Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The Board of Directors (the "Board" or the "Directors") of Next Media Limited ("Next Media" or the "Company") announces the unaudited interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2014, as well as the comparative figures for the same period of last year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	NOTES	**Six months ended 30 September 2014** *HK$'000* **(unaudited)**	2013 *HK$'000* (unaudited)
Continuing operations			
Revenue	3	**1,570,498**	1,660,755
Production costs			
Cost of raw materials consumed		**(307,401)**	(451,958)
Other overheads		**(200,541)**	(110,183)
Staff costs		**(419,247)**	(424,068)
Personnel costs excluding direct production staff costs		**(296,320)**	(291,079)
Other income	3	**35,048**	34,250
Allowance for bad and doubtful debts		**(7,508)**	(9,040)
Depreciation of property, plant and equipment		**(59,457)**	(65,210)
Release of prepaid lease payments		**(899)**	(899)
Other expenses		**(171,105)**	(203,359)
Finance costs	5	**(7,310)**	(10,344)
Profit before tax		**135,758**	128,865
Income tax expense	6	**(29,266)**	(40,695)
Profit for the period from continuing operations	7	**106,492**	88,170
Discontinued operations			
Loss for the period from discontinued operations		**—**	(72,281)
Profit for the period		**106,492**	15,889
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(6,820)**	(3,670)
Total comprehensive income for the period		**99,672**	12,219

	NOTE	Six months ended 30 September 2014 HK$'000 (unaudited)	2013 HK$'000 (unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company			
— Profit for the period from continuing operations		**104,300**	83,809
— Loss for the period from discontinued operations		**—**	(72,281)
		104,300	11,528
Non-controlling interests			
— Profit for the period from continuing operations		**2,192**	4,361
		106,492	15,889
Total comprehensive income attributable to:			
Owners of the Company		**97,749**	7,942
Non-controlling interests		**1,923**	4,277
		99,672	12,219
Earnings per share	9		
From continuing and discontinued operations			
Basic		**HK4.3 cents**	HK0.5 cent
Diluted		**HK4.3 cents**	HK0.5 cent
From continuing operations			
Basic		**HK4.3 cents**	HK3.5 cents
Diluted		**HK4.3 cents**	HK3.5 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	NOTES	30 September 2014 HK$'000 (unaudited)	31 March 2014 HK$'000 (audited)
NON-CURRENT ASSETS			
Intangible assets		**1,300,881**	1,300,881
Property, plant and equipment	10	**1,275,428**	1,304,241
Prepaid lease payments	11	**57,062**	57,961
Deposit for acquisition of property, plant and equipment		**12,055**	12,857
		2,645,426	2,675,940
CURRENT ASSETS			
Inventories		**125,888**	127,955
Trade and other receivables	12	**715,982**	623,230
Prepaid lease payments	11	**1,797**	1,797
Tax recoverable		**16,602**	14,322
Restricted bank balances	13	**1,500**	4,815
Amounts due from related parties		**1,537**	799
Bank balances and cash		**512,412**	755,442
		1,375,718	1,528,360
CURRENT LIABILITIES			
Trade and other payables	14	**544,272**	460,258
Deferred revenue		**14,817**	11,274
Borrowings	15	**80,824**	264,388
Provisions		**121,846**	113,959
Tax liabilities		**21,908**	25,397
		783,667	875,276
NET CURRENT ASSETS		**592,051**	653,084
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,237,477**	3,329,024
NON-CURRENT LIABILITIES			
Borrowings	15	**356,971**	396,472
Retirement benefits plans		**67,262**	66,862
Deferred tax liabilities		**276,261**	275,509
		700,494	738,843
NET ASSETS		**2,536,983**	2,590,181

	NOTE	30 September 2014 HK$'000 (unaudited)	31 March 2014 HK$'000 (audited)
CAPITAL AND RESERVES			
Share capital	16	**2,434,747**	3,359,709
Reserves		**63,572**	(803,309)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,498,319**	2,556,400
NON-CONTROLLING INTERESTS		**38,664**	33,781
TOTAL EQUITY		**2,536,983**	2,590,181

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Levies

The application of the above new interpretation and amendments to HKFRSs in the current interim period has no material effect on the amounts report in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

3. 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 its web portals, as well as subscription to the web portals, delivery of internet content and development of mobile games and apps.

