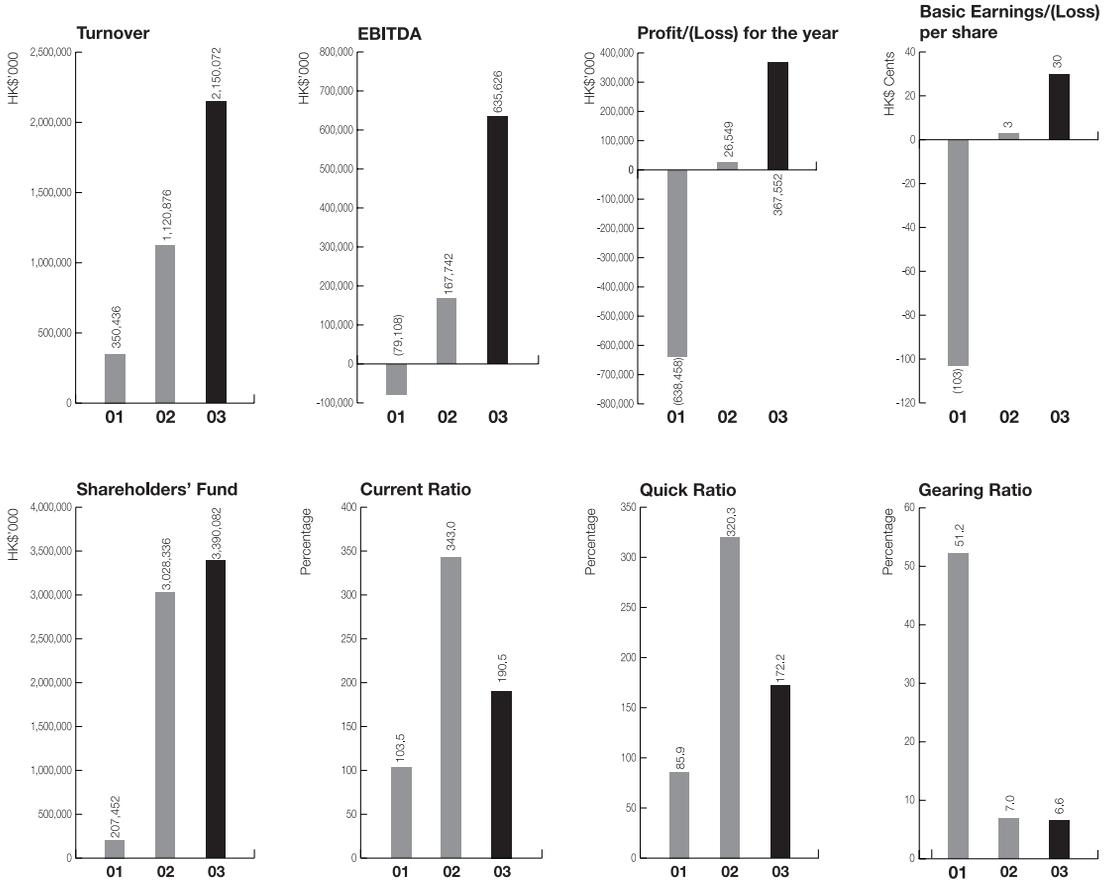




Financial Highlights



Business Highlights

- 1) Recorded encouraging first full year annual results after the Acquisition with increases in turnover and profit for the year by 91.8% and 1,284.4% respectively as a result of the full year contribution derived from the acquired businesses. The drop in average production cost and the implementation of various cost control measures also helped to improve the bottom-line.
- 2) *Taiwan Next Magazine* achieved break-even in May 2003, merely two years after its launch in May 2001, and repeated the success of *Next Magazine* in Hong Kong.
- 3) As the first company to introduce the "bundling" concept for its magazines, the Company's strategy is proven to be a major success. Two months after the bundling, the *Sudden Weekly* and *Eat & Travel Weekly* bundle reached a record high circulation of 214,590 copies for an issue in March 2002.
- 4) The Internet business successfully turned around from a segment loss of HK\$31.7 million to a segment profit of HK\$3.6 million, with an increase in turnover by 35.1%. This was mainly attributable to the implementation of a multi-income-stream revenue model and tight cost control measures.

