NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2012

The Board of Directors (the "Board" or the "Directors") of Next Media Limited ("Next Media" or the "Company") announces the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2012, together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	NOTES	**2012**	2011
		HK$'000	*HK$'000*
			(Restated)
Continuing operations			
Revenue	2	**3,634,553**	3,477,005
Production costs			
Cost of raw materials consumed		**(1,326,039)**	(1,163,461)
Film production costs		**(339,481)**	(52,497)
Other overheads		**(339,389)**	(268,408)
Staff costs		**(953,997)**	(841,930)
		(2,958,906)	(2,326,296)
Personnel costs excluding direct production staff costs		**(585,120)**	(561,412)
Other income	2	**76,971**	49,268
Depreciation of property, plant and equipment		**(295,588)**	(163,873)
Release of prepaid lease payments		**(1,797)**	(1,797)
Other expenses		**(421,964)**	(376,569)
Impairment loss recognised in respect of property, plant and equipment		**(112,214)**	—
Impairment loss recognised in respect of goodwill		**(9,889)**	—
Impairment loss recognised in respect of interest in associates		**(105,505)**	—
Impairment loss recognised in respect of unlisted convertible note		**(7,800)**	—
Impairment loss recognised in respect of programmes and film rights		**(38,474)**	—
Finance costs	4	**(22,807)**	(9,318)
Share of results of associates		**(9,202)**	—
Share of results of a jointly controlled entity		**(1,172)**	(3,053)
(Loss) profit before tax		**(858,914)**	83,955
Income tax expense	5	**(106,281)**	(74,171)
(Loss) profit for the year from continuing operations	6	**(965,195)**	9,784
Discontinued operation			
Profit (loss) for the year from discontinued operation	7	**784,378**	(29,328)
Loss for the year		**(180,817)**	(19,544)
Other comprehensive (expense) income			
Exchange differences arising on translation		**(42,351)**	110,759
Total comprehensive (expense) income for the year		**(223,168)**	91,215

	NOTES	2012 HK$'000	2011 HK$'000 (Restated)
Loss for the year attributable to:			
Owners of the Company			
— (Loss) profit for the year from continuing operations		**(973,009)**	9,598
— Profit (loss) for the year from discontinued operation		**784,378**	(29,328)
		(188,631)	(19,730)
Non-controlling interests			
— Profit for the year from continuing operations		**7,814**	186
		(180,817)	(19,544)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(231,310)**	90,865
Non-controlling interests		**8,142**	350
		(223,168)	91,215
(Loss) earnings per share	9		
From continuing and discontinued operations			
— Basic		**(HK7.8 cents)**	(HK0.8 cent)
— Diluted		**(HK7.8 cents)**	(HK0.8 cent)
From continuing operations			
— Basic		**(HK40.3 cents)**	HK0.4 cent
— Diluted		**(HK40.3 cents)**	HK0.4 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	NOTES	**2012** **HK$'000**	2011 *HK$'000*
NON-CURRENT ASSETS			
Intangible assets	*10*	**1,300,881**	1,300,881
Property, plant and equipment		**2,256,962**	2,132,185
Prepaid lease payments		**61,555**	63,352
Deposit for acquisition of property, plant and equipment		**21,592**	145,363
Programmes and film rights		**181,288**	—
Interest in associates		**—**	—
Loans to associates		**34,001**	—
Interest in a jointly controlled entity		**—**	1,172
Investment in an unlisted convertible note		**—**	6,216
Derivatives embedded in the investment in an unlisted convertible note		**—**	1,584
		3,856,279	3,650,753
CURRENT ASSETS			
Programmes and film rights		**—**	68,240
Inventories	*11*	**190,511**	171,000
Trade and other receivables	*12*	**735,247**	711,610
Prepaid lease payments		**1,797**	1,797
Tax recoverable		**294**	1,716
Restricted bank balances		**5,411**	5,411
Bank balances and cash		**725,784**	878,557
		1,659,044	1,838,331
CURRENT LIABILITIES			
Trade and other payables	*13*	**728,349**	653,594
Amounts due to associates		**2,981**	—
Borrowings	*14*	**289,305**	127,107
Obligations under finance leases		**—**	4
Tax liabilities		**56,007**	23,620
		1,076,642	804,325
NET CURRENT ASSETS		**582,402**	1,034,006
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,438,681**	4,684,759

	NOTES	2012 HK$'000	2011 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	*14*	**724,684**	752,176
Retirement benefits plans		**29,204**	27,242
Deferred tax liabilities		**287,542**	291,781
		1,041,430	1,071,199
NET ASSETS		**3,397,251**	3,613,560
CAPITAL AND RESERVES			
Share capital		**2,412,497**	2,412,497
Reserves		**971,847**	1,196,650
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**3,384,344**	3,609,147
NON-CONTROLLING INTERESTS		**12,907**	4,413
TOTAL EQUITY		**3,397,251**	3,613,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2012

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

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The amendments to HKAS 1, as part of improvement to HKFRSs issued in 2010, clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified reflect the change.

The application of new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvement to HKFRSs 2009–2011 Cycle[1]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[2]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[2]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 July 2011
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial Instruments

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

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

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2016.

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

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

With regards to the consolidated financial statements, the key requirements of these standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC) — Int 12 Consolidation — Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These standards are effective to the Group for its annual period beginning on or after 1 April 2013. Earlier application is permitted provided that all of these standards are applied early at the same time.

The directors anticipate that these standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013.

However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

2. REVENUE AND OTHER INCOME

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

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenue		
Sales of newspapers	**744,236**	782,952
Sales of books and magazines	**239,294**	259,890
Newspapers advertising income	**1,613,519**	1,533,407
Books and magazines advertising income	**724,242**	643,921
Printing and reprographic services income	**234,085**	240,305
Television advertising and subscription income	**31,992**	4,834
Internet advertising income, internet subscription and content provision ("Internet businesses")	**47,185**	11,696
	3,634,553	3,477,005
Other income		
Sales of waste materials	**28,791**	23,658
Interest income on bank deposits	**2,778**	1,518
Interest income on loan to associates	**196**	—
Rental income	**9,964**	1,725
Net exchange gain	**19,320**	13,833
Others	**15,922**	8,534
	76,971	49,268

3. SEGMENT INFORMATION

Information reported to the Company's chief operating officer (who is the Group's chief operating decision maker, "CODM") for the purposes of resource allocation and assessment of performance focuses on types of goods delivered and services rendered. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions.

