NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

HIGHLIGHTS

- Total revenue up 7.4% to HK$3,483.8 million (2006/07: HK$3,245.2 million).
- EBITDA up 32.4% to HK$772.6 million (2006/07: HK$583.4 million).
- Net profit up 52.2% to HK$521.3 million (2006/07: HK$342.4 million).
- Basic earnings per share up 22.2% to HK22.0 cents (2006/07: HK18.0 cents).
- Total dividends per share for 2007/08, up 11.6%, amounting to HK24.0 cents (2006/07: HK21.5 cents).

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 2008 together with the comparative figures for the previous year.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	NOTES	**2008** *HK$'000*	2007 *HK$'000*
Revenue	*3*	**3,483,794**	3,245,163
Production costs			
Cost of raw materials consumed		**(1,267,005)**	(1,208,051)
Other overheads		**(157,100)**	(148,563)
Staff costs		**(663,739)**	(672,428)
Personnel costs excluding direct production staff costs		**(446,812)**	(385,630)
Other income	*3*	**57,506**	41,372
Depreciation of property, plant and equipment		**(135,304)**	(156,588)
Release of prepaid lease payments to consolidated income statement		**(1,797)**	(1,797)
Other expenses		**(234,095)**	(290,518)
Finance costs	*5*	**(16,524)**	(9,384)
Profit before tax		**618,924**	413,576
Income tax expense	*6*	**(97,601)**	(71,163)
Profit for the year		**521,323**	342,413
Attributable to:			
Equity holders of the parent		**521,323**	344,435
Minority interests		**–**	(2,022)
		521,323	342,413
Dividends	*7*		
Interim dividend paid of HK5.0 cents (2006/2007: HK4.0 cents) per ordinary share		**120,591**	96,473
Final dividend paid of HK8.5 cents (2005/2006: HK18.0 cents) per ordinary share		**205,005**	268,529
Special dividend paid of HK9.0 cents (2005/2006: Nil) per ordinary share		**217,065**	–
		542,661	365,002
Earnings per share	*8*		
– Basic		**HK22 cents**	HK18 cents
– Diluted		**HK22 cents**	HK14 cents

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	NOTES	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Intangible assets	*9*	**1,300,881**	1,300,881
Property, plant and equipment		**1,576,617**	1,571,665
Prepaid lease payments		**68,744**	70,541
Deferred tax assets		**–**	4,014
Deposit for acquisition of property, plant and equipment		**1,594**	5,442
		2,947,836	2,952,543
CURRENT ASSETS			
Inventories	*10*	**189,091**	202,739
Trade and other receivables	*11*	**581,204**	575,908
Prepaid lease payments		**1,797**	1,797
Derivative financial instruments		**972**	746
Restricted bank balances		**5,411**	5,411
Bank balances and cash		**872,003**	862,283
		1,650,478	1,648,884
CURRENT LIABILITIES			
Trade and other payables	*12*	**462,966**	485,700
Borrowings	*13*	**76,805**	127,186
Obligations under finance leases		**914**	887
Tax liabilities		**27,253**	21,534
		567,938	635,307
NET CURRENT ASSETS		**1,082,540**	1,013,577
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,030,376**	3,966,120
NON-CURRENT LIABILITIES			
Borrowings	*13*	**288,018**	285,352
Obligations under finance leases		**54**	718
Retirement benefits obligations		**20,207**	18,340
Deferred tax liabilities		**312,558**	304,887
		620,837	609,297
NET ASSETS		**3,409,539**	3,356,823
CAPITAL AND RESERVES			
Share capital		**2,411,829**	2,411,829
Reserves		**997,667**	944,956
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**3,409,496**	3,356,785
MINORITY INTERESTS		**43**	38
TOTAL EQUITY		**3,409,539**	3,356,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CHANGE IN ACCOUNTING POLICY

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

Since the use of the properties in Hong Kong is restricted to specific industry and the properties are not freely transferable in the market, the Directors have considered that measuring these properties using the cost model would result in a more appropriate presentation. The Group and the Company have changed its measurement of these properties from revaluation model to cost model in the current period. The change in measurement had no material effect on the results or financial position of the Group and the Company for the current or prior accounting periods.