Revenue recognised during the period from continuing operations is as follows:

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sales of newspapers	**272,165**	313,840
Sales of books and magazines	**73,085**	85,328
Newspapers advertising income	**544,428**	706,544
Books and magazines advertising income	**268,799**	322,790
Printing and reprographic services income	**78,889**	104,554
Internet advertising income, internet subscription and content provision and development of mobile games and apps ("Digital businesses")	**333,132**	127,699
	1,570,498	1,660,755
Other income		
Sales of waste materials	**7,021**	9,296
Interest income on bank deposits	**996**	440
Interest income on loans to associates	**—**	602
Rental income	**10,545**	4,980
Net exchange gain	**11,041**	11,364
Others	**5,445**	7,568
	35,048	34,250
Total	**1,605,546**	1,695,005

4. 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. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments from continuing operations under HKFRS 8 *Operating Segments* 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
Digital businesses	Advertising income, internet subscription, content provision and development of mobile games and apps in Hong Kong and Taiwan

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

The following is an analysis of the Group's revenue and results from continuing operations by operating segments for the period under review:

Six months ended 30 September 2014

Continuing operations

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Digital businesses** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE					
External sales	**852,429**	**384,937**	**333,132**	**—**	**1,570,498**
Inter-segment sales	**94,561**	**4,453**	**39**	**(99,053)**	**—**
Total	**946,990**	**389,390**	**333,171**	**(99,053)**	**1,570,498**
RESULTS					
Segment results	**108,171**	**(4,567)**	**40,246**	**—**	**143,850**
Unallocated expenses					**(17,769)**
Unallocated income					**16,987**
Finance costs					**(7,310)**
Profit before tax from continuing operations					**135,758**

Six months ended 30 September 2013

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Digital businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	1,070,565	462,490	127,700	—	1,660,755
Inter-segment sales	41,232	10,690	9	(51,931)	—
Total	1,111,797	473,180	127,709	(51,931)	1,660,755
RESULTS					
Segment results	130,663	41,635	(30,360)	—	141,938
Unallocated expenses					(16,318)
Unallocated income					13,589
Finance costs					(10,344)
Profit before tax from continuing operations					128,865

Segment result represents the profit earned (loss incurred) by each segment without the allocation of income or expenses resulted from interest income, certain rental and other income, finance costs and certain corporate and administrative expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

As at 30 September 2014

Continuing operations

	Newspapers publication and printing ***HK$'000***	**Books and magazines publication and printing** ***HK$'000***	**Digital businesses** ***HK$'000***	**Consolidated** ***HK$'000***
Segment assets	**2,139,727**	**875,587**	**471,946**	**3,487,260**
Unallocated assets				**533,884**
				4,021,144
Segment liabilities	**(379,922)**	**(256,982)**	**(86,686)**	**(723,590)**
Unallocated liabilities				**(760,571)**
				(1,484,161)

As at 31 March 2014

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Digital businesses *HK$'000*	Consolidated *HK$'000*
Segment assets	2,129,798	860,277	436,026	3,426,101
Unallocated assets				778,199
				4,204,300
Segment liabilities	(299,841)	(245,622)	(311,991)	(857,454)
Unallocated liabilities				(756,665)
				(1,614,119)

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

- all assets are allocated to operating segments other than amounts due from related parties, tax recoverable, certain bank balances and cash and corporate assets that are not attributable to segments; and
- all liabilities are allocated to operating segments other than certain other payables, tax liabilities, certain bank borrowings, deferred tax liabilities and corporate liabilities that are not attributable to segments.

Other segment information

For the six months ended 30 September 2014

Continuing operations

	Newspapers publication and printing ***HK$'000***	**Books and magazines publication and printing** ***HK$'000***	**Digital businesses** ***HK$'000***	**Corporate** ***HK$'000***	**Consolidated** ***HK$'000***
Addition to non-current assets	**9,757**	**5,499**	**12,368**	**567**	**28,191**
Depreciation of property, plant and equipment	**38,592**	**12,752**	**6,193**	**1,920**	**59,457**

For the six months ended 30 September 2013

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Digital businesses *HK$'000*	Corporate *HK$'000*	Consolidated *HK$'000*
Addition to non-current assets	12,131	10,609	4,741	26	27,507
Depreciation of property, plant and equipment	40,836	12,890	9,673	1,811	65,210

5. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on bank borrowings:		
— wholly repayable within five years	**1,063**	6,689
— not wholly repayable within five years	**6,247**	3,655
	7,310	10,344

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
The charge comprises:		
Current tax:		
Hong Kong	**13,547**	20,028
Taiwan	**11,881**	21,177
Underprovision in prior period	**3,074**	—
	28,502	41,205
Deferred tax:		
Charge (credit) for the period	**764**	(510)
	29,266	40,695

Hong Kong Profits Tax is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (2013: 16.5%) for the six months ended 30 September 2014.