Specifically, the Group's reportable and operating segments from continuing operations under HKFRS 8 are as follows:

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

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

Upon completion of the disposal of Colored World Holdings Limited and its subsidiaries (the "Colored World Group") during the year, the animation production business that was previously included in the internet businesses segment was discontinued. The segment information reported below does not include any amounts for this discontinued operation, which are described in more detail in note 7.

Segment revenue and results

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

For the year ended 31 March 2012

Continuing operations

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Television and multi-media** *HK$'000*	**Internet businesses** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE						
External sales	**2,499,252**	**1,056,124**	**31,992**	**47,185**	**—**	**3,634,553**
Inter-segment sales	**39,439**	**18,558**	**—**	**13,338**	**(71,335)**	**—**
	2,538,691	**1,074,682**	**31,992**	**60,523**	**(71,335)**	**3,634,553**
Segment results	**314,157**	**179,232**	**(1,168,054)**	**(36,956)**	**—**	**(711,621)**
Unallocated expenses						**(153,366)**
Unallocated income						**28,880**
Finance costs						**(22,807)**
Loss before tax from continuing operations						**(858,914)**

For the year ended 31 March 2011

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television and multi-media *HK$'000*	Internet businesses *HK$'000* (Restated)	Eliminations *HK$'000* (Restated)	Consolidated *HK$'000* (Restated)
REVENUE						
External sales	2,453,300	1,007,175	4,834	11,696	—	3,477,005
Inter-segment sales	6,640	19,617	22	25,136	(51,415)	—
	2,459,940	1,026,792	4,856	36,832	(51,415)	3,477,005
Segment results	471,589	129,819	(459,215)	(20,322)	—	121,871
Unallocated expenses						(40,101)
Unallocated income						11,503
Finance costs						(9,318)
Profit before tax from continuing operations						83,955

Segment profit/(loss) represents the profit/(loss) incurred by each segment without the allocation of income or expenses resulted from interest income, finance costs, impairment loss recognised in respect of unlisted convertible note and associates, share of results of associates, share of results of jointly controlled entity and certain corporate and administrative expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

As at 31 March 2012

	Newspapers publication and printing ***HK$'000***	**Books and magazines publication and printing** ***HK$'000***	**Television and multi-media** ***HK$'000***	**Internet businesses** ***HK$'000***	**Eliminations** ***HK$'000***	**Consolidated** ***HK$'000***
Segment assets	**2,472,196**	**828,285**	**1,408,705**	**37,266**	**—**	**4,746,452**
Unallocated assets						**768,871**
Total assets						**5,515,323**
Segment liabilities	**(300,345)**	**(201,941)**	**(1,042,388)**	**(16,579)**	**—**	**(1,561,253)**
Unallocated liabilities						**(556,819)**
Total liabilities						**(2,118,072)**

As at 31 March 2011

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television and multi-media *HK$'000*	Internet businesses *HK$'000* (Restated)	Eliminations *HK$'000*	Consolidated *HK$'000* (Restated)
Segment assets	2,514,988	829,747	1,184,447	10,860	—	4,540,042
Unallocated assets						898,204
Assets relating to discontinued operation	—	—	—	50,838	—	50,838
Total assets						5,489,084
Segment liabilities	(276,666)	(232,619)	(1,005,827)	(12,969)	—	(1,528,081)
Unallocated liabilities						(340,006)
Liabilities relating to discontinued operation	—	—	—	(7,437)	—	(7,437)
Total liabilities						(1,875,524)

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

- all assets are allocated to operating segments other than interest in associates, interest in a jointly controlled entity, investment in an unlisted convertible note, embedded derivatives, loan to associates, 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, amounts due to associates, tax liabilities, certain bank borrowings, deferred tax liabilities and corporate liabilities that are not attributable to segments.

Other segment information

For the year ended 31 March 2012

Continuing operations

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Television and multi-media** *HK$'000*	**Internet businesses** *HK$'000*	**Corporate** *HK$'000*	**Consolidated** *HK$'000*
Addition to non-current assets	**31,577**	**13,280**	**407,519**	**9,016**	**20**	**461,412**
Depreciation of property, plant and equipment	**103,157**	**21,637**	**161,732**	**5,139**	**3,923**	**295,588**
Release of prepaid lease payments	**991**	**—**	**—**	**—**	**806**	**1,797**
Impairment loss recognised in respect of property, plant and equipment	**—**	**—**	**112,214**	**—**	**—**	**112,214**
Impairment loss recognised in respect of goodwill	**—**	**—**	**9,889**	**—**	**—**	**9,889**
Impairment loss recognised in respect of programmes & film rights	**—**	**—**	**38,474**	**—**	**—**	**38,474**
Allowance for bad and doubtful debts	**7,652**	**4,586**	**391**	**96**	**—**	**12,725**
Share-based payment expense	**—**	**—**	**154**	**—**	**10,781**	**10,935**
(Gain) loss on disposal of property, plant and equipment	**(12)**	**(113)**	**1,930**	**1**	**—**	**1,806**

For the year ended 31 March 2011

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television and multi-media *HK$'000*	Internet businesses *HK$'000* (Restated)	Corporate *HK$'000*	Consolidated *HK$'000* (Restated)
Addition to non-current assets	13,993	54,386	454,957	2,917	12	526,265
Depreciation of property, plant and equipment	97,197	18,755	37,914	5,871	4,136	163,873
Release of prepaid lease payments	991	—	—	—	806	1,797
(Reversal of) allowance for bad and doubtful debts	6,519	2,339	—	(1,966)	—	6,892
Share-based payment expense	—	—	595	—	10,415	11,010
Loss on disposal of property, plant and equipment	39	522	91	14	—	666

The major operating expenses included in the measure of segment loss of the Television and multi-media segment are staff costs of HK$272,601,000 (2011: HK$214,968,000), film production costs and other overheads of HK$502,607,000 (2011: HK$145,207,000), promotional expenses of HK$54,079,000 (2011: HK$17,941,000) and rental expenses of HK$18,584,000 (2011: HK$9,103,000).

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers *(Note 1)*		**Non-current assets** *(Note 2)*	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		
Hong Kong (country of domicile)	**2,011,536**	1,966,704	**1,933,293**	1,946,818
Taiwan	**1,570,705**	1,458,825	**1,921,942**	1,693,815
North America	**28,775**	25,232	**1,044**	1,148
Europe	**9,958**	14,194	**—**	—
Australasia	**12,949**	11,048	**—**	—
Others	**630**	1,002	**—**	—
	3,634,553	3,477,005	**3,856,279**	3,641,781

Note 1: The Group's revenue by geographical market is based on location of operations, irrespectively of the origins of the goods and services.