Corporate Structure

- *Apple Daily*
- *Taiwan Apple Daily* (launched on 2 May 2003)
- Newspaper Printing

Newspaper Publication and Printing Business

- Magazine Printing
- Book, calendar and catalogue printing

Books and Magazines Printing Business

NEXTmedia

Books and Magazines Publication Business

- *Next Magazine*
- *Easy Finder*
- *Sudden Weekly*
- *Eat & Travel Weekly*
- *Taiwan Next Magazine*

- atNext Portal

Internet Content Provision and Advertising Business

Management Discussion and Analysis

(A) OPERATIONAL REVIEW

FINANCIAL PERFORMANCE

The year under review represented the first full year results since the Group's acquisition of Database Gateway Limited and its subsidiaries in October 2001 (the "Acquisition"). The businesses acquired through the Acquisition were *Apple Daily* and newspaper printing business, *Next Magazine*, *Sudden Weekly* and *Eat & Travel Weekly*. Accordingly, the results of these businesses this year reflected the full year contribution as compared to a five-month contribution in fiscal year 2002. The increases in turnover and profits of these businesses are mainly resulted from this full year impact. During the year, the Group record a total turnover of approximately HK\$2,150.1 million and a profit for the year of approximately HK\$367.6 million, representing respective increases of 91.8% and 1,284.4% from 2002.

Newspaper Publication and Printing Division

During the year under review, Newspaper Publication and Printing division, the Group's most profitable business division, recorded a turnover of approximately HK\$1,309.4 million, or a 135.0% increase from 2002.

Apple Daily

As Hong Kong's second most popular newspaper, *Apple Daily* is a major profit contributor to the Group's overall results. During the year under review, *Apple Daily* recorded a total of approximately HK\$1,278.0 million in turnover, representing an increase of 135.1% from 2002. The rise in turnover reflected the full year contribution from the Acquisition.

According to ACNielsen 2003 March Hong Kong Media Index RARD Report ("ACNielsen Hong Kong"), *Apple Daily* recorded an average readership of 1,374,000 for the six months ended March 2003 and an average daily circulation of 343,660 for the six months ended December 2002 as audited by the Hong Kong Audit Bureau of Circulation ("HKABC").

During the year under review, circulation sales of *Apple Daily* amounted to approximately HK\$462.9 million, representing an increase of 136.7% from 2002. In addition, advertising revenue for *Apple Daily* amounted to approximately HK\$815.1 million, representing an increase of 134.2% from 2002.

Apple Daily Printing Limited

Apple Daily Printing Limited provides printing services to complement *Apple Daily's* business to ensure a smooth and efficient operation. In addition, to better utilise the Group's printing press, the Group also provides printing services to certain external customers. The revenue derived from the provision of printing services to external customers was approximately HK\$31.3 million. Such figure has increased by approximately 131.9% from 2002.

Books and Magazines Publication Division

During the year under review, turnover of the Group's Books and Magazines Publication division increased by 72.5% to approximately HK\$715.6 million, as compared to approximately HK\$414.9 million in 2002. The Group's turnover growth reflected performances from the full year contributions from magazines that were acquired through the Acquisition, including *Next Magazine*, *Sudden Weekly* and *Eat & Travel Weekly*. *Taiwan Next Magazine* also achieved an encouraging 28.6% rise in turnover mainly resulting from increasing advertising income.

Next Magazine

According to ACNielsen Hong Kong, *Next Magazine* is No.2 by readership in the weekly magazine market. With a vast average readership of 465,000 for the six months ended March 2003 and an average weekly circulation of 153,459 for the six months ended December 2002 as audited by HKABC, *Next Magazine* continued to attract readers and advertisers, and recorded revenue of approximately HK\$298.0 million, up by 154.0% as compared to approximately HK\$117.3 million in 2002.