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

In the current year, the Group and the Company has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's and Company's financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKIFRIC – Int 7	Applying the Restatement Approach HKAS 29 Financial Reporting in Hyperinflationary Economies
HKIFRIC – Int 8	Scope of HKFRS 2
HKIFRIC – Int 9	Reassessment of Embedded Derivatives
HKIFRIC – Int 10	Interim Financial Reporting and Impairment
HKIFRIC – Int 11	HKFRS 2: Group and Treasury Share Transactions

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7, retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Share-based Payment: Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HKIFRIC – Int 12	Service Concession Arranagements[3]
HKIFRIC – Int 13	Customer Loyalty Programmes[4]
HKIFRIC – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

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

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

[3] *Effective for annual periods beginning on or after 1 January 2008*

[4] *Effective for annual periods beginning on or after 1 July 2008*

The Directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group and the Company, except for the adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

3. REVENUE AND OTHER INCOME

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

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Sales of newspapers	**793,283**	775,029
Sales of books and magazines	**266,582**	269,108
Newspapers advertising income	**1,490,512**	1,389,839
Books and magazines advertising income	**606,123**	563,873
Printing and reprographic services income	**287,856**	215,966
Advertising income, internet subscription and content provision ("Internet businesses")	**39,438**	31,348
	3,483,794	3,245,163
Other income		
Sales of waste materials	**24,748**	19,528
Interest income on bank deposits	**24,575**	17,371
Rental income	**1,529**	1,564
Others	**6,654**	2,909
	57,506	41,372

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group's primary format for reporting segment information is business segments. The Group's major business segments and their corresponding regions of operations are summarised below:

Business segments	**Principal activities**
Newspapers publication and printing	Sales of newspapers, relevant printing and advertising in Hong Kong and Taiwan
Books and magazines publication	Sales of books and magazines and advertising in Hong Kong and Taiwan
Books and magazines printing	Provision of printing and reprographic services in Hong Kong, North America, Europe and Australasia
Internet businesses	Sales of advertising income, internet subscription and content provision in Hong Kong and Taiwan

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

Analysis of business segment results for the year ended 31 March 2008

	Newspapers publication and printing *HK$'000*	Books and magazines publication *HK$'000*	Books and magazines printing *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
CONSOLIDATED INCOME STATEMENT						
REVENUE						
External sales	2,449,506	872,705	122,145	39,438	–	3,483,794
Inter-segment sales	1,742	396	177,408	253	(179,799)	–
	2,451,248	873,101	299,553	39,691	(179,799)	3,483,794
Segment results	462,658	127,621	66,512	(21,251)	–	635,540
Unallocated expenses						(32,850)
Unallocated income						32,758
Finance costs						(16,524)
Profit before tax						618,924
Income tax expense						(97,601)
Profit for the year						521,323
CONSOLIDATED BALANCE SHEET						
Segment assets	2,857,924	552,814	269,982	40,180	–	3,720,900
Unallocated assets						877,414
Total assets						4,598,314
Segment liabilities	(277,100)	(140,237)	(49,567)	(13,651)	–	(480,555)
Unallocated liabilities						(708,220)
Total liabilities						(1,188,775)

Analysis of business segment results for the year ended 31 March 2007

	Newspapers publication and printing *HK$'000*	Books and magazines publication *HK$'000*	Books and magazines printing *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
CONSOLIDATED INCOME STATEMENT						
REVENUE						
External sales	2,277,702	832,981	103,132	31,348	–	3,245,163
Inter-segment sales	–	–	169,178	–	(169,178)	–
	2,277,702	832,981	272,310	31,348	(169,178)	3,245,163
Segment results	316,556	45,839	55,179	12,022	–	429,596
Unallocated expenses						(28,480)
Unallocated income						21,844
Finance costs						(9,384)
Profit before tax						413,576
Income tax expense						(71,163)
Profit for the year						342,413
CONSOLIDATED BALANCE SHEET						
Segment assets	2,904,734	560,109	255,824	9,052	–	3,729,719
Unallocated assets						871,708
Total assets						4,601,427
Segment liabilities	(273,273)	(165,278)	(53,655)	(9,213)	–	(501,419)
Unallocated liabilities						(743,185)
Total liabilities						(1,244,604)

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market based on location of customers, irrespective of the origin of the goods/services:

	2008	2007
	HK$'000	*HK$'000*
Hong Kong	**1,968,373**	1,817,186
Taiwan	**1,440,064**	1,353,260
North America	**39,453**	43,714
Europe	**22,142**	23,483
Australasia	**10,890**	6,767
Others	**2,872**	753
	3,483,794	3,245,163

The following is an analysis of the carrying amount of segment assets and capital expenditure analysed by the geographical area in which the assets are located:

	2008		2007	
	Segment assets	**Capital expenditure**	Segment assets	Capital expenditure
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Hong Kong	**2,456,547**	**48,388**	2,512,728	26,670
Taiwan	**1,260,455**	**27,452**	1,213,124	115,663
North America	**3,898**	**19**	3,867	41
	3,720,900	**75,859**	3,729,719	142,374

5. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**16,472**	9,369
Interest expense on finance lease	**52**	15
	16,524	9,384

6. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**72,967**	75,145
Taiwan	**8,775**	3,047
Other jurisdictions	**38**	217
Underprovision in prior years	**4,136**	3,077
	85,916	81,486
Deferred tax:		
Current year	**11,685**	(10,323)
	97,601	71,163

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for both years.