Note 2: Non-current assets excluded interest in a jointly controlled entity and financial instruments.

Information about major customers

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

	2012	2011
	HK$'000	*HK$'000*
Customer A *(Note)*	**983,530**	1,042,842

Note: Revenue from this customer comprised revenue earned in newspapers and magazines publication amounting to HK$744,236,000 (2011: HK$782,952,000) and HK$239,294,000 (2011: HK$259,890,000), respectively.

4. FINANCE COSTS

Continuing operations

	2012	2011
	HK$'000	*HK$'000*
Interest expense on bank borrowings wholly repayable within five years	**19,164**	9,317
Interest expense on bank borrowings not wholly repayable within five years	**3,643**	—
Interest expense on finance leases wholly repayable within five years	**—**	1
	22,807	9,318

5. INCOME TAX EXPENSE

Continuing operations

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**77,800**	67,074
Taiwan and other jurisdiction	**32,711**	6,373
Under (over) provision in prior years	**5**	(28)
	110,516	73,419
Deferred tax		
Current year	**(4,235)**	752
	106,281	74,171

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

Taiwan Profits Tax is calculated at 17% for both years of the estimated assessable profits.

The tax charge for the year can be reconciled to the (loss) profit before tax from continuing operations as follows:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
(Loss) profit before tax from continuing operations	**(858,914)**	83,955
Tax at Hong Kong Profits Tax rate of 16.5%	**(141,721)**	13,852
Tax effect of expenses not deductible for tax purpose	**59,445**	19,967
Tax effect of income not taxable for tax purpose	**(5,285)**	(6,096)
Under (over) provision in prior years	**5**	(28)
Tax effect of tax losses not recognised	**50,570**	7,960
Tax effect of tax losses not recognised by Taiwan tax authority and not recognised	**155,685**	68,954
Utilisation of tax losses previously not recognised	**(16,064)**	(32,933)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**3,790**	2,495
Tax effect of tax exemption granted	**(144)**	—
Tax charge for the year	**106,281**	74,171

6. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
(Loss) profit for the year from continuing operations has been arrived at after charging:		
Continuing operations		
Allowance for bad and doubtful debts	**12,725**	6,892
Auditor's remuneration	**3,680**	3,212
Amortisation of programmes and film rights (included in film production cost)	**96,631**	34,095
Operating lease expenses on:		
Properties	**21,989**	12,212
Plant and equipment	**49,787**	28,493
Provision for legal and professional fees included in other expenses (net of reversal of HK$10,308,000 (2011: net of reversal of HK$1,838,000))	**18,917**	72,585
Staff costs	**1,539,117**	1,403,342
Loss on disposal of property, plant and equipment	**1,806**	666
Promotion expenses (included in other expenses)	**55,996**	17,894
Rent and rates (included in other expenses)	**28,998**	18,726

7. DISCONTINUED OPERATION

Disposal of subsidiaries

On 10 June 2011, the Group entered into a sale and purchase agreement (the "S&P Agreement") with Sum Tat Ventures Limited ("STV"), which is 100% beneficially owned by Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), Chairman and controlling shareholder of the Company, to dispose of the 70% equity interest in Colored World Group for a cash consideration of US$100 million (equivalent to approximately HK$776 million). In the opinion of the Directors, this transaction was carried out on arm-length basis with the transaction price being determined with reference to the fair value of the Colored World Group determined using a market approach by an independent valuer. Under the market approach, the guideline companies method computes a price multiple for publicly listed comparable companies and then applied the result to a base of the subject asset; and the sales comparison method computes a price multiple using recent sales and purchase transactions of comparable assets and then applied the result to a base of the subject asset.

The details of this transaction are set out in announcement dated 10 June 2011. The transaction was approved by independent shareholders at an extraordinary general meeting of the Company held on 2 September 2011 and was completed on 31 October 2011.

After the completion of the disposal on 31 October 2011, the Group lost control over the financial and operating policies of Colored World Group. The Group now holds 30% equity interest in Colored World Group and has accounted for the investment as an associate since 31 October 2011. Colored World Group was principally engaged in the animation production in Hong Kong and Taiwan as at the date of disposal and as at 31 March 2012.

The business of the Group's animation production, which was solely carried out by Colored World Group, was considered as a discontinued operation of the Group as a result of the disposal. The comparative figures for the year ended 31 March 2011 have been restated to present the animation production business as a discontinued operation.

The profit (loss) for the year from discontinued operation is analysed as follows:

	Year ended 31.03.2012 *HK$'000*	Year ended 31.03.2011 *HK$'000*
Loss of animation operation for the year	**(63,873)**	(29,328)
Gain on disposal of animation production business	**848,251**	—
Profit (loss) for the year from discontinued operation	**784,378**	(29,328)

Analysis of profit (loss) for the year from discontinued operation

The loss from discontinued operation relating to animation production business for the period ended 31 October 2011 (previously included in the Internet businesses segment), which have been included in the consolidated statement of comprehensive income, were as follows:

	Period ended 31.10.2011 *HK$'000*	Year ended 31.03.2011 *HK$'000*
Revenue	**38,309**	70,774
Production costs	**(76,169)**	(56,222)
Other income	**8,954**	319
Personnel costs excluding direct production staff costs	**(10,464)**	(14,631)
Depreciation of property, plant and equipment	**(13,562)**	(15,221)
Other expenses	**(10,941)**	(14,347)
Loss for the period/year from discontinued operation	**(63,873)**	(29,328)

Profit (loss) for the year from discontinued operation has been arrived at after (crediting) charging:

	Period ended 31.10.2011 *HK$'000*	Year ended 31.03.2011 *HK$'000*
Auditor remuneration	**82**	55
Operating lease expense on rental properties	**375**	615
Legal and professional fees included in other expenses	**288**	518
Share based payment (included in personnel cost)	**198**	130
Net exchange gain	**(8,933)**	(44)
Interest income	**(13)**	(11)
Loss on disposal of property, plant and equipment	**—**	827

The gain on disposal of Colored World Group is calculated as follows:

	HK$'000
Cash received	776,680
Fair value of 30% residual interests in Colored World Group at 31 October 2011	114,707
Less: net assets attributable to Colored World Group	(43,136)
Gain on disposal of subsidiaries	848,251

In the opinion of the Directors of the Company, the acquirer in the transactions, STV, identified the growing demand from the internet technology industry which will boost the demand for animation. Due to animation application in many more avenues, the market is likely to develop even further. Furthermore, towards leveraging from the animation boom, the international animation movie releases changes the revenue equation and is likely to be profitable in the future.