Taiwan Income Tax is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17% (2013: 17%) which is the rate prevailing in the relevant jurisdiction.

The effective tax rate for the six months ended 30 September 2014 is 17% (2013: 17%).

7. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
Profit for the period from continuing operations has been arrived at after charging:		
Operating lease expenses on:		
Properties	**3,247**	3,511
Plant and equipment	**9,161**	9,009
Loss on disposal of property, plant and equipment (included in other expenses)	**775**	293
Provision for litigation expenses (included in other expenses)	**20,044**	18,294
Share-based payment expense (included in personnel costs)	**7,576**	1,758

8. DIVIDENDS

The directors have declared an interim dividend of HK1.5 cents per share for the six months ended 30 September 2014 (six months ended 30 September 2013: nil), amounting to HK$36.5 million.

In addition, a special dividend of HK6.6 cents per share was declared by the directors on 14 July 2014 and paid to the shareholders on 14 August 2014. The aggregate amount of the dividends paid and payable in the interim period amounted HK$196.9 million.

9. EARNINGS PER SHARE

From continuing operations

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

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
Profit figures are calculated as follows:		
Profit for the period attributable to the owners of the Company	**104,300**	11,528
Less: Loss for the period from discontinued operations	**—**	(72,281)
Profit for the purposes of basic and diluted earnings per share from continuing operations	**104,300**	83,809

Number of shares

	Six months ended 30 September	
	2014	2013
	No. of shares	*No. of shares*
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share	**2,431,006,881**	2,431,006,881
Effect of dilutive potential ordinary shares:		
Share options and share subscription and financing plan *(Note)*	**—**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,431,006,881**	2,431,006,881

Note: The computation of diluted earnings per share for the six months ended 30 September 2014 and 2013 does not assume the exercise of the Company's outstanding share options as their exercise price exceeds the average market price of the shares during the periods.

From continuing and discontinued operations

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

	Six months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
Earnings for the period attributable to the owners of the Company and earnings for the purposes of basic and diluted earnings per share	**104,300**	11,528

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

From discontinued operations

For the six months ended 30 September 2013, basic and diluted loss per share for the discontinued operations were HK3.0 cents per share, based on loss for the period from discontinued operations of HK$72,281,000 and the denominators detailed above for both basic and diluted loss per share.

10. PROPERTY, PLANT AND EQUIPMENT

	HK$'000
COST	
At 1 April 2014	**2,789,407**
Exchange difference	**4,007**
Additions	**28,991**
Disposals	**(11,019)**
At 30 September 2014	**2,811,386**
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 April 2014	**1,485,166**
Exchange difference	**949**
Charge for the period	**59,457**
Eliminated on disposals	**(9,614)**
At 30 September 2014	**1,535,958**
CARRYING VALUES	
At 30 September 2014	**1,275,428**
At 31 March 2014	**1,304,241**

11. PREPAID LEASE PAYMENTS

Leasehold land situated in Hong Kong is released on a straight line basis over the lease terms of 50 years.

	30 September 2014 *HK$'000*	31 March 2014 *HK$'000*
Analysed for reporting purposes as:		
Current asset	**1,797**	1,797
Non-current asset	**57,062**	57,961
	58,859	59,758

12. TRADE AND OTHER RECEIVABLES

	30 September 2014 *HK$'000*	31 March 2014 *HK$'000*
Trade receivables	**728,726**	618,579
Less: Allowance for doubtful debts	**(104,107)**	(96,667)
	624,619	521,912
Prepayments	**57,563**	49,481
Rental and other deposits	**17,632**	21,275
Others	**16,168**	30,562
Total trade and other receivables	**715,982**	623,230

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 dates, which approximated the respective revenue recognition dates at the end of the reporting period:

	30 September 2014 *HK$'000*	31 March 2014 *HK$'000*
0–1 month	**263,170**	257,140
1–3 months	**237,665**	182,053
3–4 months	**69,939**	45,437
Over 4 months	**53,845**	37,282
	624,619	521,912

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$53,845,000 (31 March 2014: HK$37,282,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the directors of the Company assessed that the balances will be recovered based 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:

	30 September 2014 *HK$'000*	31 March 2014 *HK$'000*
Over 4 months	**53,845**	37,282

13. RESTRICTED BANK BALANCES

As at 30 September 2014, bank balance amounting to HK$1,500,000 (31 March 2014: HK$4,815,000) were restricted for the use of settling certain potential debts and claims as stipulated as part of a share capital reduction exercise carried out during the period ended 30 September 2014. The restricted bank balances carry fixed interest rate at 0.50% per annum for the period (31 March 2014: 0.50% per annum for the year).

