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NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

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 2013, together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000 (Restated)
Continuing operations			
Revenue	3	**3,474,096**	3,602,561
Production costs			
Cost of raw materials consumed		**(1,146,446)**	(1,326,039)
Other overheads		**(211,148)**	(206,074)
Staff costs		**(818,860)**	(752,336)
		(2,176,454)	(2,284,449)
Personnel costs excluding direct production staff costs		**(563,054)**	(525,026)
Other income	3	**42,117**	46,910
Net exchange gain		**58,734**	18,488
Depreciation of property, plant and equipment		**(134,807)**	(133,856)
Release of prepaid lease payments		**(1,797)**	(1,797)
Other expenses		**(352,885)**	(276,044)
Allowance for bad and doubtful debts		**(2,578)**	(12,334)
Impairment loss recognised in respect of property, plant and equipment	8 & 12	**(20,619)**	–
Impairment loss recognised in respect of interest in associates		**–**	(105,505)
Finance costs	5	**(17,952)**	(4,898)
Share of results of associates		**–**	(9,202)
Share of results of a jointly controlled entity		**–**	(1,172)
Profit before tax		**304,801**	313,676
Income tax expense	6	**(143,351)**	(105,767)
Profit for the year from continuing operations	7	**161,450**	207,909
Discontinued operations			
Loss for the year from discontinued operations	8	**(1,107,858)**	(388,726)
Loss for the year		**(946,408)**	(180,817)
Other comprehensive expense			
Exchange differences arising on translation		**(74,039)**	(42,351)
Total comprehensive expense for the year		**(1,020,447)**	(223,168)

	NOTE	2013 HK$'000	2012 HK$'000 (Restated)
Loss for the year attributable to:			
Owners of the Company			
– Profit for the year from continuing operations		**138,048**	200,095
– Loss for the year from discontinued operations		**(1,107,858)**	(388,726)
		(969,810)	(188,631)
Non-controlling interests			
– Profit for the year from continuing operations		**23,402**	7,814
		(946,408)	(180,817)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(1,040,328)**	(231,310)
Non-controlling interests		**19,881**	8,142
		(1,020,447)	(223,168)
(Loss) earnings per share	*10*		
From continuing and discontinued operations			
– Basic		**(HK40.1 cents)**	(HK7.8 cents)
– Diluted		**(HK40.1 cents)**	(HK7.8 cents)
From continuing operations			
– Basic		**HK5.7 cents**	HK8.3 cents
– Diluted		**HK5.7 cents**	HK8.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	NOTES	**2013** **HK$'000**	2012 *HK$'000*
NON-CURRENT ASSETS			
Intangible assets	*11*	**1,300,881**	1,300,881
Property, plant and equipment	*12*	**1,411,945**	2,256,962
Prepaid lease payments	*13*	**59,758**	61,555
Deposit for acquisition of property, plant and equipment		**1,866**	21,592
Programmes and film rights	*14*	**–**	181,288
Interests in associates		**–**	–
Loans to associates		**46,447**	34,001
		2,820,897	3,856,279
CURRENT ASSETS			
Inventories	*15*	**180,997**	190,511
Trade and other receivables	*16*	**584,520**	735,247
Prepaid lease payments	*13*	**1,797**	1,797
Tax recoverable		**1,270**	294
Restricted bank balances	*17*	**5,411**	5,411
Bank balances and cash	*17*	**565,330**	725,784
		1,339,325	1,659,044
Assets classified as held for sale	*8(a)*	**489,552**	–
		1,828,877	1,659,044
CURRENT LIABILITIES			
Trade and other payables	*18*	**891,226**	656,924
Amounts due to associates		**–**	2,981
Bank overdraft	*17*	**49,790**	–
Borrowings	*19*	**323,734**	289,305
Provisions		**101,863**	71,425
Tax liabilities		**26,942**	56,007
		1,393,555	1,076,642
Liabilities associated with assets classified as held for sale	*8(a)*	**66,899**	–
		1,460,454	1,076,642
NET CURRENT ASSETS		**368,423**	582,402
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,189,320**	4,438,681