8. DIVIDENDS

No dividend was paid or declared during the years ended 31 March 2011 and 2012, nor has any dividend been proposed since the end of the reporting period.

9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

Loss

	2012	2011
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(188,631)**	(19,730)

Number of shares

	2012	2011
Number of ordinary shares in issue during the year for the purpose of basic loss per share	**2,412,496,881**	2,412,496,881
Effect of dilutive potential ordinary shares: Share options and share subscription and financing plan *(Note)*	**—**	—
Number of ordinary shares for the purpose of diluted loss per share	**2,412,496,881**	2,412,496,881

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

From continuing operations

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

	2012	2011
	HK\$'000	*HK\$'000*
		(Restated)
Loss figures are calculated as follows:		
Loss for the year attributable to the owners of the Company	**(188,631)**	(19,730)
Less: Profit (loss) for the year from discontinued operation	**784,378**	(29,328)
(Loss) profit for the purposes of basic and diluted (loss) earnings per share from continuing operations	**(973,009)**	9,598

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

From discontinued operation

Basic earnings per share for the discontinued operation is HK32.5 cents per share (2011: loss per share HK1.2 cents) and diluted earnings per share for the discontinued operation is HK32.5 cents per share (2011: loss per share HK1.2 cents), based on the profit for the year from the discontinued operation of HK\$784,378,000 (2011: loss for the year from the discontinued operation HK\$29,328,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

10. INTANGIBLE ASSETS

	Masthead and publishing rights
	HK\$'000
COST	
At 1 April 2010, 31 March 2011 and 31 March 2012	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2010, 31 March 2011 and 31 March 2012	181,918
CARRYING VALUES	
At 31 March 2012 and 31 March 2011	1,300,881

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

11. INVENTORIES

	2012 *HK$'000*	2011 *HK$'000*
Raw materials	**185,811**	165,941
Work in progress	**2,607**	3,366
Finished goods	**2,093**	1,693
	190,511	171,000

12. TRADE AND OTHER RECEIVABLES

	2012 *HK$'000*	2011 *HK$'000*
Trade receivables	**654,119**	588,504
Less: allowance for doubtful debts	**(116,162)**	(104,547)
	537,957	483,957
Prepayments *(Note)*	**135,269**	166,219
Rental and other deposits	**35,120**	17,586
Others	**26,901**	43,848
Trade and other receivables	**735,247**	711,610

Note: Included in the balance are mainly prepayments for programmes and film rights of HK$56,581,000 (2011: HK$79,931,000), value-added tax receivable in Taiwan of HK$32,676,000 (2011: HK$17,656,000) and the remaining balances are rental and utilities prepayment of HK$46,012,000 (2011: HK$68,632,000).

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

	2012 *HK$'000*	2011 *HK$'000*
0–1 month	**282,953**	250,644
1–3 months	**227,673**	227,767
3–4 months	**23,010**	5,121
Over 4 months	**4,321**	425
	537,957	483,957

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$4,321,000 (2011: HK$425,000) 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:

	2012	2011
	HK$'000	*HK$'000*
Over 4 months	**4,321**	425

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

	2012	2011
	HK$'000	*HK$'000*
Balance at beginning of the year	**104,547**	96,449
Allowance for bad and doubtful debts	**12,725**	6,892
Exchange difference	**(157)**	3,264
Amounts written off as uncollectible	**(953)**	(2,058)
Balance at end of the year	**116,162**	104,547

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$116,162,000 (2011: HK$104,547,000) 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:

	2012		2011	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	***HK$'000***	*$'000*	*HK$'000*
USD	**774**	**6,007**	691	5,374
AUD	**203**	**1,629**	251	2,015
GBP	**—**	**—**	41	506

13. TRADE AND OTHER PAYABLES

	2012 HK$'000	2011 HK$'000
Trade payables	**142,606**	163,620
Accrued charges and other payables *(Note)*	**585,743**	489,974
Trade and other payables	**728,349**	653,594

Note: The accrued charges include an amount of HK$71,425,000 (2011: HK$88,293,000) as provision mainly for legal and professional expenses relating to a number of legal proceedings. An additional provision of HK$29,513,000 (2011: HK$74,941,000) and reversal of over-provision due to the finalisation of a numbers of court cases in the current year of HK$10,308,000 (2011: HK$1,838,000) as suggested by legal counsel were made by the Group in the current year. Utilisation of such provision amounted to HK$36,073,000 (2011: HK$36,010,000) during the year ended 31 March 2012.

The remaining amount include deposit received for subscription of and advertisement in newspaper, magazine and television channels of HK$68,372,000 (2011: HK$18,794,000) and temporary receipt from customers of newspaper publication of HK$27,145,000 (2011: HK$15,060,000) and the other accrued operating expenses (e.g. accrued staff cost and utilities expenses) of HK$418,801,000 (2011: HK$367,827,000).

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

	2012 HK$'000	2011 HK$'000
0–1 month	**88,997**	128,910
1–3 months	**45,798**	28,733
Over 3 months	**7,811**	5,977
	142,606	163,620

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

	2012 Denominated currency $'000	2011 Denominated currency $'000
USD	**4,235**	4,034
Equivalent to	**HK$32,852**	HK$31,563

14. BORROWINGS

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

	2012	2011
	HK$'000	*HK$'000*
Carrying amount repayable		
— within one year	**289,305**	127,107
— in the second year	**397,953**	370,857
— in the third year	**78,432**	289,607
— in the fourth year	**78,432**	45,856
— in the fifth year	**32,878**	45,856
— more than five years	**136,989**	—
	1,013,989	879,283
Less: Amount due within one year shown under current liabilities	**(289,305)**	(127,107)
Non-current portion	**724,684**	752,176

Bank loans balances of HK$445,239,000 carry interests at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.495% to 0.75% per annum and balance of HK$568,750,000 at HIBOR plus 2% per annum (2011: bank loans of HK$229,283,000 carry interests at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.75% per annum and bank loans of HK$650,000,000 at HIBOR plus 2% per annum).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.32% (2011: 2.21%) per annum.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Next Media's revenue from continuing operations totalled HK$3,634.6 million during the year ended 31 March 2012. This was 4.5 per cent higher than the restated figure of HK$3,477.0 million for the preceding 12 months. The increase in revenue was mainly attributable to a rise in the advertising income of the Group's publications.