Taiwan Profits Tax is calculated at 25% (2007: 22%) of the estimated assessable profits for the year.

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

7. DIVIDENDS

Dividends recognised as distribution during the year:

	2008	2007
	HK$'000	*HK$'000*
Ordinary shares:		
Interim dividend, paid – HK5.0 cents (2006/2007: HK4.0 cents) per share	**120,591**	96,473
Final dividend, paid for 2006/2007 – HK8.5 cents (2006/2007: HK18.0 cents for 2005/2006) per share	**205,005**	268,529
Special dividend, paid – 2006/2007 – HK9.0 cents (2005/2006: Nil) per share	**217,065**	–
	542,661	365,002

The final dividend of HK9.0 cents (2006/2007: HK8.5 cents) and a special dividend of HK10.0 cents (2006/2007: HK9.0 cents) per ordinary share have been proposed by the Directors and is subject to approval by the shareholders in annual general meeting.

The dividends declared and proposed after the balance sheet date have not been recognised as a liability at the balance sheet date.

8. EARNINGS PER SHARE

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

Earnings	**2008**	2007
	HK$'000	*HK$'000*
Profit for the year attributable to equity holders of the parent	**521,323**	344,435

Number of shares	**2008**	2007
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,411,828,881**	1,940,435,057
Share options	**4,817,985**	1,968,396
Convertible preference shares	**–**	471,342,466
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,416,646,866**	2,413,745,919

9. INTANGIBLE ASSETS

	Masthead and publishing rights
	HK$'000
COST	
At 1 April 2006, 31 March 2007 and 31 March 2008	**1,482,799**
ACCUMULATED IMPAIRMENT	
At 1 April 2006, 31 March 2007 and 31 March 2008	**181,918**
CARRYING VALUES	
At 31 March 2008 and 31 March 2007	**1,300,881**

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

10. INVENTORIES

	2008	2007
	HK$'000	*HK$'000*
Raw materials	**185,911**	200,108
Work in progress	**2,445**	2,193
Finished goods	**735**	438
	189,091	202,739

11. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**621,517**	562,596
Less: allowance for doubtful debts	**(98,972)**	(52,207)
	522,545	510,389
Prepayments	**15,058**	22,085
Rental and other deposits	**18,317**	21,318
Others	**25,284**	22,116
Trade and other receivables	**581,204**	575,908

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 at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0 – 1 month	**267,343**	238,372
1 – 3 months	**239,853**	232,882
Over 3 months	**15,349**	39,135
	522,545	510,389

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$15,349,000 (2007: HK$39,135,000) which are past due at the reporting date 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:

	2008	2007
	HK$'000	*HK$'000*
Over 3 months	**15,349**	39,135

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 base on their settlement records.

Movement in the allowance for doubtful debts

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**52,207**	38,717
Impairment losses recognised on receivables	**48,388**	15,367
Amounts written off as uncollectible	**(1,623)**	(1,877)
Balance at end of the year	**98,972**	52,207

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$98,972,000 (2007: HK$52,207,000) which have delayed payments. 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:

	2008		2007	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	'000	***HK$'000***	*'000*	*HK$'000*
United States Dollar ("USD")	**1,353**	**10,538**	1,150	8,936
Pound Sterling ("GBP")	**54**	**834**	22	319
Australian Dollar ("AUD")	**268**	**1,907**	198	1,215

12. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**130,468**	150,124
Accrued charges *(Note)*	**332,498**	335,576
Trade and other payables	**462,966**	485,700

Note: The accrued charges include an amount of HK$47,239,000 (2007: HK$85,238,000) accrued for legal and professional expenses relating to a number of legal proceedings.

An analysis of the trade payables of the Group by age is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 1 month	**92,484**	107,286
1 – 3 months	**24,441**	29,584
Over 3 months	**13,543**	13,254
	130,468	150,124

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

	2008	2007
	Denominated currency	Denominated currency
	'000	*'000*
USD	**6,687**	9,500
Equivalent to	**HK$52,059**	HK$74,213

13. BORROWINGS

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

	2008	2007
	HK$'000	*HK$'000*
Carrying amount repayable		
– within one year	**76,805**	127,186
– in the second year	**76,805**	140,149
– in the third year	**76,805**	81,203
– in the fourth year	**76,805**	64,000
– in the fifth year	**57,603**	–
	364,823	412,538
Less: Amount due within one year shown under current liabilities	**(76,805)**	(127,186)
Non-current portion	**288,018**	285,352

All bank loans are variable-rate borrowings which carry interests at a base rate of Commercial Paper 51328 plus 0.65% per annum (2007: one to three months Hong Kong Interbank Offered Rate plus 0.71875% per annum, except for certain loans from banks in Taiwan which carry interest at or one month to two years Taiwan Post fixed deposit rate plus 0.6% to 2.25% per annum).