14. TRADE AND OTHER PAYABLES

	30 September 2014 *HK$'000*	31 March 2014 *HK$'000*
Trade payables	**92,466**	86,834
Accrued staff costs	**187,766**	157,682
Accrued charges	**96,226**	78,980
Other payables	**167,814**	136,762
	544,272	460,258

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

	30 September 2014 *HK$'000*	31 March 2014 *HK$'000*
0–1 month	**60,375**	59,332
1–3 months	**27,991**	20,152
Over 3 months	**4,100**	7,350
	92,466	86,834

15. BORROWINGS

	30 September 2014 *HK$'000*	31 March 2014 *HK$'000*
Secured bank loans *(Notes)*	**437,795**	660,860
An analysis of the secured bank loans of the Group is as follows:		
Carrying amount repayable		
— on demand or within one year	**80,824**	264,388
— in the second year	**80,824**	80,638
— in the third year	**80,824**	80,638
— in the fourth year	**80,824**	80,638
— in the fifth year	**80,824**	80,638
— more than five years	**33,675**	73,920
	437,795	660,860
Less: Amount due within one year or on demand shown under current liabilities	**(80,824)**	(264,388)
Non-current portion	**356,971**	396,472

Notes:

(i) During the current interim period, the Group repaid bank loans amounting to HK$224,162,000 (six months ended 30 September 2013: HK$100,000,000).

(ii) At 30 September 2014, bank loans balance of HK$437,795,000 carry interest at Post Office 2-year Deposit rate in Taiwan plus 1.4275% per annum. At 31 March 2014, bank loans balance of HK$477,110,000 carry interest at Post Office 2-year Deposit rate in Taiwan plus 1.4275% per annum and balance of HK$183,750,000 carry interest at HIBOR plus 2.75% per annum.

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.80% per annum for the period (31 March 2014: 2.85% per annum for the year).

The Group's borrowings are denominated in New Taiwan Dollar ("NT$") and HK$, functional currencies of the relevant group entities.

(iii) At 30 September 2014, the Group's utilised and unutilised banking facilities were secured by the following:

— Certain of the Group's land and buildings with an aggregate carrying value of HK$483,759,000 (31 March 2014: HK$879,784,000); and

— Certain of the Group's plant and machinery with an aggregate carrying value of HK$nil (31 March 2014: HK$224,000).

16. SHARE CAPITAL

	Authorised	
	No. of shares	*HK$'000*
Ordinary shares of HK$1.00 each *(Note a)*		
At 1 April 2013, 30 September 2013, 1 April 2014 and 30 September 2014	4,600,000,000	4,600,000

	Issued and fully paid	
	No. of shares	*HK$'000*
At 1 April 2013 and 30 September 2013	2,431,006,881	2,431,007
Transfer of share premium reserve upon abolition of par value *(Note b)*	—	928,702
At 1 April 2014	2,431,006,881	3,359,709
Capital reduction *(Note c)*	—	(924,962)
At 30 September 2014	2,431,006,881	2,434,747

Note a: Under Chapter 622 of the new Hong Kong Companies Ordinance, the concept of "authorised share capital" had been abolished. However, the Company is required to disclose the authorised capital if the Company includes a maximum number of shares in its articles of association.

Note b: The Company's shares have no par values from the commencement date of Chapter 622 of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

Note c: On 9 May 2014, the Hong Kong High Court made an order confirming the reduction of the share premium account of the Company by HK$924,962,000 which has become effective upon the registration of such order with the Companies Registry on 22 May 2014. During the current interim period, the Company reduced its share capital account by HK$924,962,000 to set off against the Company's total accumulated losses.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESSES

The Group's main business activities during this period were the printing and publication of newspapers, magazines and books in Hong Kong and Taiwan. It also sold advertising space in those and on its Web portals, as well as subscriptions to the Web portals. Furthermore, it provided printing and reprographic services, delivered Internet content and developed mobile games and apps.

FINANCIAL RESULTS

The revenue from the continuing operations of Next Media and its subsidiaries amounted to HK$1,570.5 million during the six months ended 30 September 2014. This was HK$90.3 million or 5.4% less than the figure of HK$1,660.8 million in the same period last year. The decline was mainly attributable to the decrease in advertising and circulation revenue of the Group's printed publications during the period under review.