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the lion's share of the Group's revenue. In the 2011/12 financial year, the Division's external revenue totalled HK$2,499.3 million, an increase of 1.9 per cent on the figure of HK$2,453.3 million for the previous year.

Apple Daily

Apple Daily remained as Hong Kong's most widely read paid-for newspaper in 2011. However, the city's paid-for daily newspaper market continued to contract last year in the face of considerable pressure from free newspapers and online news media. Even so, *Apple Daily* continued to show resilience and retain the loyalty of its readers — particularly those with higher educational qualifications and in higher-income groups — who appreciate its quality and objectivity. As a result, *Apple Daily's* revenue was relatively stable during the year under review, amounting to HK$1,029.6 million, a slight dip of 6.0 per cent on the previous financial year's figure of HK$1,095.2 million. Meanwhile, its advertising revenue amounted to HK$679.7 million, compared to HK$706.6 million the previous year. Due to a decrease in its average daily sales during the year, its circulation sales income totalled HK$349.9 million, 10.0 per cent less than the previous year's figure of HK$388.6 million.

Hong Kong Sharp Daily

The most important milestone in the Group's Hong Kong operations during the 2011/12 financial year was the launch of *Hong Kong Sharp Daily*, its free daily newspaper, on 19 September 2011.

The new tabloid has proved tremendously popular with the general public. During the period from January to March 2012, a daily average of 924,056 copies were being distributed every day from Mondays to Fridays in the city's main commercial districts and housing estates.

Taiwan Apple Daily

Taiwan Apple Daily remained as the most widely read paid-for newspaper in 2011 with an excellent demographic profile, and it reaches more young high-income earners in Taiwan than any other medium, even out-competing TV shows. These advantages make *Taiwan Apple Daily* a priority for advertisers, and its advertising revenue grew by 8.3 per cent to HK$895.8 million, compared with HK$826.8 million for the 2010/11 financial year. The newspaper's total revenue increased by HK$69.9 million during the year under review. However, its profitability dropped by 7.6 per cent to HK$197.5 million, compared with the previous financial year's HK$213.7 million. This was a result of increased operating costs due to investment in an expansion programme that aims to grow new online revenue streams, such as video and animation.

Taiwan Sharp Daily

Taiwan Sharp Daily is a free newspaper distributed to travellers at Taipei's Rapid Transit subway stations every morning from Mondays to Fridays. It has proved popular with readers ever since it was launched in October 2006, and it maintained an average daily distribution figure of 263,220 copies during the year under review.

Apple Daily Printing Limited ("ADPL")

Bolstered by the extra business created by the launch of *Hong Kong Sharp Daily*, the Group's newspaper printing business had a good year, and once again it contributed a stable income to the Group. Its Hong Kong printing operations recorded a revenue of HK$433.5 million during the 2011/12 financial year, compared with HK$396.6 million the previous year, an increase of 9.3 per cent.

Excluding transactions related to printing Next Media's own publications, the revenue of ADPL amounted to HK$137.4 million during the 2011/12 financial year. This was 2.8 per cent more than the HK$133.7 million it achieved in the preceding 12 months.

Books and Magazines Publication and Printing Division

The Books and Magazines Publication and Printing Division continued to account for a significant proportion of the Group's income. Despite fierce competition within the global printing industry and a big decline in the number of orders being placed by publishers in Western countries, its external revenue during the year under review amounted to HK$1,056.1 million, a 4.9 per cent increase on the previous financial year's figure of HK$1,007.2 million.

Next Magazine Bundle

The Group's flagship weekly maintained its ranking as Hong Kong's second most widely read Chinese weekly magazine during the year ended 31 December 2011. *Next Magazine's* male and female readers have a high-calibre demographic profile. This makes the magazine attractive to advertisers, especially companies in the toiletries, cosmetics, skincare, luxury products and health equipment sectors.

At the same time, *Next+ONe* — a perfect-bound magazine that focuses on city trends and smart lifestyles in the areas of fashion, luxury, beauty and living and which is now bundled with *Next Magazine* — has been especially successful in luring high-end and luxury product advertising.

Next Magazine Bundle's advertising revenue for the year under review increased by 14.3 per cent to HK$215.1 million, compared with HK$188.2 million during the preceding financial year.

Sudden Weekly Bundle

Incorporating *Sudden Weekly, Eat and Travel Weekly and ME!, Sudden Weekly Bundle* is Hong Kong's bestselling and most widely read weekly magazine. It still stands head and shoulders above other publications that primarily target female readers.

During the year under review, *Sudden Weekly Bundle's* advertising sales income amounted to HK$240.9 million, compared with the figure of HK$216.1 million in 2010/11; and its total revenue amounted to HK$323.0 million, compared with HK$305.2 million the previous financial year, representing increases of 11.5 per cent and 5.8 per cent, respectively.

FACE Bundle

FACE Bundle — which incorporates *FACE, Ketchup, Auto Express* and *Trading Express* — appeals to affluent young adult readers and advertisers seeking to reach them.

FACE Bundle's total revenue increased by 13.5 per cent during the year under review to HK$105.9 million, against the figure of HK$93.3 million for the preceding 12 months.

Taiwan Next Magazine Bundle

Taiwan Next Magazine Bundle — which includes *Taiwan Next Magazine* and *Taiwan ME!*, a separate magazine focusing on fashion, luxury and beauty products aimed at high-income females — maintained a strong lead as the island's best-read and bestselling weekly. The island's advertisers continued to regard *Taiwan Next Magazine* as their medium of choice. This was especially true in the beauty and perfume, food and beverage and consumer electronics and communications sectors.

Taiwan Next Magazine Bundle's advertising sales amounted to HK$178.9 million in the year ended 31 March 2012, an increase of 9.8 per cent on the figure of HK$162.9 million for the preceding 12 months.

Commercial Printing

Next Media's commercial printing operation continued to compete vigorously against a growing number of increasingly sophisticated rivals in Mainland China and elsewhere around the world. At the same time, adverse economic conditions in North America, Europe and Australasia resulted in a dearth of new orders, and clients became increasingly price sensitive during the year under review. Its revenue during the year ended 31 March 2012 amounted to HK$250.4 million, which was 5.7 per cent less than the figure of HK$265.5 million for the previous financial year. Internal sales accounted for HK$157.8 million or 63.0 per cent of this amount, whereas sales to external customers made up the remaining HK$92.6 million, a decrease of 10.4 per cent on the preceding financial year's figure of HK$103.4 million.