The average effective interest rates (which are equal to contractual interest rates) of borrowings is 3.41%. (2007: 4.25%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue totalled HK$3,483.8 million, which was 7.4 per cent higher than the figure of HK$3,245.2 million for the preceding 12 months. This was mainly attributable to the remarkable performances of *Taiwan Apple Daily* and the printing business.

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the largest proportion of the Group's entire revenues in the 2007/08 financial year. During the year, the Division's revenue totalled HK$2,449.5 million, an increase of 7.5 per cent on the HK$2,277.7 million achieved in the previous year.

Apple Daily

In the year under review, *Apple Daily*'s revenue amounted to HK$1,079.4 million, an increase of 3.1 per cent on the previous year's figure of HK$1,047.3 million. Circulation income accounted for HK$410.9 million of this figure, an increase of 3.8 per cent on the HK$395.8 million recorded during the previous year. Hong Kong's thriving economy drove a steady rise in the newspaper's advertising income, which grew to HK$668.5 million, a 2.6 per cent more than the previous year's figure of HK$651.5 million.

The Group remains confident that *Apple Daily* will continue to be one of its most important revenue sources in the coming years, especially in view of the loyalty of its readers and the attractiveness of their demographic profile among Hong Kong's major advertisers, who will continue to regard it as an essential tool for marketing high-quality products and services in Hong Kong and further afield.

Taiwan Apple Daily

Taiwan's business environment remained relatively unimpressive during 2007/08. Hoped-for measures by the government to spur its economy failed to materialise and advertisers were reluctant to raise their budgets. Despite this, *Taiwan Apple Daily* did manage to augment its advertising income, which grew to HK$822.0 million, a considerable increment of 11.3 per cent on the previous year's figure of HK$738.3 million.

The combination of such increases in circulation and advertising income accounted for a rise of 7.8 per cent in *Taiwan Apple Daily*'s total revenue. However, its management's perseverance in containing and reducing its costs yielded a substantial improvement in the newspaper's profitability, which grew by a substantial 169.2 per cent, up from HK$69.4 million to HK$186.8 million, during the last financial year.

In October 2006, the Group further bolstered its presence in Taiwan by launching *Sharp Daily*, a free newspaper that is distributed to travellers at Taipei's Rapid Transit subway stations every morning from Monday to Friday. Its popularity throughout the metropolitan area enabled it to increase its distribution figures steadily. Besides its avid readers, *Sharp Daily* enjoyed strong support from its advertisers, most of whom are smaller local companies which cannot afford the high cost of island-wide advertising campaigns, and which see it as an indispensable tool for reaching a prime audience in its biggest city. These trends have already put *Sharp Daily* on the road to profitability, and they auger well for its ongoing success.

Apple Daily Printing Limited

The Group's newspaper printing business scored good results in a competitive market during the year. Revenue from all its Hong Kong printing operations grew to HK$445.5 million, a rise of 13.0 per cent on the previous year's figure of HK$394.4 million.

Excluding transactions related to printing Next Media's own publications, Apple Daily Printing Limited's revenue amounted to HK$164.1 million during the 2007/08 financial year, which was 47.6 per cent higher than its revenue of HK$111.2 million in the preceding financial year. Much of this growth was attributable to its contracts to print the city's free dailies and an increasing amount of business undertaken for other external customers.

Books and Magazines Publication Division

The Books and Magazines Publication Division continued to make a sizeable contribution to the Group's income. Its total revenue of HK$872.7 million during the year under review was 4.8 per cent higher than the previous year's figure of HK$833.0 million.

Next Magazine

Next Magazine recorded a modest growth of its advertising revenue, which amounted to HK$178.6 million during the 2007/08 financial year, a figure that was 1.7 per cent higher than the previous year's total of HK$175.6 million.

Next Magazine's management undertook a comprehensive root-and-branch review of its operating costs during the year. It was able to trim these considerably as a result of this exercise, thereby increasing the magazine's net profitability by an impressive 112.6 per cent to HK$62.3 million, compared with HK$29.3 million in the last financial year.

Sudden Weekly Bundle

Informative and entertaining content and savvy marketing strategies enabled *Sudden Weekly Bundle* to extend its leading edge among its predominantly female target readership and underpinned its status as Hong Kong's most popular weekly magazine during 2007. Incorporating *Sudden Weekly, Eat and Travel Weekly and ME!*, the title soared a 24.0 per cent leap in its advertising income to HK$172.7 million during the 2007/08 financial year, compared with the previous year's HK$139.3 million. Its circulation income also rose by 14.8 per cent, primarily as a result of a cover price adjustment from HK$10.0 to HK$12.0 implemented in October 2007. As a result, the title's revenue grew by 20.9 per cent, up from HK$210.1 million in the 2006/07 financial year to HK$254.1 million this year.