Taiwan Next Magazine

As evidenced by its sustained market leadership, *Taiwan Next Magazine* has established a reputation with its bold journalistic style and has quickly won widespread acceptance. For the year ended 31 March 2003, turnover from *Taiwan Next Magazine* amounted to approximately HK\$129.9 million, an encouraging increase of 28.6% from approximately HK\$101.0 million in 2002. As expected by the Group, *Taiwan Next Magazine* achieved break-even by May 2003, or two years after its launch.

According to ACNielsen (Taiwan) Ltd. ("ACNielsen Taiwan"), *Taiwan Next Magazine* has an average readership of 1,379,000 for the six months ended March 2003 which is the highest amongst all weekly magazines in Taiwan. The total circulation of *Taiwan Next Magazine* for the six months ended December 2002, as audited by the Taiwan Audit Bureau of Circulation, is 3,715,371 copies giving an average weekly circulation of 142,898 copies.

Sudden Weekly and Eat & Travel Weekly

The *Sudden Weekly/Eat & Travel Weekly* bundle (the "Bundle") continued to attract a broad range of readers and is now the No.1 selling magazine in the weekly magazine market. For the six months ended March 2003, the Bundle has an average weekly readership of 516,000.

During the year under review, revenue for the Bundle increased by 194.3% to reach approximately HK\$185.7 million up from approximately HK\$63.1 million for the previous year as a result of the full year effect of the Acquisition and the bundling effect of the two magazines. Due to the immense popularity and mass appeal of the Bundle, advertising rates for both *Sudden Weekly* and *Eat & Travel Weekly* rose notably year-on-year. In addition, the Group also increased the retail price of the Bundle from HK\$8 to HK\$10 since the last issue in November 2002. The increase in retail price did not affect the sales performance of the Bundle, but in fact, its circulation increased to an unaudited average of 196,562 copies for the four months ended April 2003, as compared to an audited average of 179,299 copies for the six months ended June 2002.

Easy Finder

Easy Finder, with an average readership of 262,000 for the six months ended March 2003, maintained its No.3 ranking in the weekly magazine market by targeting young readers with the latest updates on fashion and trends. During the year under review, revenue amounted to approximately HK\$99.9 million in 2003, or a fall of 23.7%, from approximately HK\$130.9 million in the previous year, reflecting tough competition.

Books and Magazine Printing Division

Turnover of the Books and Magazine Printing division increased by 11.0% from approximately HK\$218.2 million for the year ended 31 March 2002 to approximately HK\$242.1 million for the year ended 31 March 2003. Segment results for the division also improved by 107.0% due to reduced operating costs.

The turnover growth was attributable to the rise in commercial printing for external customers. The Group expects to continue to enjoy a steady income stream from commercial printing. Inter-segment printing accounted for approximately HK\$131.4 million or 54.3% of the turnover of this division.

Internet Division

During the year under review, revenue from the Internet division increased by 35.8% to approximately HK\$14.4 million. From a segment loss of approximately HK\$31.7 million in fiscal year 2002, the Internet division recorded an encouraging segment profit of approximately HK\$3.6 million in 2003.

Revenue of the Internet division is derived from content licensing fees, subscription fees and advertising revenue. The impressive increase in revenue is mainly due to the increase in the number of subscribers and advertising revenue for the year ended 31 March 2003.

THE NEXT STEP

Taiwan Apple Daily

Following the success of *Taiwan Next Magazine*, the Group is excited about the launch of *Taiwan Apple Daily*. The year under review was a year of preparation to ensure the launch of this eagerly anticipated newspaper on 2 May 2003.

During the year under review, the Group invested approximately HK\$708.0 million in *Taiwan Apple Daily*, including the purchase of equipment and production facilities, and the acquisition of an office building. Approximately HK\$83.6 million was spent on purchasing an office building for the headquarters of *Taiwan Apple Daily* and approximately HK\$55.1 million for other fixtures and office equipment. Approximately HK\$389.0 million was spent on acquiring 6 printing machines and other auxiliary equipment to ensure sufficient production capability to satisfy the expected enormous demand. The printing machines are placed in 2 printing factory premises, which cost the Group approximately HK\$180.3 million on land and buildings.

As at 31 March 2003, the Group has already hired 482 experienced editorial staff, including 286 reporters and 59 photographers.