Television and Multi-media Division

The Group made further headway in its project to establish a strong presence in the Taiwan TV industry during the past year. However, it also encountered a series of delays and disappointments that made its implementation considerably more protracted than originally expected. After lengthy deliberations, the Taiwan National Communications Commission (NCC) is expected to grant Next TV an operating license for a variety channel, in addition to the news, sports and movies channels approved earlier. While awaiting the approval of crucial licences and undergoing negotiations to secure listings on the cable networks continued, the Group focused on creating original and attractive high-definition (HD) content and alternatives to traditional MSO distribution strategies.

At present, Next TV operates a news channel and variety channel via Internet Protocol. These are distributed to more than 600,000 households, who have received set-top boxes to decode the signal on loan and free of charge as members of the Next Multi-Media *Yi Wang Le* Club. More than 100,000 of these households are also regular fee-paying viewers of the Club's wide range of VOD (video-on-demand) content. In addition, the Next TV News Channel is available in high-definition format on the Chunghwa Telecom MOD and kbroVision digital platforms, and it is carried by several MSO cable operators in the southern and central regions of the island, thus giving it a total reach of around 2.0 million households. However, it remains difficult to gain access to the major cable systems, especially in the Greater Taipei area.

The Next TV News Channel was also launched in the Los Angeles area of the United States on 1 January 2012, as a first step in extending the Next Media brand and increasing its reach to North America.

The prolonged delays in obtaining licences and access to the MSO platform have inevitably had a negative effect on the Television and Multi-media Division's income, which relies heavily on advertising revenue. At the same time, the Group made considerable capital investments in Next TV, the multi-media platform and related supporting infrastructure as it embarked on creating high-quality drama series and distributing set-top boxes. Consequently, the Television and Multi-media operation made a segmental loss of HK$1,168.1 million during the 12 months up to 31 March 2012, compared with a loss of HK$459.2 million the preceding year.

Despite the disappointingly slow progress to date, the Group is still sanguine about the Taiwan TV market. The island's existing channels offer relatively poor quality, lookalike contents, and their infrastructure is under-developed. Most TV programmes are still broadcast in analogue format, which is the only type of signal that 80.0 per cent of households can receive. Since the Taiwan government has mandated digitisation from July 2012, and as Next TV is the only 100.0 per cent digitised broadcaster in Taiwan, it expects that its channels will become highly successful and that they will dramatically transform the Taiwan TV industry once they become available to a mass audience.

Internet Division

The Internet Division's online portals, together with its iPhone, iPad and Android apps, continued to provide local and overseas readers with convenient and entertaining ways to access their favourite Next Media publications. In particular, they provided an effective channel for popularising the Group's titles, especially among the technologically savvy younger generation.

During the year under review, the online version of *Apple Daily* maintained its status as Hong Kong's most-visited interactive news portal, while the popularity of *Taiwan Apple Daily's* website increased substantially. As at 31 March 2012, the online version of *Apple Daily* (excluding Smartphone apps) was receiving an average of 3.7 million unique visitors and 148.0 million page views a month, while *Taiwan Apple Daily's* online version attracted a monthly average of 8.3 million unique visitors and 160.0 million page views.

Concurrently, *Apple Daily's* mobile apps for iTunes and Android-platform Smartphones were among the top downloads in both Hong Kong and Taiwan, with 2.0 million downloads already in Hong Kong and 1.0 million in Taiwan.

The Division's income consisted of subscription fees, advertising revenues and content licensing payments. During the year under review, it recorded HK$47.2 million in external revenue from its continuing operations, an increase of 303.4 per cent on the restated amount of HK$11.7 million for the previous year. This was due to steady growth in its advertising revenue, contributed mainly by external advertisers in the online and mobile phone sectors.

On the other hand, the Division devoted additional resources to revamping its portals and other IT support during the year. As a result, it recorded a loss of HK$36.9 million, compared with a restated loss of HK$20.3 million in the preceding 12 months.

To capture the growing number of business opportunities being created by the increasing popularity of portable devices to a greater extent, a new subsidiary, Next Mobile Limited, was established during the year. Its location-based mobile phone game, "*Life is Crime*", was launched in a collaboration with Next Media Animation Limited, an associated company of the Group, in March 2012. Since then, it has been consistently ranked as one of the three highest-grossing mobile games in Hong Kong.

Financial Review

Consolidated Financial Results

Revenue

Next Media's total revenue from continuing operations amounted to HK$3,634.6 million during the year ended 31 March 2012, an increase of 4.5 per cent or HK$157.6 million on the figure of HK$3,477.0 million recorded in the previous 12 months.

The Group continued to derive most of its revenue from Hong Kong, where its operations accounted for HK$2,011.5 million or 55.3 per cent of its total revenue during the 2011/12 financial year. That was followed by Taiwan, which was responsible for 43.2 per cent. Taiwan's contribution remained relatively stable, increased by 7.7 per cent from the previous financial year's HK$1,458.8 million to HK$1,570.7 million during the year under review.

Newspaper publishing and printing continued to account for the largest part of the Group's revenue. The Newspapers Publication and Printing Division generated HK$2,499.3 million or 68.8 per cent of the Group's total revenue, an increase of HK$46.0 million or 1.9 per cent on the figure of HK$2,453.3 million for the previous financial year.

The Books and Magazines Publication and Printing Division's revenue accounted for HK$1,056.1 million or 29.1 per cent of the Group's total revenue, an increase of 4.9 per cent on the figure of HK$1,007.2 million in 2010/11.

During the year under review, the Television and Multi-media Division and Internet Division generated revenues amounting to HK$32.0 million and HK$47.2 million, representing increases of 566.7 per cent and 303.4 per cent respectively against the figures of HK$4.8 million and HK$11.7 million in the previous year.

EBITDA and Segment Results

The Group's Earnings Before Interest, Taxes, Depreciation, Amortisation and Impairment (EBITDA) from both continuing and discontinued operations for the year ended 31 March 2012 amounted to HK$525.3 million. This was HK$280.7 million or 114.8 per cent higher than the HK$244.6 million it achieved in the previous financial year.

The Group made a segment loss from continuing operations of HK$711.6 million during the year under review, compared with a restated segment profit of HK$121.9 million in the previous financial year.

The Newspapers Publication and Printing Division's segment profit declined by 33.4 per cent to HK$314.2 million, compared to the previous financial year's figure of HK$471.6 million.