	NOTES	2013 HK$'000	2012 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	*19*	**480,672**	724,684
Retirement benefits plans		**34,328**	29,204
Deferred tax liabilities		**280,880**	287,542
		795,880	1,041,430
NET ASSETS		**2,393,440**	3,397,251
CAPITAL AND RESERVES			
Share capital	*20*	**2,431,007**	2,412,497
Reserves		**(66,993)**	971,847
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,364,014**	3,384,344
NON-CONTROLLING INTERESTS		**29,426**	12,907
TOTAL EQUITY		**2,393,440**	3,397,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

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 HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The application of new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and the Group's and the Company's financial 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 Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[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]
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 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
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 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

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 requirements for classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either 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 accounting 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.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the 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 the Group's and the Company's 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).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK(SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied 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, and the directors of the Company believe that the application of these standards is not likely to have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013 and the application of the new standard is not likely to have material impact to the amounts reported in the consolidated financial statements but may result in more extensive disclosure in the consolidated financial statements.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 April 2013 for the Group and require retrospective application. The directors anticipate that the application of the amendments to HKAS 19 may have an impact on the amounts reported in respect of the Groups' defined benefit plans. Currently, the Group leaves actuarial gains and losses unrecognised if they are within a "corridor" and deferred recognition of actuarial gains and losses outside the corridor in profit or loss. The directors of the Company are currently assessing the financial impact on the implication of the amendments to HKAS 19.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. 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 items of other comprehensive income to be 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 do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group 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 future accounting periods.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make the following estimates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as discussed below:

Income taxes

As at 31 March 2013, the Group had estimated unused tax losses from continuing operations of approximately HK$1,185,813,000 (2012: HK$1,016,388,000 inclusive of HK$810,572,000 in continuing operations) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$18,030,000 (2012: HK$43,668,000) of such losses. No deferred tax assets has been recognised on the tax losses of approximately HK$1,167,783,000 (2012: HK$972,720,000 inclusive of HK$792,971,000 in continuing operations) due to the unpredictability of future profit streams. The reliability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, a further recognition of deferred tax assets may arise.

Provision for litigation

The management of the Group monitors any litigation against the Group closely. Provision for the litigation is made based on the opinion of the legal advisers on the possible outcome and liability of the Group. As at 31 March 2013, an amount of approximately HK$101,863,000 (2012: HK$71,425,000) has been provided for outstanding litigations.

Impairment loss of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine the amount of impairment loss. The amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. In the current year, an allowance for bad and doubtful debts of approximately HK$2,578,000 (2012: HK$12,334,000) and HK$1,615,000 (2012: HK$391,000) are recognised in profit or loss for continuing operations and discontinued operations respectively. Details are set out in note 16.

Impairment loss on intangible assets

Determining whether intangible asset is impaired requires an estimation of the value in use of the cash-generating units to which intangible asset has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2013 and 2012, the carrying amount of intangible assets is HK$1,300,881,000. No impairment loss has been recognised for both years.

Impairment loss on property, plant and equipment, and programmes and film rights

One of the Group's cash-generating units is engaged in "television and multi-media" business operation that consists of land and buildings, plant and equipment and programmes and film rights with carrying amounts (net of impairment losses) of HK$18,512,000, HK$241,098,000 and HK$112,604,000 respectively (2012: HK$341,979,000, HK$699,760,000 and HK$181,288,000 respectively).

Determining whether assets of such a cash-generating unit are impaired requires an estimation of the recoverable amount of the cash-generating unit. The recoverable amount of the cash-generating unit is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of the cash-generating unit in an arm's length transaction between knowledgeable, wiling parties, less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit, an impairment loss may arise. In current year, impairment losses on plant and equipment and programmes and film rights for discontinued operations of approximately HK$229,110,000 and HK$81,731,000 respectively (2012: HK$112,214,000 and HK$38,474,000 respectively) are recognised in profit or loss. Details are set out in notes 8 and 12.

With the discontinuation of the operation of the television and multi-media business, the recoverable amount of certain plant and machinery in relation to internet business which had been used to provide support to the television and multi-media business is less than its carrying amount. An impairment loss on plant and machinery for continuing operations of approximately HK$20,619,000 is recognised in profit or loss for the year ended 31 March 2013.