On 2 May 2003, 600,000 copies of *Taiwan Apple Daily's* debut edition rolled out from 6 printing presses in our 2 printing factories and an impressive demand was witnessed. Since then, the newspaper continued to generate growing market acceptance and readership. For the month of May 2003, print-run maintained at 500,000 copies to 600,000 copies of which an average 85% were sold out. Judging from the improved sold-out rate, *Taiwan Apple Daily* is well-received by the public and increasing its popularity amongst a diverse group of readers. Eyeing the encouraging response, the Group increased its retail price from NT\$5 to NT\$10 on 1 June 2003.

With the combination of good production capabilities, an able editorial teams, abundant resources and its newly completed Taiwan headquarters, the Group is looking forward to increasing its share of the Taiwan newspaper market with *Taiwan Apple Daily*.

GOING FORWARD

With the launch of *Taiwan Apple Daily*, it is expected that the Group's results will be affected and it may not be able to attain similar results as in the fiscal year 2003. However, every cent and dollar incurred will be contributed in paving the future success of *Taiwan Apple Daily*, and the Group is confident that all of its hardwork and investment into *Taiwan Apple Daily* will generate return in the future.

(B) FINANCIAL REVIEW

The purpose of this review is to highlight Next Media's financial position and operating information during the year under review.

Consolidated Financial Results

Turnover

Against the backdrop of a turbulent market environment, turnover of the Group surged by 91.8% and increased from approximately HK\$1,120.9 million in 2002 to approximately HK\$2,150.1 million for the year ended 31 March 2003. This performance reflected the first full year contribution since the Acquisition as well as the improved financial results of *Taiwan Next Magazine*. In terms of revenue breakdown by principal market, Hong Kong continued to be the largest revenue contributor, with approximately HK\$1,929.5 million. The Taiwan market contributed an encouraging approximately HK\$130.2 million, representing the turnover from *Taiwan Next Magazine* for the year under review. Compared to 2002, the Hong Kong market witnessed a 101.2% turnover growth during the year. In terms of revenue breakdown by principal activity, newspaper publishing and printing was the largest revenue generator, and contributed 60.9% or approximately HK\$1,309.4 million to the Group's total turnover, followed by the magazine publishing business, which contributed approximately HK\$715.6 million in 2003.

Dividend

The Board does not recommend the payment of dividend for the year ended 31 March 2003.

EBITDA and Profit for the year

During the year under review, EBITDA increased to approximately HK\$635.6 million from approximately HK\$167.7 million, representing growth of 279.0% as compared to last year. Profit for the year also surged significantly by 1,284.4% and amounted to approximately HK\$367.6 million as compared to approximately HK\$26.5 million last year. Apart from the full year profit contribution of those publications acquired through the Acquisition as compared to a five-month contribution in the last fiscal year, the drop in production costs and the implementation of various cost control measures also contributed to this significant increase in profit for the year. Since the Acquisition, the Group has been achieving encouraging profit for the year for two consecutive years. Similarly, the Group's basic and fully diluted earnings per share amounted to HK\$30 cents and HK\$15 cents respectively for the year under review.

Operating Expenses

During the year under review, the Group's total operating expenses consisted largely of production costs including direct production staff costs, which accounted for 62.3% and amounted to approximately HK\$1,069.5 million as compared to 62.5% and HK\$673.9 million last year. The increase in the amount was mainly attributable to the Group's expansion in its Taiwan operations and the full year effect from the Acquisition during the year under review. Meanwhile, personnel costs, excluding direct production staff costs, totalled 17.3%, or approximately HK\$296.8 million. Depreciation for machines and equipment also took up a 6.0% share, or approximately HK\$102.9 million of total operating expenses.

Taxation

The Group's taxation charge reached approximately HK\$77.7 million, compared to about HK\$27.1 million of the previous year, representing an increase of 186.7%. The increase in taxation charge was principally due to the Group's increase in assessable profit derived from its Hong Kong operations.

