 months.

Taiwan Next Magazine

Taiwan Next Magazine remained the magazine of choice for the island's advertisers. However, the difficult overall business environment meant that advertisers' budgets were severely constrained. Its advertising income in the year ended 31 March 2010 amounted to HK$132.5 million, a decrease of 19.4% on the figure of HK$164.3 million during the previous 12 months.

The commercial printing operation has continued to contribute to the Group's total revenues. Its revenue for the year ended 31 March 2010 amounted to HK$245.8 million, which was 20.5% less than the figure of HK$309.2 million for the previous year. Internal sales accounted for HK$152.9 million or 62.2% of this figure, while sales to external customers made up the remaining HK$92.9 million, a decrease of 31.9% on the preceding year's figure of HK$136.5 million.

Internet Division

The Internet Division's main focus remained on giving local and overseas readers a convenient and economical way to access their favourite Next Media publications during the year.

The Division generated a total of HK$44.6 million in external revenue, the same amount as in the previous year. This consisted of subscription fees, advertising revenue and content licensing payments.

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

The Internet Division made a segment loss of HK$73.4 million during the year under review, compared with a segment loss of HK$62.2 million during the previous year.

Financial Review

Consolidated Financial Results

Revenue

Next Media recorded total revenue of HK$3,126.2 million for the year ended 31 March 2010. This represented a decrease of 5.0% or HK$165.3 million on the figure of HK$3,291.5 million achieved in the previous 12 months. The main contributing factors to these results were a reduction in the amount advertisers spent on print media and the sluggish economy, especially during the first half of the year.

The Group continued to derive most of its revenue from Hong Kong, where its operations accounted for HK$1,829.9 million or 58.5% of its total revenue during the 2009/10 financial year. This was followed by Taiwan, which was responsible for 40.0%. Taiwan's contribution declined by 5.3% from the previous year's HK$1,319.9 million to HK$1,250.3 million during the financial year.

In terms of its operations, newspaper publishing and printing continued to account for the largest part of the Group's revenue. The Newspapers Publication and Printing Division contributed HK$2,176.5 million or 69.6% of its total revenue, a decrease of HK$50.7 million or 2.3% on the figure of HK$2,227.2 million for the previous financial year.

The Books and Magazines Publication and Printing Division generated HK$905.1 million or 29.0% of the Group's total revenue.

EBITDA and Segment Results

The Group's Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) for the year ended 31 March 2010 amounted to HK$535.7 million. This was HK$77.8 million or 17.0% more than the HK$457.9 million it achieved in the previous financial year, mainly due to reduced direct production costs, including the cost of paper, and cost-saving measures that the Group implemented.

The Group made a segment profit of HK$422.7 million during the year under review. This was 22.5% higher than the figure of HK$345.1 million it reported in the previous financial year.

The Newspapers Publication and Printing Division's segment profit rose by 99.7% to HK$453.1 million, compared with the previous year's figure of HK$226.9 million.

The segment profit of the Books and Magazines Publication and Printing Division decreased by 23.6% to HK$137.9 million, compared with the figure of HK$180.4 million for the previous year.

Operating Expenses

The Group's operating expenses totalled HK$2,732.5 million during the financial year under review. This was HK$246.5 million or 8.3% lower than the previous year's figure of HK$2,979.0 million. HK$994.1 million or 36.4% of this amount consisted of essential production costs. Paper is one of the most important of these, and its cost declined significantly during the course of the year, so the Group's total outlay on this item was less than budgeted for. Personnel costs accounted for a further HK$1,185.1 million or 43.4% of the Group's total operating expenses, an increase of HK$34.8 million or 3.0% on the previous year's figure of HK$1,150.3 million.

Taxation

The taxes levied on the Group during the 2009/10 financial year amounted to HK$72.9 million, which was 32.5% more than the previous year's figure of HK$55.0 million.

Financial Position

Current Assets and Current Liabilities

As at 31 March 2010, the Group held HK$1,480.1 million in current assets, a decrease of 5.0% on the figure of HK$1,557.9 million a year earlier. The Group's total liabilities on the same date were HK$1,127.7 million, 7.3% less than the figure of HK$1,215.9 million 12 months earlier. The Group's bank balances and cash, including restricted bank balances, totalled HK$799.9 million as at 31 March 2010. The current ratio on the same date was 241.9%, a decline of 16.6% compared to the ratio of 290.1% a year before.

Trade Receivables

As at 31 March 2010, the Group's trade receivables totalled HK$433.7 million, an increase of 7.7% over the figure of HK$402.6 million 12 months earlier. The average revenue days for the Group's trade receivables as at 31 March 2010 was 48.8 days, compared to 51.3 days on the same date of the previous year.

Trade Payables

As at 31 March 2010, the Group's trade payables amounted to HK$122.4 million. This was 24.9% less than the figure of HK$163.0 million on the same date of the previous financial year. The average revenue days for its trade payables was 52.4 days, compared to 39.8 days during the previous financial year.