The Group recorded earnings of HK$201.2 million on its continuing operations during the period under review, before interest, tax, depreciation, impairment and amortisation, but after non-controlling interests, representing an increase of 0.1% or HK$0.2 million on the earnings of HK$201.0 million from its continuing operations during the corresponding period of 2013. The basic earnings per share from its continuing operations was HK4.3 cents, compared with a basic earnings per share of HK3.5 cents in the same period last year.

The Group had undergone a series of consolidation and innovative exercises last year. We refocused our attention on the Group's news media operations and devoted more resources to further develop its digital platform, which would broaden our horizons in reaching new audiences, in particularly, young people and bring in growing momentum in profitability.

The performance of the Group's print operations was within the expectation of the management during the six months ended 30 September 2014 albeit sluggish economy in both Hong Kong and Taiwan, as well as the trend away from print publications towards digital media. The unaudited consolidated profit from its continuing operations reached HK$106.5 million, representing an increase of 20.7% or HK$18.3 million, compared with the profit of HK$88.2 million for same period of 2013. This was mainly attributable to the turnaround of performance of the Group's digital businesses during the period under review.

OPERATIONAL REVIEW

The Group's continuing operations in Hong Kong and elsewhere accounted for about 60.3% of its total revenue during the six months ended 30 September 2014, compared with 59.6% in the same months of 2013 whilst its Taiwan operations contributed 39.7% of its total revenue, against 40.4% in last corresponding period.

Given the challenging conditions in the print media industry and shift of advertising and sale revenues from traditional print publications to online and electronic media, Next Media's print operations were still able to maintain their leading edges in the respective markets in both Hong Kong and Taiwan. On the other hand, the Group's digital businesses have made significant inroads and are well positioned as the market leader in this fastest growing segment.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

During the period under review, the Newspapers Publication and Printing Division achieved a total revenue of HK$852.4 million, a decrease of 20.4% or HK$218.2 million against the figure of HK$1,070.6 million for the last corresponding period.

Apple Daily and *Taiwan Apple Daily* were the largest contributors to the Division's revenue, which amounted to HK$795.1 million and accounted for 50.6% of the Group's total revenue. This represented a decrease of 15.7% or HK$148.6 million on the figure of HK$943.7 million for the same period last year. As a result, the Division's segmental profit decreased by 17.2% to HK$108.2 million, compared with HK$130.7 million recorded in the same period of 2013. This was mainly attributable to the decrease in advertising and circulation revenues derived from the Group's print publications during the period under review.

Apple Daily maintained its position as Hong Kong's most widely read paid-for daily and one of its best-selling newspapers during the first half of 2014. The newspaper's revenue stood at HK$328.6 million during the period under review, a decrease of 21.4% or HK$89.5 million on the figure of HK$418.1 million recorded in the same period last year. Advertising revenue accounted for HK$192.6 million of its revenue, whilst its circulation income was HK$136.0 million, representing a decrease of 26.7% or HK$70.1 million and 12.5% or HK$19.4 million against the respective figures of HK$262.7 million and HK$155.4 million achieved in the same period last year. The major advertisers contributing the largest shares of its advertising revenue came from the clothing, automobiles, personal items, pharmaceuticals and travel sectors.

Taiwan Apple Daily's unbiased editorial style and vivid layout kept it as the island's best-selling and one of the most widely read paid-for daily, despite it recorded a dip in its readership. Its revenue amounted to HK$466.5 million during the period under review, a decline of 11.2% or HK$59.1 million against the HK$525.6 million recorded in the last corresponding months. The advertising revenue accounted for HK$329.4 million of the *Taiwan Apple Daily*'s revenue, whilst its circulation income was HK$136.2 million, representing a decrease of 9.9% or HK$36.3 million and 14.0% or HK$22.2 million against the respective figures of HK$365.7 million and HK$158.4 million recorded in the same period last year. The biggest contributors to *Taiwan Apple Daily*'s advertising income during the period were arrayed in the order of the property, departmental stores and chains, cosmetics, automobiles and computer/communication/consumer electronics sectors.

Taiwan Sharp Daily, the Group's free newspaper in Taipei, remained highly popular. Copies of the newspaper are distributed to commuters outside the city's Metro stations every morning from Mondays to Fridays. Although the Group trimmed its print run to around 138,542 copies daily during the period under review, it was still read by an average of 204,000 people every day. *Taiwan Sharp Daily* particularly appeals to local advertisers, especially small business operators in the computer/communications/consumer electronics, banking and food sectors.