Financial Position

Current Assets and Current Liabilities

As at 31 March 2003, the Group's current assets decreased by around 1.1% to approximately HK\$954.8 million (2002: approximately HK\$965.3 million) whilst current liabilities increased by approximately 78.1% and amounted to approximately HK\$501.3 million (2002: approximately HK\$281.5 million). The increase in current liabilities was attributable to the *Taiwan Apple Daily's* purchase of fixed assets and other accruals amounting to approximately HK\$130.0 million. This coupled with the fact that, during the year under review, the Group made a discretionary bonus payable to employees in Hong Kong amounting to HK\$54.0 million, increase in taxation amounting to approximately HK\$31.4 million and increase in current portion of long-term liabilities amounting to approximately HK\$11.7 million, all contributed to the increase in current liabilities. As a result of the movement of current assets and current liabilities mentioned above, the current ratio as at 31 March 2003 decreased to 190.5% from 343.0% as at 31 March 2002. Total cash on hand amounted to about HK\$497.2 million as at 31 March 2003.

Accounts Receivable

During the year under review, the Group's accounts receivable decreased from approximately HK\$312.5 million in 2002 to approximately HK\$292.5 million in 2003. Average turnover days of accounts receivable was 51.4 days in 2003 as compared to 58.0 days in 2002. The reason for the decrease was due to the adoption of tighter credit control policy over advertising sales to advertising customers amid the worsening economic condition.

Accounts Payable

Accounts payable increased by 70.0% and amounted to approximately HK\$102.0 million (2002: HK\$60.0 million). Days of accounts payable was 56.0 days as at 31 March 2003 as compared to 43.5 days in 2002.

Long-term and Short-term Liabilities

Long-term liabilities totalled approximately HK\$205.4 million as compared to approximately HK\$190.9 million in the previous year, while current portion of long-term liabilities was approximately HK\$70.6 million as compared to approximately HK\$58.8 million last year.

Borrowing and Gearing

As at 31 March 2003, the Group had available banking facilities totalling approximately HK\$358.1 million and of which approximately HK\$321.5 million was utilised. There is no seasonality in borrowing requirements. Except for borrowings equivalent to HK\$85.0 million denominated in New Taiwanese Dollars, all other borrowings and cash of the Group were denominated in Hong Kong Dollars as at 31 March 2003. The Group's bank loans are secured by the Group's land and buildings and machinery with an aggregate net book value of around HK\$783.4 million. The gearing ratio of the Group was 6.6% as at 31 March 2003 as compared to 7.0% in 2002. The gearing ratio was calculated by dividing the long-term liabilities by the total assets.

Shareholders' Funds and Share Capital

Shareholders' funds as at 31 March 2003 increased 11.9% to approximately HK\$3,390.1 million from approximately HK\$3,028.3 million as at 31 March 2002. There has been no change in the share capital of the Company since 1 April 2002. The increase in shareholders' funds was attributable to the increase of the Group's reserves from the previous year's negative reserves of approximately HK\$235.3 million to a positive reserves of approximately HK\$126.4 million as at 31 March 2003. During the year, the Company carried out a capital reduction exercise to reduce the Company's share premium account by approximately HK\$828.9 million such that the credit arising from such reduction was applied to eliminate the Company's accumulated losses by the same amount. During the year under review, there was no share repurchase.

Cash Flow

Net cash provided by operating activities amounted to approximately HK\$650.5 million (2002: approximately HK\$295.0 million).

Cash from investing activities amounted to an outflow of approximately HK\$735.0 million as compared to an inflow of approximately HK\$370.9 million in the previous year. Substantial cash outflow for the current year was mainly for the payment of approximately HK\$745.7 million for purchase of fixed assets, reflecting the Group's investment for the launch of *Taiwan Apple Daily*, while approximately HK\$387.6 million net cash inflow was derived from the acquisition of subsidiaries in the last fiscal year.

Net cash inflow from financing activities, which amounted to approximately HK\$14.5 million, mainly represented new bank loans and other borrowings of approximately HK\$86.9 million, partially offset by bank loan repayment of approximately HK\$60.7 million.