Impairment loss on interests in associates

As at 31 March 2012, the carrying amount of interest in associates, Colored World Holdings Limited and its subsidiaries ("Colored World Group"), had been tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset. The carrying amount of interests in associates was fully impaired. The impairment loss recognised during the year ended 31 March 2012 amounted to HK$105,505,000 in relation to the interest in the Colored World Group under the internet business segment for continuing operations.

Impairment loss of the debt component and fair value loss of the derivative embedded in unlisted convertible notes

As at 31 March 2012, the Group reviewed its investment in unlisted convertible notes for impairment to assess whether the carrying amount was recoverable. The carrying amount of the debt component of unlisted convertible notes was fully impaired and the fair value of the derivative embedded in the unlisted convertible note dropped to nil. The impairment loss and the fair value loss recognised during the year ended 31 March 2012 amounted to HK$7,800,000 under the television and multi-media segment for discontinued operations, in view of the continuous loss and net liability of the investee company, Orbit-Media Limited.

3. REVENUE AND OTHER INCOME

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenue		
Sales of newspapers	**664,842**	744,236
Sales of books, magazines and other publications	**199,237**	239,294
Newspapers advertising income	**1,544,327**	1,613,519
Books and magazines advertising income	**688,007**	724,242
Printing and reprographic services income	**220,476**	234,085
Internet advertising income, internet subscription and content provision ("Internet businesses")	**157,207**	47,185
	3,474,096	3,602,561
Other income		
Sales of waste materials	**21,805**	28,791
Interest income on bank deposits	**897**	2,506
Interest income on loans to associates	**1,253**	196
Rental income	**2,181**	1,875
Others	**15,981**	13,542
	42,117	46,910

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
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.

A reportable and operating segment regarding the television broadcasting, programme production, advertising income, subscription income, and other related activities in Taiwan (i.e. "Television and multi-media") was discontinued in the current year.

Upon completion of the disposal of the Colored World Group in the year ended 31 March 2012, 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 these discontinued operations, which are described in more detail in note 8. Accordingly, the comparative figures have been restated.

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 2013

Continuing operations

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Internet businesses** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
REVENUE					
External sales	**2,329,251**	**987,637**	**157,208**	**–**	**3,474,096**
Inter-segment sales	**123,245**	**14,467**	**18,123**	**(155,835)**	**–**
	2,452,496	**1,002,104**	**175,331**	**(155,835)**	**3,474,096**
Segment results	**349,179**	**112,068**	**(124,487)**	**–**	**336,760**
Unallocated expenses					**(34,319)**
Unallocated incomes					**20,312**
Finance costs					**(17,952)**
Profit before tax from continuing operations					**304,801**

For the year ended 31 March 2012

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000* (Restated)
REVENUE					
External sales	2,499,252	1,056,124	47,185	–	3,602,561
Inter-segment sales	39,439	18,558	13,338	(71,335)	–
	2,538,691	1,074,682	60,523	(71,335)	3,602,561
Segment results	314,157	179,232	(36,956)	–	456,433
Unallocated expenses					(155,997)
Unallocated incomes					18,138
Finance costs					(4,898)
Profit before tax from continuing operations					313,676

Segment result represents the profit (loss) incurred by each segment without the allocation of incomes or expenses resulted from interest income, certain rental and other income, finance costs, impairment loss recognised in interests in 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 2013

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Internet businesses** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
Segment assets	**2,276,147**	**905,973**	**356,371**	**–**	**3,538,491**
Assets classified as held for sale					**489,552**
Unallocated assets					**621,731**
Total assets					**4,649,774**
Segment liabilities	**(300,074)**	**(215,555)**	**(258,445)**	**–**	**(774,074)**
Liabilities associated with assets classified as held for sale					**(66,899)**
Unallocated liabilities					**(1,415,361)**
Total liabilities					**(2,256,334)**