Apple Daily Printing Limited ("ADPL")

Due to the decline in the paginations and print runs of Next Media's publications and the expiry of printing contracts for external publishers, the newspaper printing operation was adversely affected. Its revenue during the period under review amounted to HK$106.8 million, a decline of 34.6% or HK$56.6 million over the figure of HK$163.4 million achieved in the corresponding period last year.

ADPL derived HK$34.8 million in revenue from external customers during the period under review (total revenue minus transactions related to printing Next Media's own publications). Most of it came from the printing contracts for local editions of overseas newspapers. This was 28.5% or HK$13.9 million less than the HK$48.7 million it generated in the last corresponding months.

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

In view of the extremely competitive business environment and increasing popularity of digital media, the Books and Magazines Publication and Printing Division suffered a decline in its revenue during the period under review. Its revenue amounted to HK$384.9 million, a decrease of 16.8% or HK$77.6 million against HK$462.5 million it achieved in the same period last year.

Being one of the best-selling and the most widely read magazine in Hong Kong, the revenue of *Next Magazine Bundle*, consisting of *Next Magazine* and a supplement named *NEXT+ONe*, amounted to HK$102.8 million in the six months ended 30 September 2014, a decline of 13.8% or HK$16.5 million compared with the figure of HK$119.3 million for the corresponding period last year. Skincare and cosmetics, watches, fashion, health equipment and pharmaceuticals sectors accounted for the lion's share of its advertising revenue.

Sudden Weekly Bundle — which consists of *Sudden Weekly*, *Eat & Travel Weekly* and *ME!* — being one of the best-selling and second most widely read weekly magazine in Hong Kong. This title's total revenue decreased by 20.5% or HK$29.5 million to HK$114.3 million for the six months ended 30 September 2014, compared with HK$143.8 million recorded in the same period of 2013.

The largest shares of *Sudden Weekly*'s advertising revenue were contributed by beauty salons, food, beverages and drinks, health foods, toiletries and telecommunications and internet. Whilst food, beverages and drinks and restaurants were the biggest ad spenders in *Eat & Travel Weekly*. Perfume/cosmetics/skincare, toiletries, fashion/accessories/handbags/luggage, retail cosmetics shops and underwear were the high end advertisers in *ME!*.

FACE Bundle — which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express* — retained its status as an upmarket infotainment weekly that targets younger Hong Kong readers. Facing keen competition for advertising dollars in this segment, it recorded a total revenue of HK$42.8 million in the six months ended 30 September 2014, compared with HK$47.5 million during the same period last year, a decrease of 9.9% or HK$4.7 million. The major contributors to its advertising revenue came from the beauty and hair salons, toiletries, computer/internet, food/beverages and entertainments/karaoke sectors.

The *Taiwan Next Magazine*'s advertising revenue amounted to HK$61.3 million during the first half of the financial year, compared with HK$73.2 million in the same period last year, a decrease of 16.3% or HK$11.9 million. Beauty and perfume, food and beverages, watches and eyeglasses, wines, and automobiles accounted for the largest share of its advertising revenue.

Paramount Printing Company Limited

Apart from printing the Group's own magazines, the Division continued to produce high-quality printing work for external customers. Against a backdrop of intense competition in the industry, the commercial printing operation generated a revenue of HK$43.1 million in the six months ended 30 September 2014, which was 20.8% or HK$11.3 million less than its earnings of HK$54.4 million in the same period last year.

DIGITAL BUSINESSES DIVISION

Next Media has clearly established its position as a leader and trend setter in driving reading habits on digital, especially, mobile media. This was accomplished through the development of innovative contents and services that it offers to a new generation of consumers, both in Hong Kong and Taiwan, during the period under review.

During the period, the digital (mobile and web) version of *Apple Daily* maintained its unchallenged position as the most-visited interactive news portal in Hong Kong. It attracted more than 31.0 million view counts every day from all channels and devices and its Monthly Average Unique Users (MAU) reached 17.0 million*. *Taiwan Apple Daily* achieved a daily pageview number of 20.0 million, with Monthly Average Users reaching 31.0 million* (* Source: Google Analytics).

Aside from *Apple Action News*, *Apple Daily* has provided live programs and coverages of key social events that are widely popular with its target users, increasing the overall user base and also viewerships.

The Division also expanded its support to its direct subsidiary — *nxTomo Games*, a publisher of mobile games and apps with high monetization potential. During the period, the Group's online game — *Barcode Footballer*, earned the top-grossing rank on *Apple App Store* and *Google Play* respectively and generated positive contribution to the Division in terms of revenue and profitability.