FACE Bundle

Easy Finder entered a new chapter in its history as Hong Kong's most popular youth-oriented weekly when it underwent a complete makeover and was renamed *FACE* in May 2007. This aimed to give it a new, more sophisticated and attractive look that would serve to increase its appeal among affluent young adult readers and advertisers alike. The repositioned publication – *FACE Bundle* incorporating *FACE*, *Trading Express & Auto Express* and *Ketchup*, maintained its status as one of Hong Kong's top five weeklies.

The cover price of *FACE Bundle* was reduced by HK$5.0 from HK$10.0 to HK$5.0 in November 2006, and it was increased by HK$3.0 to HK$8.0 during November 2007. As a result of these cover price adjustments and the slight dip in its sales, the magazine's circulation income was 26.4 per cent lower than in the previous year. However, the reduction in the circulation income of *FACE Bundle* was partially set off by the slight increase of 2.8 per cent in its advertising revenue, savings in production costs and other expenses it incurred. Taking all these factors into account, the total revenue of *FACE Bundle* declined by 4.4 per cent to HK$114.9 million for this year, compared with HK$120.2 million recorded in the previous year.

Taiwan Next Magazine

Although *Taiwan Next Magazine*'s circulation income declined by 7.9 per cent, its popularity among the public continued to serve as a magnet for the island's advertisers, and this was reflected by the growth in its advertising sales. In defiance of the island's rather muted business conditions, these grew by 2.0 per cent during the 2007/08 financial year, amounting to HK$161.7 million, compared with the HK$158.5 million it achieved in the previous 12 months, and accounting for 70.2 per cent of its total revenue.

In addition to this, the cost-savings programmes that the magazine implemented during the year had a phenomenal impact on its profit. This burgeoned by 27.1 per cent to HK$32.8 million, compared with HK$25.8 million in the previous financial year.

The Group has no doubt that *Taiwan Next Magazine* will remain a firm favourite its loyal and growing army of readers, as well as the island's major advertisers. Its dominant position in the market positions it well to continue making constant contribution to the Group's profits in the years to come.

Books and Magazines Printing Division

Next Media's commercial printing operations maintained its steady contribution to the Group's revenues. Its revenue during the year ended 31 March 2008 amounted to HK$299.6 million, which was 10.0 per cent higher than the figure of HK$272.3 million for the previous year. Internal sales accounted for HK$177.4 million or 59.2 per cent of this, while sales to external customers made up the other HK$122.2 million, representing an increase of 18.5 per cent on the preceding year's HK$103.1 million.

Robust competition from printers on the Mainland continued to exert pressure on the Division's sales and profit margins. In response, it maintained a firm focus on delivering quality products. This enabled it to secure a steady stream of business from prestigious clients in Hong Kong, North America, Europe and Australasia. The Group remains optimistic that its Books and Magazines Printing Division will carry to generate a reliable flow of revenue in the future.

Internet Division

The Internet Division's external revenue rose by a healthy 25.9 per cent to HK$39.4 million in the year under review, compared with HK$31.3 million the previous year. This consisted of subscription fees, advertising revenue and content licensing payments.

The Group is convinced that the Internet Division is capable of generating an increasing amount of revenue in the coming years. It has therefore established a new Research and Development unit within the Division that will further develop the scope and quality of its online presence in order to satisfy the ever-rising expectations of Internet users and advertisers alike.

Although the costs of human resources and other factors associated with this project tipped the scales and turned the previous year's segmental profit of HK$12.0 million into a segmental loss of HK$21.3 million this year, the Group regards them as a very worthwhile investment that will ensure the Division's long-term success.

FINANCIAL REVIEW

Consolidated Financial Results

Revenue

The Group recorded a total revenue of HK$3,483.8 million during the year ended 31 March 2008. This represents an increase of 7.4 per cent or HK$238.6 million on the figure of HK$3,245.2 million achieved in the previous financial year. Most of the increment was due to a rise of 7.3 per cent in the total advertising sales of the Group's publications, which were responsible for an average of approximately two-thirds of their respective total income, the rest being derived from circulation sales.

Hong Kong remained the principal geographical source of the Group's revenue. Its operations there were responsible for HK$1,968.4 million or 56.5 per cent of its total revenue during the 2007/08 financial year. Taiwan was the second-largest revenue earner, accounting for 41.3 per cent of the Group's total revenue. Meanwhile, the income derived from Taiwan rose slightly, by 6.4 per cent from the last year's HK$1,353.3 million to HK$1,440.1 million in this financial year.

In operational terms, newspaper publishing and printing continued to contribute the lion's share of the Group's revenue. The Newspapers Publication and Printing Division contributed HK$2,449.5 million or 70.3 per cent of its total revenue, an increase of HK$171.8 million or 7.5 per cent on the figure of HK$2,277.7 million for the previous financial year.