The segment profit of the Books and Magazines Publication and Printing Division increased by 38.1 per cent to HK$179.2 million, compared with the figure of HK$129.8 million for the preceding 12 months.

The Television and Multi-media Division recorded a segment loss of HK$1,168.1 million (which included impairment 1oss recognized in respect of property, plant and equipment, goodwill as well as programmes and film rights in a total amount of HK$160.6 million), compared to a segment loss of HK$459.2 million in 2010/11; whereas the Internet Division recorded a segment loss of HK$36.9 million, compared with a segment restated loss of HK$20.3 million during the previous financial year.

Discontinued Operation

On 10 June 2011, the Group entered into a sale and purchase agreement with Sum Tat Ventures Limited ("STV"), a company 100.0 per cent beneficially owned by Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), the Company's Chairman and controlling shareholder. Under this agreement, the Group's 70.0 per cent equity interest in Colored World Holdings Limited (together with its subsidiaries, the "Colored World Group"), a company engaged in animation production and related services in Hong Kong and Taiwan, was sold to STV. This transaction was approved by the independent shareholders of the Company at an extraordinary general meeting held on 2 September 2011 and completed on 31 October 2011.

With effect from the completion date of the transaction, the member companies of the Colored World Group ceased to be subsidiaries of Next Media. Accordingly, the Group recorded a gain on its disposal of HK$848.3 million in its consolidated financial statements for the year ended 31 March 2012.

Operating Expenses

The Group's operating expenses from continuing operations excluding impairment losses totalled HK$4,219.6 million during the financial year under review. This was HK$826.5 million or 24.4 per cent higher than the previous financial year's restated figure of HK$3,393.1 million. HK$2,004.9 million or 47.5 per cent of its operating expenses during the year were essential production costs. Personnel costs accounted for HK$1,539.1 million or 36.5 per cent, an increase of HK$135.8 million or 9.7 per cent on the previous financial year's restated figure of HK$1,403.3 million.

Taxation

The taxes levied on the Group during the 2011/12 financial year amounted to HK$106.3 million, which was 43.3 per cent more than the previous financial year's figure of HK$74.2 million.

Financial Position

Current Assets and Current Liabilities

As at 31 March 2012, the Group's current assets amounted to HK$1,659.0 million, a decrease of 9.8 per cent on the figure of HK$1,838.3 million 12 months earlier. The Group's total liabilities on the same date were HK$2,118.1 million, 12.9 per cent more than the figure of HK$1,875.5 million 12 months earlier. The aggregate total of the Group's bank balances and cash, including restricted bank balances, was HK$731.2 million, as at 31 March 2012. The current ratio on the same date was 154.1 per cent, which was 32.6 per cent lower than the figure of 228.6 per cent a year earlier.

Trade Receivables

As at 31 March 2012, the Group's trade receivables totalled HK$538.0 million, an increase of 11.2 per cent on the figure of HK$484.0 million 12 months earlier. The average revenue days for the Group's trade receivables as at 31 March 2012 was 51.3 days, compared to 48.1 days on the same date of the previous financial year.

Trade Payables

As at 31 March 2012, the Group's trade payables amounted to HK$142.6 million. This was 12.8 per cent less than the figure of HK$163.6 million on the same date of the previous financial year. The average revenue days for the Group's trade payables was 42.1 days, compared to 44.9 days during 2010/11.

Long-term and Short-term Borrowings

As at 31 March 2012, the Group's long-term borrowings, including current portions, totalled HK$1,014.0 million. This represented an increase of 15.3 per cent on the figure of HK$879.3 million on the same date of the previous financial year. As at 31 March 2012, the current portion of the Group's long-term borrowings stood at HK$289.3 million, an increase of 127.6 per cent measured against the figure of HK$127.1 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during the 2011/12 financial year was the cash flow generated by its operating activities and — to a lesser extent — the banking facilities provided by its principal bankers.

As at 31 March 2012, the Group's available banking facilities totalled HK$1,431.8 million, of which HK$1,017.5 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 2012, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$731.2 million. Its gearing ratio on the same date was 18.4 per cent, compared to 16.0 per cent a year earlier. The Group's gearing ratio is calculated by dividing long-term borrowings, including current portions, by total asset value.

Share Capital Structure

There was no change in the Company's share capital structure during the year. As at 31 March 2012, 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 outflow from operating activities during the year ended 31 March 2012 amounted to HK$518.0 million compared with net cash from operating activities of HK$109.4 million the previous year. The difference was mainly due to the decrease in operating cash flows.

The inflow of investment-related cash during the 2011/12 financial year totalled HK$264.3 million, compared to the outflow of investment — related activities of HK$573.0 million recorded during the previous financial year. This was due to the HK$763.2 million cash inflow resulting from the disposal of the Group's 70.0 per cent equity interest in Colored World Holdings Limited.

The Group's net cash inflow for financing activities during the year amounted to HK$109.1 million, compared to the preceding year's net cash inflow figure of HK$507.6 million. The new loans raised during the year under review totalled HK$263.0 million. A HK$650.0 million term loan from a bank syndicate was drawn down during the 2010/11 financial year.

Exchange Rate Exposure and Capital Expenditure

The Group's assets and liabilities are mainly denominated in Hong Kong dollars and New Taiwanese dollars. It continues to face exchange rate exposure, due to its newspapers and magazines publishing, television and multi-media and Internet businesses 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 2012, the Group's net currency exposure stood at NT$7,237.7 million (the equivalent of HK$1,903.6 million) an increase of 5.0 per cent on the figure of NT$6,893.8 million (the equivalent of HK$1,825.2 million) a year earlier. The Group will continue to monitor its overall currency exposure and take steps to hedge further against such exposure, if and when necessary.

The Group's capital expenditure for the 2011/12 financial year totalled HK$461.4 million, of which, HK$407.5 million was used to fund its operations in television and multi-media. As at 31 March 2012, it had committed to further capital expenditure of HK$33.2 million on its operations, of which, HK$28.4 million was to fund its operations in television and multi-media.

Pledge of Assets

As at 31 March 2012, Next Media had pledged certain elements of the Group's Hong Kong and Taiwan property portfolio and printing equipment to Hong Kong and Taiwan banks as securities for bank loans granted to its Hong Kong and Taiwan operations. The aggregate carrying value of these assets was HK$1,349.9 million.

Contingent Liabilities and Guarantees

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

In addition, the Group had a dispute with UDL Contracting Limited ("UDL") as the contractor for the construction of a printing facility of a subsidiary of the Company, ADPL, over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai in the High Court during 2007.