As at 31 March 2012

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000* (Restated)
Segment assets	2,472,196	828,285	37,266	–	3,337,747
Assets relating to discontinued operation					1,408,705
Unallocated assets					768,871
Total assets					5,515,323
Segment liabilities	(300,345)	(201,941)	(16,579)	–	(518,865)
Liabilities relating to discontinued operation					(1,042,388)
Unallocated liabilities					(556,819)
Total liabilities					(2,118,072)

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

- all assets are allocated to operating segments other than interests in associates, loans to associates, tax recoverable, 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 2013

Continuing operations

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Internet businesses** *HK$'000*	**Corporate** *HK$'000*	**Consolidated** *HK$'000*
Addition to non-current assets	**17,310**	**9,978**	**6,621**	**20**	**33,929**
Depreciation of property, plant and equipment	**99,868**	**21,194**	**10,109**	**3,636**	**134,807**
Release of prepaid lease payments	**991**	**–**	**–**	**806**	**1,797**
Impairment loss recognised in respect of property, plant and equipment	**–**	**–**	**20,619**	**–**	**20,619**
Allowance for bad and doubtful debts	**(15,860)**	**7,271**	**11,167**	**–**	**2,578**
Share-based payment expense	**–**	**–**	**–**	**3,731**	**3,731**
(Gain) loss on disposal of property, plant and equipment	**16**	**(93)**	**545**	**–**	**468**

For the year ended 31 March 2012

Continuing operations

	Newspapers publication and printing *HK$'000* (Restated)	Books and magazines publication and printing *HK$'000* (Restated)	Internet businesses *HK$'000* (Restated)	Corporate *HK$'000* (Restated)	Consolidated *HK$'000* (Restated)
Addition to non-current assets	31,577	13,280	9,016	20	53,893
Depreciation of property, plant and equipment	103,157	21,637	5,139	3,923	133,856
Release of prepaid lease payments	991	–	–	806	1,797
Allowance for bad and doubtful debts	7,652	4,586	96	–	12,334
Share-based payment expense	–	–	–	10,781	10,781
(Gain) loss on disposal of property, plant and equipment	(12)	(113)	1	–	(124)

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 a)*		**Non-current assets** *(Note b)*	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		
Hong Kong (country of domicile)	**1,999,092**	2,011,536	**1,846,268**	1,899,292
Taiwan	**1,423,558**	1,538,713	**927,213**	1,921,942
North America	**22,255**	28,775	**969**	1,044
Europe	**16,165**	9,958	**–**	–
Australasia	**12,262**	12,949	**–**	–
Others	**764**	630	**–**	–
	3,474,096	3,602,561	**2,774,450**	3,822,278

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

Note b: Non-current assets excluded those relating to discontinued operations and financial instruments.

Information about major customers

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

	2013	2012
	HK$'000	*HK$'000*
Customer A *(Note)*	**864,079**	983,530

Note: Revenue from this customer comprised revenue earned in newspapers and magazines publication amounting to HK$664,842,000 (2012: HK$744,236,000) and HK$199,237,000 (2012: HK$239,294,000), respectively.

5. FINANCE COSTS

Continuing operations

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Interest expense on bank borrowings wholly repayable within five years	**15,695**	4,898
Interest expense on bank borrowings not wholly repayable within five years	**2,257**	–
	17,952	4,898

6. INCOME TAX EXPENSE

Continuing operations

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
Hong Kong	**77,064**	77,785
Taiwan	**72,953**	32,212
(Over) underprovision in prior years	**(9)**	5
	150,008	110,002
Deferred tax:		
Current year	**(6,657)**	(4,235)
	143,351	105,767

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taiwan Income Tax is calculated at 17% of the estimated assessable profit for both years.