The Books and Magazines Publication Division performed satisfactorily, generating HK$872.7 million or 25.1 per cent of the Group's total revenue. Meanwhile, the Books and Magazines Printing Division contributed HK$122.1 million or 3.5 per cent.

EBITDA and Segment Results

The Group's Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) for the year ended 31 March 2008 amounted to HK$772.6 million. This represented an increase of HK$189.2 million or 32.4 per cent on the figure of HK$583.4 million achieved in the previous financial year. Much of this growth was due to comprehensive and effective cost-reduction measures that were implemented in most of the Group's divisions, coupled with an increase in the figure for advertising sales.

The Group achieved a segment profit of HK$635.5 million during the year under review, a remarkable rise of 47.9 per cent on the figure of HK$429.6 million reported in the preceding financial year.

The Newspapers Publication and Printing Division's segment profit rose by 46.1 per cent to HK$462.7 million, compared with the previous year's figure of HK$316.6 million.

The segment profit of the Books and Magazines Publication Division leapt by an impressive 178.6 per cent to HK$127.6 million, in contrast to the figure of HK$45.8 million recorded in the previous year.

The Books and Magazines Printing Division recorded a segment profit of HK$66.5 million, an increase of 20.5 per cent over the last year's figure of HK$55.2 million.

Operating Expenses

The Group's operating expenses totalled HK$2,864.9 million during the financial year under review. This was HK$33.3 million or 1.2 per cent higher than the previous year's figure of HK$2,831.6 million. HK$1,267.0 million or 44.2 per cent of this figure consisted of raw materials consumed and essential production costs. Total personnel costs accounted for HK$1,110.6 million or 38.8 per cent of the Group's total operating expenses, an increase of HK$52.5 million or 5.0 per cent on the previous year's figure of HK$1,058.1 million.

Taxation

The taxes levied on the Group during the 2007/08 financial year amounted to HK$97.6 million, an increase of 37.1 per cent compared to the previous year's figure of HK$71.2 million. The difference was mainly due to the increases in taxes of the Taiwan operations for the current year by HK$5.7 million and the increase in deferred tax of HK$22.0 million respectively.

FINANCIAL POSITION

Current Assets and Current Liabilities

As at 31 March 2008, the Group held HK$1,650.5 million in current assets, an increase of 0.1 per cent over the figure of HK$1,648.9 million in the last year. The Group's total liabilities on the same date stood at HK$1,188.8 million. This represented a decrease of 4.5 per cent on the figure of HK$1,244.6 million a year earlier. The Group's bank balances and cash including restricted bank balances totalled HK$877.4 million as at 31 March 2008. The current ratio as at 31 March 2008 was 290.6 per cent, an increase of 12.0 per cent, compared to the ratio of 259.5 per cent on the same date in 2007.

Trade Receivable

As at 31 March 2008, the Group's trade receivable totalled HK$522.5 million, an increase of 2.4 per cent over the figure of HK$510.4 million in last financial year. The average turnover days for the Group's accounts receivable as at 31 March 2008 was 54.3 days, compared to 56.9 days on the same date of the previous year.

Trade Payable

As at 31 March 2008, the Group's trade payable amounted to HK$130.5 million. This was 13.1 per cent less than the figure of HK$150.1 million on the same date of the previous financial year. The average turnover days for its accounts payable was 40.5 days, compared to 45.5 days on the same date of the previous year.

Long-term and Short-term Borrowings

As at 31 March 2008, the Group's long-term borrowings, including current portions, totalled HK$364.8 million. This represented a decrease of 11.6 per cent on the figure of HK$412.5 million on the same date of the previous financial year. As at 31 March 2008, the current portion of the Group's long-term borrowings stood at HK$76.8 million, a decrease of 39.6 per cent measured against the figure of HK$127.2 million a year earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during the 2007/08 financial year was the cash flow generated by its operating activities and – to a lesser extent – banking facilities provided by its principal bankers.

During the year, its available banking facilities totalled HK$805.8 million, of which HK$369.4 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.

All the Group's bank borrowings during the year were denominated in New Taiwanese dollars. As at 31 March 2008, the Group's total bank balances including restricted bank balances and cash on hand amounted to HK$877.4 million. Its gearing ratio on the same date was 7.9 per cent, compared to 9.0 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

As at 31 March 2008, the Company's total issued share capital was HK$2,411.8 million. This figure was made up of 2,411,828,881 shares with a par value of HK$1.00 each.

Cash Flow

The Group's net cash inflow from operating activities during the year ended 31 March 2008 amounted to HK$657.0 million, whereas its cash inflow from operating activities in last year was HK$544.2 million.