Exchange Rate Risk and Capital Expenditure

The assets and liabilities of the Group are mainly denominated either in Hong Kong Dollars or New Taiwanese Dollars. The Group has certain exchange exposure to New Taiwanese Dollars due to the full operation of its magazine publishing business and the newly established newspaper publishing business in Taiwan. It is the Group's strategy to reduce the Group's exchange rate exposure by arranging local currency bank loans. The Group's net currency exposure as at 31 March 2003 was about NT\$3,067.4 million (about HK\$687.8 million). The Group will closely monitor the overall currency exposure and, when considered appropriate, will hedge against such exposure.

During the year under review, the Group purchased two office buildings as its headquarters for the magazine and newspaper publishing businesses in Taiwan as well as acquired machineries and two printing factory premises for its newspaper business in Taiwan. The aggregate purchase price amounted to approximately HK\$797.0 million. These purchases were funded by internal resources and bank borrowings.

Contingent Liabilities

As at 31 March 2003, the Group had contingent liabilities in respect of a number of litigation proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business. In addition, the Group had a dispute with UDL Constructing Limited as contractor for the construction of a printing facility of a subsidiary, namely Apple Daily Printing Limited, over amounts payable in respect of the construction of the facility, which is currently under arbitration. The final outcome of this arbitration is uncertain.

In connection with the Acquisition, Mr. Lai Chee Ying, Jimmy ("Mr. Lai") has undertaken to provide unlimited personal indemnities (the "Indemnity") to the Group against all payments, claims, suits, damages and settlement payments and associated costs and expenses in relation to certain legal proceedings arising out of the businesses acquired through the Acquisition. The Directors of the Company, having taken into consideration the advice from the Group's legal counsel and the Indemnity given by Mr. Lai, are of the opinion that any ultimate liability under these proceedings would not have a material impact on the financial position of the Group.

The Company also had contingent liabilities in relation to corporate guarantees given by the Company to banks for facilities granted to its subsidiaries of the Company amounting to approximately HK\$184.7 million.

Taiwan Apple Daily

In preparing for the launch of *Taiwan Apple Daily*, the Group incurred expenses in the amount of approximately HK\$68.1 million during the year ended 31 March 2003. These expenses consisted mainly of personnel costs. As at 31 March 2003, the Group had capital commitments in respect of fixed assets of approximately HK\$15.1 million in relation to *Taiwan Apple Daily*.

The Group employed proactive marketing strategies including the conduct of pervasive advertising campaigns and the provision of free gifts such as apples and posters before and during the launch phase, as well as promotional discounting. For the month of April 2003, net pre-operating expenses attributable to *Taiwan Apple Daily* amounted to approximately HK\$27.2 million, one-off costs for test runs of printing presses amounted to approximately HK\$9.6 million while marketing and promotional expenses relating to the launch of *Taiwan Apple Daily* amounted to approximately HK\$25.6 million. It is anticipated that the Group will incur substantial operating expenses in the coming year. However, it is believed that the Group will have sufficient resources to fund the operations.

Impact of SARS

In March 2003, communities across Asia, and eventually across all international boundaries, witnessed the power and impact of a new epidemic - Severe Acute Respiratory Syndrome ("SARS"). Numerous industries have been affected by the fragile sentiment and the sense of pessimism lingering in the community due to the rapid spread of the disease. For the month of April 2003, the Group experienced cancellation of advertisement and reduced booking of advertising pages. As a result, the Group's advertising revenue for the month of April 2003 was adversely affected as compared to the same period last year. The Group's sales and marketing team has implemented a series of flexible strategies to counter the adverse impact posed by the SARS outbreak. As the number of SARS infections fell and the travel advisory against Hong Kong has been lifted by the World Health Organisation, advertising revenue for the Group in May 2003 has shown signs of recovery and improved significantly when compared to the previous month. Nevertheless, the Management is of the view that it is at present not possible to quantify the potential impact of the SARS outbreak, if any, on the Group's results for the current year.

EMPLOYEES RELATIONS

As always, our publications focus on preserving the truth, to inform, to reveal and to report matters that are close to our readers' heart. Our workforce of 2,972 (2002: 2,037) have been selected for their energy, courage, integrity and dynamism. These are the qualities needed to create publications that appeal to the mass market and understand our customers. The Group has generous performance-based employment and remuneration policies to recognise and reward every individual's unique and valuable contribution to the Group's success.