The Division's external revenue consisted of subscription fees, online advertising revenue, content licensing payments and publishing of mobile games and apps. This amounted to HK$333.2 million during the period under review, which represented an increase of 160.9% or HK$205.5 million over the figure of HK$127.7 million recorded in the same months last year. The bulk of this income, around 84.2%, was generated in Hong Kong, where there was a significant growth in online advertising and mobile games revenues.

The Division's segmental profit stood at HK$40.2 million during the period under review, compared with a segmental loss of HK$30.4 million, a remarkable improvement of 232.2% or HK$70.6 million. This was mainly attributed by the considerable increase in online advertising and mobile games revenues.

FUTURE PROSPECTS AND OUTLOOK

The Group has undergone a very challenging year in 2013/14 and reshaped its operations by divesting itself of *Next TV* operations and consolidating its print media business. The years of investments on digital offerings have finally paid off. Next Media's digital platform is the choice for the younger generation in Hong Kong and Taiwan with its growing trend of smart phone usage and social media sharing. In the second half of the year, the Group will accelerate the introduction of the digital versions of its leading magazine titles, and offer our readers a new and enjoyable way of experiencing their favorite magazines. This will require some initial marketing investments to pave way for the long term sustainability of the magazine brands.

Against the backdrop of economic uncertainties in Hong Kong and Taiwan, in which the Group is now operating, we would act proactively under conscious approaches, on one hand, by sharpening our core brands — they are the most widely read newspapers and magazines with loyal readership and excellent demographic profiles and on the other hand, by grabbing the opportunities in the high growing digital sector.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations principally with cash flow generated by its continuing operating activities and, to a lesser extent, bank facilities by its principal bankers.

As at 30 September 2014, the Group had available banking facilities totalled HK$441.8 million, of which HK$437.8 million had been utilised. There was no seasonality in the Group's bank borrowing requirements, and all the monies borrowed bearing interest at floating rates. The Group's bank borrowings are denominated in HK$ and NT$.

On 12 November 2012, the Group accepted a term credit facility for an aggregate amount of HK$210.0 million offered by a syndicate of four banks (the "2012 Facility") for the working capital requirements of ADPL and ADL. Pursuant to the terms of the 2012 Facility, ADPL as borrower, the Company and certain of its subsidiaries, which are acting as guarantors must ensure that Mr. Lai will continue to be the chairman of the Company, and that he will continue to hold directly or indirectly at least 51.0% of the total issued share capital of the Company. Non-compliance with this term may constitute a breach of their general undertakings, and the syndicate may declare that any commitments under the respective 2012 Facility are cancelled, and/or declare that all outstanding amounts (together with interest thereon) are immediately due and payable. As announced by the Company on 7 June 2013, based on the audited consolidated annual results of the Company for the year ended 31 March 2013, the Company failed to fulfill certain required financial covenants of the 2012 Facility. As further announced by the Company on 2 July 2013, the Company, through the agent bank, obtained the consents from all lending banks to waive the breach of certain financial covenants for the year ended 31 March 2013 pursuant to the terms of the 2012 Facility. As at 30 September 2013, the 2012 Facility has been fully utilized and repaid.

As at 30 September 2014, the Group's aggregate bank balances and cash reserves amounted to HK$513.9 million. The Group's current ratio on the same date was 175.5%, compared to 174.6% as at 31 March 2014. On the same date, its gearing ratio amounted to 10.9%, compared to 15.7% as at 31 March 2014. These figures were calculated by dividing its long-term liabilities, including current portions, by total asset value.

ASSETS PLEDGED

As at 30 September 2014, the Group had pledged its properties and printing equipment situated in Hong Kong and Taiwan with an aggregate carrying value of HK$483.8 million to various banks as security for banking facilities granted to it.

EXCHANGE EXPOSURE AND CAPITAL EXPENDITURE

The Group's assets and liabilities are mainly denominated in HK$ or NT$. Its exchange exposure to NT$ is due to its existing magazines and newspapers publishing and digital businesses in Taiwan.

As at 30 September 2014, the Group's net currency exposure stood at NT$3,957.5 million (equivalent to HK$1,010.1 million), an increase of 16.4% on the figure of NT$3,399.2 million (equivalent to HK$865.6 million) as at 31 March 2014.

SHARE CAPITAL

With effect from the commencement of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 3 March 2014, the Company's shares are no longer have par value.