Pursuant to the judgement issued by the High Court on 18 January 2008, the default judgement against ADPL had been set aside and the proceedings against ADPL had been referred to arbitration. UDL had been ordered to pay 20.0 per cent of ADPL's costs on the application to set aside the default judgement. ADPL also obtained an order for the payment of all of its costs in relation to the application for a stay of proceedings to arbitration from UDL, and this amount was received in July 2008.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai, the Chairman and a controlling 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 up to 25 October 2013 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors of the Company are of the opinion that, in view of the indemnity given by Mr. Lai, it is unlikely the Group would incur any indemnity if UDL were to pursue its various claims to their ultimate conclusion. It is therefore the opinion of the Directors of the Company that the outstanding claims brought by UDL would not have any adverse material impact on the Group's financial position.

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As at 31 March 2012, these contingent liabilities amounted to HK$1,431.8 million.

Intangible Assets

In view of current accounting standards, particularly, HKAS38 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 2012, based on the value-in-use approach.

According to the valuation report, the value of the Group's masthead and publishing rights was HK$2,348.7 million as at 31 March 2012 (31 March 2011: HK$2,333.3 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2012 (31 March 2011: HK$1,300.9 million). Therefore, a revaluation surplus of HK$1,047.8 million arose on a Group basis as at 31 March 2012 (31 March 2011: HK$1,032.4 million). The Group's accounting policy is to state these intangible assets at cost less accumulated amortisation and accumulated impairment loss. Therefore, no adjustment was made to the Group's financial statements for this revaluation surplus.

PROSPECTS AND OUTLOOK

The many variables and interconnections that exist in today's globalised economy make it extremely difficult to forecast the prospects for individual markets, especially those that are export-driven, such as China, Hong Kong and Taiwan.

However, the general picture does not look particularly bright at the moment. Slow economic recovery, or even recession, in the US and Europe will inevitably reduce the growth momentum in China and Taiwan. On the other hand, any adverse developments in the Mainland's economy will invariably have a negative impact on Hong Kong. The Group therefore believes it is essential to maintain a cautious outlook during the coming months.

Next Media's print publications form the rock-solid foundation of its business; they continue to perform satisfactorily, both in terms of sales and advertising revenues. They have tremendously loyal and high-quality readerships that make them attractive to advertisers. The Group regards them as its most valuable assets, and it feels they will continue to make indispensable contributions to its future success.

Yet, Next Media is also mindful that the fundamentals of the media industry are changing irreversibly and at an accelerating pace. The trend for the future is away from paid-for newspapers towards free ones, and from print media towards electronic media, including TV, online and mobile media.

Next Media has always believed in staying ahead by looking and planning ahead. Just as it has reached out and extended the scope of its operations to Taiwan, which it still sees as an ideal location for its future development, it intends to move with the times and further extend the scope of its offerings to include TV, the Internet, and the new forms of electronic media that are emerging.

Not only will this serve to make the Next Media brand more comprehensive and competitive than ever before, it will also create synergy that will allow it to reach out and satisfy the needs of new audiences.

While it will continue to pay close attention to its costs, Next Media will never compromise on the quality and professionalism of its publications, and it will uphold its pledge to deliver the same unfailingly high standards to its readers, advertisers, shareholders and employees.

EMPLOYEES RELATIONS

As at 31 March 2012, Next Media employed a total of 5,367 people based in Hong Kong, Taiwan and Canada. Employees are rewarded on a basis of performance. Performance-related variable pay such as special year-end bonuses and a profit sharing scheme are provided to team members who have made exceptional contributions to the Group. To motivate our staff to generate extra value for shareholders, Next Media and its subsidiaries also operate discretionary share option schemes and a share subscription and financing plan. During the year under review, Next Media's total staff costs from continuing operations, including retirement benefits, amounted to HK$1,539.1 million, an increase of 9.7 per cent over the last year's restated figure of HK$1,403.3 million.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year (2010/11: Nil).

BOOK CLOSE PERIOD

The Register of Members of the Company will be closed from Friday, 27 July 2012 to Monday, 30 July 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers of shares accompanied by the 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 not later than 4:30 p.m. on Thursday, 26 July 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company listed shares during the year.

AUDIT COMMITTEE

The Audit Committee's current membership consists solely of three Independent Non-executive Directors, 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 Audit Committee has reviewed the Group's audited consolidated results for the year ended 31 March 2012.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2012, 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, Mr. Lai, the Chairman of the Board did not attend the Company's Annual General Meeting held on 18 July 2011 (the "2011 AGM"). Instead, Mr. Chu Wah Hui, the former Executive Director of the Company and the Group's Chief Executive Officer, chaired the 2011 AGM in accordance with the provisions of Next Media's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Following specific enquiries by the Company, all its current Directors have confirmed that they fully complied with the required standards of the Model Code for the year ended 31 March 2012.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange of Hong Kong Limited has amended the Listing Rules relating to, amongst other things, the articles of association or equivalent constitutional documents of listed issuers. These amendments came into effect on 1 January 2012 and 1 April 2012, respectively. The Directors accordingly propose to seek the approval of the shareholders at the 2012 Annual General Meeting to be held on 30 July 2012 (the "2012 AGM") to amend the existing Articles of Association of the Company by way of special resolution. A circular containing, inter alia, information about the proposed amendments and notice of the 2012 AGM will be dispatched to the shareholders in due course.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The annual report of the Company for the year containing all information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and of the Company at www.nextmedia.com respectively in due course.

By Order of the Board
Cheung Ka Sing, Cassian
Executive Director and Chief Executive Officer

Hong Kong, 8 June 2012

FORWARD-LOOKING STATEMENTS

This announcement contains several statements that are "forward-looking", or which use various "forward-looking" terminologies. Such statements are based on the current beliefs, assumptions, expectations and projections of the Directors regarding the industry and markets in which the Group is active. Readers are reminded that such statements are subject to risks, uncertainties and other factors that are beyond the Group's control.

As at the date of this announcement, the Board comprises:–

Executive Directors:
Mr. Lai Chee Ying, Jimmy *(Chairman)*
Mr. Cheung Ka Sing, Cassian
Mr. Ting Ka Yu, Stephen
Mr. Ip Yut Kin

Independent Non-executive Directors:
Mr. Fok Kwong Hang, Terry
Mr. Wong Chi Hong, Frank
Dr. Lee Ka Yam, Danny