In January 2003, the Group implemented a new salary scheme for staff in Hong Kong in a bid to realign resources and enhance efficiency. The new scheme adjusted staff's annual income from a 14-month salary per year to a 13-month salary per year. At the same time, the Group introduced a new incentive bonus scheme called the "special year end bonus". This bonus is based on 50% of its 13th month salary expenses to reward staff with commendable performance. To align employees' interests with the shareholders, profit sharing schemes and share option schemes continue to be in place. Total staff cost including retirement benefits, amounted to approximately HK\$729.6 million (2002: approximately HK\$409.2 million) for the year.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

AUDIT COMMITTEE

Current members of the Audit Committee are Mr. V-Nee Yeh and Mr. Fok Kwong Hang, Terry, both being independent non-executive directors of the Company.

The Audit Committee is responsible for providing an independent review of the financial reporting, internal controls and audits of the Company. During the year, the Audit Committee reviewed the interim and annual financial statements of the Company before submission to the board of directors. With the assistance of the auditors, the Audit Committee also reviewed the adequacy and effectiveness of the Company's system of internal control and made recommendations to the Board.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement containing all information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited as soon as practicable.

The Board of Directors 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 2003 together with the comparative figures for the previous year as follows:

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 HK\$'000	2002 HK\$'000
Turnover	2	2,150,072	1,120,876
Production costs		(1,069,470)	(673,845)
Gross profit		1,080,602	447,031
Other revenues	2	22,351	20,108
Personnel costs excluding direct production staff costs		(296,782)	(133,675)
Depreciation		(102,848)	(66,714)
Amortisation of intangible assets		(75,864)	(37,735)
Other administrative expenses		(169,580)	(148,857)
Other expenses	3	(988)	(16,598)
Operating profit		456,891	63,560
Finance costs	4	(11,645)	(9,659)
Profit before taxation		445,246	53,901
Taxation	5	(77,717)	(27,085)
Profit after taxation		367,529	26,816
Minority interests		23	(267)
Profit for the year		367,552	26,549
Dividends		–	–
Basic earnings per share	6	30 cents	3 cents
Fully diluted earnings per share	6	15 cents	2 cents

Next Media Limited

Notes

1. Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention except that land and buildings are stated at fair value.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised) :	Presentation of financial statements
SSAP 11 (revised) :	Foreign currency translation
SSAP 15 (revised) :	Cash flow statements
SSAP 34 (revised) :	Employee benefits

The adoption of these revised SSAPs has not had a material financial impact on the Group's results for the current and last year presented herein.

2. Turnover, revenue and segment information

The Group is engaged in the provision of printing and reprographic services, the publication of books, magazines and newspaper, the delivery of internet content and the sale of advertising space in books, magazines, newspaper and on websites. Revenues recognised during the year are as follows:

	2003 HK\$'000	2002 HK\$'000
Turnover		
Sales of newspaper	462,883	195,578
Sales of books and magazines	294,130	206,888
Newspaper advertising income	815,277	348,117
Books and magazines advertising income	421,491	207,961
Printing and reprographic services	141,958	151,688
Internet content provision and advertising income	14,333	10,644
	2,150,072	1,120,876
Other revenues		
Sales of waste materials	6,428	6,828
Sales of other publications	765	5,650
Interest income on bank deposits	8,904	4,319
Editorial services	–	806
Rental income	2,013	283
Others	4,241	2,222
	22,351	20,108
Total revenues	2,172,423	1,140,984

Next Media Limited

Analysis of business segment results for the year ended 31 March 2003

	Newspaper publication and printing <i>HK\$'000</i>	Books and magazines publication <i>HK\$'000</i>	Books and magazines printing <i>HK\$'000</i>	Internet content provision and advertising <i>HK\$'000</i>	Elimination of inter- segment transactions <i>HK\$'000</i>	Group <i>HK\$'000</i>
Turnover	1,309,411	715,642	242,080	14,383	(131,444)	2,150,072
Segment results	372,643	30,695	27,567	3,635	–	434,540
Other revenues						22,351
Operating profit						456,891
Finance costs						(11,645)
Profit before taxation						445,246
Taxation						(77,717)
Profit after taxation						367,529
Minority interests						23
Profit for the year						367,552