Long-term and Short-term Borrowings

As at 31 March 2010, the Group's long-term borrowings, including current portions, totalled HK$318.9 million. This represented a decline of 37.2% on the figure of HK$507.5 million on the same date of the previous financial year. As at 31 March 2010, the current portion of the Group's long-term borrowings stood at HK$116.9 million, a decline of 18.1% measured against the figure of HK$142.7 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during the 2009/10 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, its available banking facilities totalled HK$591.1 million, of which HK$324.4 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 2010, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$799.9 million. Its gearing ratio on the same date was 6.9%, compared to 11.7% 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

As at 31 March 2010, 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 2010 amounted to HK$570.1 million, whereas its cash inflow from operating activities in the preceding year was HK$386.2 million.

The outflow of investment-related cash during the 2009/10 financial year totalled HK$479.3 million. This figure represented an increase of 977.1% on the total amount of HK$44.5 million during the previous financial year. The main reason for this significant increase in cash outflow was the Group's capital investment in its TV operation in Taiwan.

The Group's net cash outflow for financing activities during the year reached HK$227.4 million, compared to the preceding year's net cash outflow figure of HK$294.7 million. The 2009/10 figure mainly consisted of a total of HK$216.6 million in repayments of bank borrowings.

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 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 2010, the Group's net currency exposure stood at NT$5,874.4 million (the equivalent of HK$1,434.2 million) an increase of 28.4% on the figure of NT$4,574.1 million (the equivalent of HK$1,045.3 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 2009/10 financial year totalled HK$483.7 million, of which HK$465.4 million was used to fund its operations in Taiwan. By the year-end, it had committed to further capital expenditure of HK$136.4 million on its operations, of which HK$126.4 million was to fund its operations in Taiwan.

Pledge of Assets

As at 31 March 2010, Next Media had pledged certain elements of the Group's Taiwanese property portfolio and printing equipment to Taiwan banks as security for bank loans granted to its Taiwan operations. The aggregate carrying value of these assets was HK$594.3 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, Apple Daily Printing Limited ("ADPL"), over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai Chee Ying, Jimmy ("Mr. Lai") 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 20.0% 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 25 October 2007 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 liability 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 2010, these contingent liabilities stood at HK$5.5 million.

Intangible Assets

In light of the 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 2010, based on the value-in-use approach.

According to the valuation report, the value of the Group's masthead and publishing rights as at 31 March 2010 was HK$2,247.3 million (31 March 2009: HK$1,981.6 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2010 (31 March 2009: HK$1,300.9 million). Accordingly, a revaluation surplus of HK$946.4 million as at 31 March 2010 (31 March 2009: HK$680.7 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

The Group's results for the year were in line with its expectations, given the fact that the markets in which it operates have been gradually recovering from the 2008 global economic crisis, which was one of the most severe and wide-ranging for many decades. It managed to withstand the turmoil and outperform most of its rivals. This has enabled it to maintain its leading status in the Hong Kong and Taiwan print media industries.

Apple Daily and *Taiwan Apple Daily* occupy the top spots as the most widely read newspapers in Hong Kong and Taiwan. *Next Magazine* and *Sudden Weekly Bundle* are the best-selling and most widely read weeklies in their respective categories in Hong Kong, while *FACE Bundle* remains a favourite weekly among the city's young people. *Taiwan Next Magazine* occupies an unassailable position in terms of its sales and readership.

All these titles have very loyal readerships who possess more attractive demographic profiles for advertisers than those of their competitors.

While continuing to emphasise print media as its core business, the Group is continuously seeking opportunities to extend the scope of its operations, especially in Taiwan, which it regards as an ideal location for the future development of its business.

Having scaled the heights of the island's newspaper and weekly magazine markets in the past decade, Next Media is now preparing to launch its first TV operation there. This exciting new venture will make the Next Media brand more comprehensive and competitive than ever; and it will create a synergy that will allow it to reach out to new audiences and advertisers on Taiwan.

The Group believes it will need to continue making significant investments in the early stages of the TV operation once it started broadcasting.

At the same time, the Group will continue to monitor and control its costs carefully in Hong Kong and Taiwan during the coming months. Even so, it will never falter in its mission to ensure that its publications always deliver the highest standards of quality and professionalism to their readers and advertisers.

Next Media is confident it will retain its strong positions in the print media industry in both markets. These will allow it to capitalise on the rebound in the economic climate that is already underway, especially in terms of its ability to capture an increased amount of advertising revenue.

The past two years have been a period of unforeseen adversity, and they have underlined the importance of taking nothing for granted and always maintaining a prudent outlook. Next Media has taken these lessons to heart. Yet it is also optimistic that it will maintain its success in the long term, provided it adheres to its mission of focusing on the needs of its readers and advertisers.

EMPLOYEES RELATIONS

As at 31 March 2010, Next Media employed a total of 4,287 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$1,185.1 million, an increase of 3.0% over the last year's figure of HK$1,150.3 million.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year (2008/09: 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 2010.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2010, 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 20 July 2009 (the "2009 AGM"). Instead, Mr. Chu Wah Hui, an Executive Director and the Chief Executive Officer, chaired the 2009 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 2010.

By Order of the Board
Lai Chee Ying, Jimmy
Chairman

Hong Kong, 7 June 2010

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.