The outflow of investment-related cash during the 2007/08 financial year totalled HK$46.2 million. This figure represented a decrease of 54.1 per cent on the total amount of HK$100.7 million during the previous financial year.

The Group's net cash outflow for financing activities during the year reached HK$622.1 million, compared to the preceding year's net cash outflow figure of HK$251.5 million. The 2007/08 figure mainly represented dividends paid in a total of HK$542.7 million, repayment of bank borrowings of HK$446.3 million and new loans raised of HK$384.0 million.

Exchange Rate Exposure and Capital Expenditure

The Group's assets and liabilities are mainly denominated in either Hong Kong dollars or New Taiwanese dollars. The Group continues to face exchange rate exposure due to its magazine and newspaper publishing operations in Taiwan. It intends to reduce such exposure by arranging bank loans in New Taiwanese dollars, as and when possible. As at 31 March 2008, the Group's net currency exposure stood at NT$3,225.7 million (the equivalent of HK$825.8 million) a decrease of 31.9 per cent on the figure of NT$4,737.0 million (the equivalent of HK$1,118.5 million) a year earlier. The Group will continue to monitor its overall currency exposure, and will take steps to hedge further against such exposure if and when necessary.

The Group's capital expenditure for the 2007/08 financial year totalled HK$75.9 million, of which HK$27.5 million was used to fund its operations in Taiwan. By the year-end, it had committed to further capital expenditure of HK$19.0 million on its operations, of which HK$5.5 million was to fund its operations in Taiwan.

Pledge of Assets

As at 31 March 2008, Next Media had pledged certain elements of the Group's Taiwanese property portfolio and printing equipment to a Taiwan bank as security for bank loans granted to the Group's Taiwan branches. The aggregate carrying value of these assets was HK$743.0 million.

Contingent Liabilities and Guarantees

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

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

During the year, UDL had taken a separate legal action by filing the writ with indorsement of claim dated 8 June 2007 with the High Court against ADPL and Mr. Lai Chee Ying, Jimmy ("Mr. Lai") in respect of the above claim. A judgement in default of notice of intention to defend was entered against ADPL on 27 June 2007 (the "Default Judgement"), and a statutory demand was served by UDL on ADPL for the sum of approximately HK$162.0 million plus interest on 28 June 2007. ADPL's application for a stay of execution was issued and heard on 3 July 2007. On 3 January 2008, a High Court hearing in relation to the applications to set aside the Default Judgement and the stay of proceedings to arbitration was heard, and the judgement was handed down by the High Court on 18 January 2008 (the "Judgement"). Pursuant to the Judgement, the Default Judgement dated 27 June 2007 against ADPL had been set aside and the proceedings against ADPL had been referred to arbitration. UDL had been ordered to pay 20% of ADPL's costs on the application to set aside the Default Judgement. ADPL also obtained an order for payment of all of its costs in relation to the application for a stay of proceedings to arbitration from UDL.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai, 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 it is unlikely in light of the indemnity given by Mr. Lai that if UDL pursues its various claims to their ultimate conclusion, the Group would have any liability. Accordingly it is the opinion of the Directors of the Company that the outstanding claims brought by UDL would not have any adverse material impact on the financial position of the Group.

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 2008, these contingent liabilities stood at HK$2.6 million.

Impairment Loss in respect of Intangible Assets

In light of the current accounting standards, particularly, HKAS 38 in respect of the valuation of intangible assets, the Directors appointed an independent professional valuer to conduct a valuation of the Group's masthead and publishing rights as at 31 March 2008 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 2008 was HK$2,565.0 million (31 March 2007: HK$2,119.9 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2008 (31 March 2007: HK$1,300.9 million). Accordingly, a net revaluation surplus of HK$1,264.1 million as at 31 March 2008 (31 March 2007: HK$819.0 million) arose on a Group basis, which comprised a revaluation surplus of HK$1,266.2 million as at 31 March 2008 (31 March 2007: HK$832.7 million) and a revaluation deficit of HK$2.1 million as at 31 March 2008 (31 March 2007: HK$13.7 million) calculated on an individual masthead basis.

In regard to the revaluation deficit for that masthead and publishing right, the Directors considered that as its carrying value exceeded the estimated recoverable amount and such impairment of HK$2.1 million was temporary in nature, no impairment loss should be recognised in the consolidated income statement for the year ended 31 March 2008 (for the year ended 31 March 2007: Nil).

No adjustment was made to the Group's financial statements for those masthead and publishing rights with revaluation surplus amounting to HK$1,266.2 million as at 31 March 2008 (31 March 2007: HK$832.7 million), as the Group's accounting policy is to state these intangible assets at cost less accumulated amortisation and accumulated impairment loss.

PROSPECTS AND OUTLOOK

The Group's unrivalled position as Hong Kong's leading Chinese-language print-media publisher and its growing presence in Taiwan provides firm foundations for its continued growth and success.