Analysis of business segment results for the year ended 31 March 2002

	Newspaper publication and printing <i>HK\$'000</i>	Books and magazines publication <i>HK\$'000</i>	Books and magazines printing <i>HK\$'000</i>	Internet content provision and advertising <i>HK\$'000</i>	Elimination of inter- segment transactions <i>HK\$'000</i>	Group <i>HK\$'000</i>
Turnover	557,161	414,849	218,208	10,644	(79,986)	1,120,876
Segment results	160,334	(98,530)	13,319	(31,671)	–	43,452
Other revenues						20,108
Operating profit						63,560
Finance costs						(9,659)
Profit before taxation						53,901
Taxation						(27,085)
Profit after taxation						26,816
Minority interests						(267)
Profit for the year						26,549

Next Media Limited

Secondary reporting format – geographical segments

	2003		2002	
	Turnover <i>HK\$'000</i>	Segment results <i>HK\$'000</i>	Turnover <i>HK\$'000</i>	Segment results <i>HK\$'000</i>
Hong Kong	1,929,475	528,863	959,238	152,708
Taiwan	130,207	(116,798)	101,049	(114,794)
North America	64,961	15,665	34,362	1,414
Europe	20,600	5,453	17,882	2,793
Australasia	4,829	1,357	8,345	1,331
	2,150,072	434,540	1,120,876	43,452
Other revenues		22,351		20,108
Operating profit		456,891		63,560

3. Other expenses

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Impairment loss on fixed assets	–	9,468
Loss on disposal of fixed assets	988	7,130
	988	16,598

4. Finance costs

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Interest expenses on:		
– Bank borrowings	12,473	9,629
– Finance leases	–	30
– Others	8	–
Total borrowing costs incurred	12,481	9,659
Less: Interest capitalised in construction in progress	(836)	–
	11,645	9,659

5. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2002: 16%) on the estimated assessable profit for the year. No overseas profits tax has been provided in the accounts since the subsidiaries operating in overseas countries have no assessable profit for the year.

The amount of taxation charged to the consolidated profit and loss account comprises:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Hong Kong profits tax	55,552	14,165
Under-provision in prior years	106	137
Deferred taxation	22,059	12,783
	77,717	27,085

Next Media Limited

Deferred tax charge mainly represents utilisation of tax loss of certain Subsidiaries.

Deferred taxation credits for the year have not been recognised in respect of the following:

	2003 HK\$'000	2002 HK\$'000
Accelerated depreciation allowances	480	1,578
Tax losses	2,397	16,829
Other timing differences	186	1,952
	3,063	20,359

6. Earnings per share

The calculation of the basic and fully diluted earnings per share is based on the profit attributable to shareholders of approximately HK\$367,552,000 (2002: approximately HK\$26,549,000). The calculation of basic earnings per share is based on 1,233,661,176 (2002: weighted average of 899,708,677) ordinary shares in issue during the year.

The calculation of fully diluted earnings per share for the year ended 31 March 2003 is based on 1,233,661,176 (2002: weighted average of 899,708,677) ordinary shares in issue during the year plus the 1,162,227,807 (2002: 498,980,916) ordinary shares deemed to be issued at no consideration assuming all outstanding share options had been exercised and the preference shares had been converted into ordinary shares of the Company at the beginning of the year.

The shares of the Company were consolidated on a five-to-one basis on 22 October 2001. The number of shares applied in the previous year's calculation of both basic and fully diluted earnings per share has been adjusted on a pro-forma basis as if the consolidation of shares had taken place before 1 April 2001.

By order of the Board

Ting Ka Yu, Stephen

Director

Hong Kong, 9 June 2003

Forward-looking statements

This announcement contains certain statements that are "forward-looking" and that use certain forward-looking terminology. These statements are based on the current beliefs, assumptions, expectations and projections of the directors of the Company about the industry and markets in which the Group operates. These statements are subject to risks, uncertainties and other factors beyond the control of the Group.

Please also refer to the published version of this announcement in South China Morning Post dated on 10-6-2003.