As at 30 September 2014, the Company's total amount of issued and fully paid share capital was HK$2,434.7 million.

As of 30 September 2014, the Company's total number of issued shares with no par value was 2,431,006,881 shares.

CONTINGENT LIABILITIES

As at 30 September 2014, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

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

The Group has accrued for HK$121.8 million (as at 31 March 2014: HK$114.0 million) in legal expenses in trade and other payables. This provision was recognised in respect of the outstanding legal proceedings based on advice obtained from legal counsel.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the Acquired Group) on 26 October 2001, the Group may subject to contingent liabilities including 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. Mr. Lai, the Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all contingent liabilities (the Indemnity). In relation to the Indemnity, Mr. Lai has also procured a bank guarantee of HK$60.0 million for a term of three years up to 25 October 2016 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2014, the Group employed a total of 3,928 employees, of whom 2,226 were in Hong Kong, 1,696 were in Taiwan and 6 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2013/14 annual report of the Company.

During the period under review, the total staff costs for the continuing operations of the Group amounted to HK$715.6 million, compared to HK$715.1 million incurred for the same period last year.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK1.5 cents per share (for the six months ended 30 September 2013: Nil), amounting to HK$36.5 million. It will be payable to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 9 December 2014.

In addition to the special dividend of HK6.6 cents per share (for the six months ended 30 September 2013: Nil) declared by the Directors on 14 July 2014 and paid to the shareholders on 14 August 2014, the total dividends (including the special dividend of HK6.6 cents per share and an interim dividend of HK1.5 cents per share) paid and payable for the six months ended 30 September 2014 amounting to a total of HK$196.9 million (for the six months ended 30 September 2013: Nil).

BOOK CLOSE PERIOD

The Register of Members of the Company will be closed from Monday, 8 December 2014 to Tuesday, 9 December 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to the payment of the interim dividend for the six months ended 30 September 2014 of the Company, all transfer of shares accompanied by relevant share certificates must be lodged with the Company's share registrar (the "Share Registrar"), Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 5 December 2014. Dividend warrants will be dispatched to the shareholders on or around 19 December 2014.

AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three Independent Non-executive Directors (the "INEDs"), and it chaired by Dr. Lee Ka Yam, Danny. Full details of the Audit Committee, including its role and terms of reference, can be found on the Company's website. During the period under review, all the members of the Audit Committee attended the meeting held on 13 June 2014 (with the external auditor) and in the absence of the Executive Directors.

The Audit Committee also reviewed, with the management, the Group's accounting principles and practices, internal controls and risk management systems, as well as financial reporting matters, including the review of the interim financial statements of the Company for the six months ended 30 September 2014 (the "Interim Financial Statements").

Deloitte Touche Tohmatsu has reviewed the Interim Financial Statements in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and the HKAS 34 "Interim Financial Reporting", both of which were issued by the HKICPA.

CORPORATE GOVERNANCE

During the six months ended 30 September 2014, the Company complied fully with the applicable provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules (the "CG Code"), except for Code provisions A.6.7 and E.1.2. Due to another business engagement, Mr. Lai, the chairman of the Board, Mr. Ip Yut Kin, an Executive Director (the "ED"), Mr. Fok Kwong Hang, Terry, Mr. Wong Chi Hong, Frank and Dr. Lee Ka Yam, Danny, the INEDs, did not attend the Company's annual general meeting held on 31 July 2014 (the "2014 AGM"). Instead, Mr. Cheung Ka Sing, Cassian, the ED and the chief executive officer of the Group, chaired the 2014 AGM in accordance with the provisions of the Company'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 Directors have confirmed that they fully complied with the required standards of the Model Code throughout the period under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2014.

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

The interim report of the Company for the six months ended 30 September 2014 will be printed in English and Chinese and will be available in the Investor Relations section of the Company's website at www.nextmedia.com. Shareholders of the Company may elect to receive either a printed or electronic version. They can change their choice of language or means of receiving the Company's corporate communications free of charge at any time by giving not less than 7 days' notice in writing to the Company by e-mail at ir@nextmedia.com or to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, by post at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. For environmental-protection purposes, shareholders of the Company are encouraged to access the Company's corporate communications electronically via the Company's website.

Please note that the English and Chinese versions of all future corporate communications will be available on request in printed form from the Company or the Share Registrar, as well as on the websites of the Company at www.nextmedia.com or Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

On behalf of the Board
Cheung Ka Sing, Cassian
Executive Director and Chief Executive Officer

Hong Kong, 17 November 2014

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