Apple Daily enjoys a strong position in the Hong Kong's newspaper market and a loyal readership. Each of the Group's magazines – *Next Magazine, Sudden Weekly Bundle* and *FACE Bundle* – are the best-selling and most widely read weeklies in their respective categories, and their readerships grew considerably during the last financial year. Their readers also possess a more attractive demographic profile for advertisers than those of their rivals.

Taiwan Next Magazine is strongly tipped to maintain – and extend – its leadership status in the market, while *Taiwan Apple Daily* has rapidly overtaken nearly all the island's other daily newspapers, and it is now running neck-and-neck race with the best-selling daily of the island.

While never allowing its advantages to make it complacent, the Group believes that these will enable it to continue increasing its advertising and sales income in the coming years.

Hong Kong's business environment is widely expected to remain favourable and that it will continue to flourish. This is another positive factor that is expected to increase the advertising revenue the Group derives, especially from sectors such as luxury consumer products, travel, electronics and education.

Now that its elections are over, Taiwan's economic prospects are expected to brighten in the coming months, especially if – as many analysts predict – the new leadership succeeds in improving its relations with the Mainland. The Group has always regarded Taiwan as the ideal location for building its business in the future. It continues to pursue the goal of obtaining roughly equal shares of its revenue from both markets, and it is making steady progress towards achieving this.

Rising costs in both Hong Kong and Taiwan form the biggest single challenge that Next Media believes it will need to tackle in the coming months, especially as human resources and raw materials are likely to become increasingly expensive. As previously mentioned, the Group is very mindful of their negative impact, and it has fully committed itself to trimming them wherever possible. This financial year's results testify to the effectiveness of the efforts it has already made, and we will continue to keep a watchful eye over them in the future.

EMPLOYEES RELATIONS

As at 31 March 2008, Next Media employed a total of 3,682 people 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$1,110.6 million, an increase of 5.0 per cent over the last year's figure of HK$1,058.1 million.

DIVIDENDS

The Directors recommend the payment of a final dividend of HK9.0 cents (2006/07: HK8.5 cents) and a special dividend of HK10.0 cents (2006/07: HK9.0 cents) per share to the shareholders whose names appear on the register of members on Monday, 21 July 2008, which together with the interim dividend of HK5.0 cents (2006/07: HK4.0 cents) per share will amount to a total of HK24.0 cents per share for 2007/08 (the interim, final and special dividends for 2006/07: HK21.5 cents). The proposed final and special dividends, if approved by the shareholders at the forthcoming annual general meeting to be held on Monday, 21 July 2008, will be paid on Thursday, 31 July 2008.

BOOK CLOSE PERIOD

The Register of Members of the Company will be closed from Thursday, 17 July 2008 to Monday, 21 July 2008, both days inclusive, during which period no transfer of shares will be effected. All transfers of shares accompanied by relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 16 July 2008 so as to qualify for the final and special dividends. Dividend warrants will be despatched on or around Thursday, 31 July 2008.

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 membership is comprised solely of Independent Non-executive Directors, namely, Mr. Yeh V-Nee, Mr. Fok Kwong Hang, Terry, and Dr. Kao Kuen, Charles. Working closely with the external auditors, the Committee has reviewed the Group's audited consolidated results for the year ended 31 March 2008.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2008, 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"), save and except for the following deviations:

Code Provision A.2.1

Pursuant to A.2.1 of the Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Lai, the executive Chairman, took up the position of the Group's Chief Executive Officer on 1 January 2008. Mr. Lai possesses strong leadership skills and has extensive experience in the media industry. The Board therefore considers that the vesting of the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership that will enable it to make effective and efficient business decisions, as well as ensuring the timely execution of such business strategies. The Board also considers that this structure will not impair the balance of power and authority between the Board and senior management, as clear guidelines have been stipulated about their respective powers and authorities.

Code Provision E.1.2

Pursuant to Code provision E.1.2, the Chairman of the Board shall attend the Company's Annual General Meeting ("AGM").

Due to another business engagement, Mr. Lai was unable to attend the Company's AGM held on 30 July 2007. Mr. Ting Ka Yu, Stephen, an Executive Director who was present at the AGM, chaired the meeting 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 Directors have confirmed that they fully complied with the required standards of the Model Code for the year ended 31 March 2008.

By Order of the Board
Ting Ka Yu, Stephen
Director

Hong Kong, 26 May 2008

As at the date of this announcement, the Executive Directors of the Company are Mr. Lai Chee Ying, Jimmy, Mr. Ting Ka Yu, Stephen, Mr. Ip Yut Kin and Mr. Tung Chuen Cheuk and the Independent Non-executive Directors of the Company are Mr. Yeh V-Nee, Mr. Fok Kwong Hang, Terry and Dr. Kao Kuen, Charles.

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.