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit before tax from continuing operations	**304,801**	313,676
Tax at Hong Kong Profits Tax rate of 16.5%	**50,292**	51,757
Tax effect of share of losses of associates and jointly controlled entity	**–**	(1,712)
Tax effect of expenses not deductible for tax purpose	**32,957**	31,564
Tax effect of income not taxable for tax purpose	**(3,826)**	(5,148)
(Over) underprovision in prior years	**(9)**	5
Tax effect of estimated tax losses not recognised for Hong Kong subsidiaries	**61,285**	39,787
Tax effect of estimated tax losses not recognised for Taiwan subsidiaries	**4,700**	2
Utilisation of tax losses previously not recognised	**(4,158)**	(16,064)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,806**	3,790
Others	**(696)**	1,786
Tax charge for the year	**143,351**	105,767

7. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Continuing operations		
Allowance for bad and doubtful debts	**2,578**	12,334
Auditor's remuneration	**3,253**	3,132
Operating lease expenses on:		
Properties	**6,915**	6,290
Plant and equipment	**18,367**	16,165
Provision for litigation expenses included in other expenses	**44,849**	6,627
Staff costs	**1,381,914**	1,277,362
Loss (gain) on disposal of property, plant and equipment	**468**	(124)

8. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

(a) Discontinued operation on the television and multi-media business

During the year ended 31 March 2013, the Group is in the process of disposing of the operation of the Group's television business in Taiwan (the "Disposal"). As at 31 March 2013, the management of the Group has finalised and committed themselves to a plan for such Disposal to an independent third party and expected to complete such Disposal within one year from 31 March 2013.

The directors of the Company are of opinion that the Disposal as at 31 March 2013 is highly probable. Hence, the television and multi-media business is presented as a discontinued operation and the comparative figures for the year ended 31 March 2012 have been restated accordingly.

The assets and liabilities attributable to the television and multi-media business, which are expected to be sold within twelve months, have been classified as disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 March 2013.

The television and multi-media business is a cash-generating unit ("CGU") for the purpose of impairment testing of the tangible assets and programmes and film rights. A CGU is considered to be impaired when its recoverable amount declines below its carrying amount. As at 31 March 2013, the recoverable amount of television and multi-media business is determined based on fair value less cost to sell.

The management conducted an impairment assessment of the Group's television and multi-media business as at 31 March 2013 and determined that the recoverable amount of the CGU that is determined based on its fair value less cost to sell by reference to the consideration in relation to the Disposal is less than its carrying amount. Accordingly, the impairment loss on plant and equipment and programmes and film rights of approximately HK$229,110,000 and HK$81,731,000, respectively are recognised in profit or loss.

In addition, with the discontinuation of operation of the television and multi-media business, the directors of the Company are of the opinion that recoverable amount of certain plant and machinery in relation to internet business which had been used to provide support to television and multi-media business is less than its carrying amount. The recoverable amount of the plant and machinery is determined based on its fair value less cost to sell with reference to their market re-sale value. An impairment loss on plant and machinery of approximately HK$20,619,000 is recognised in profit or loss from continuing operations.

The loss for the year from discontinued operations relating to television and multi-media business, were as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue	**53,092**	31,992
Productions costs		
Film production costs	**(215,920)**	(339,481)
Other overheads	**(67,562)**	(133,315)
Staff cost *(Note a)*	**(148,222)**	(201,661)
	(431,704)	(674,457)
Other income *(Note b)*	**13,613**	11,573
Personnel costs excluding direct production staff costs *(Note a)*	**(66,807)**	(60,094)
Depreciation of property, plant and equipment	**(235,015)**	(161,732)
Other expenses	**(121,424)**	(133,195)
Allowance for bad and doubtful debts	**(1,615)**	(391)
Impairment loss recognised in respect of property, plant and equipments	**(229,110)**	(112,214)
Impairment loss recognised in respect of programmes and film rights	**(81,731)**	(38,474)
Impairment loss recognised in respect of goodwill	**–**	(9,889)
Impairment loss recognised in respect of prepayments	**(2,493)**	–
Impairment loss recognised in respect of unlisted convertible note	**–**	(7,800)
Finance costs *(Note c)*	**(4,195)**	(17,909)
Loss before tax	**(1,107,389)**	(1,172,590)
Income tax expense	**(469)**	(514)
Loss for the year from discontinued operations	**(1,107,858)**	(1,173,104)

Note a: The balance comprises of wages, salaries and other benefits of HK$199,660,000 (2012: HK$248,331,000), and pension costs for defined contribution plans of HK$15,369,000 (2012: HK$13,424,000).

Note b: The balance comprises of rental income of HK$6,339,000 (2012: HK$8,089,000), bank interest income of HK$170,000 (2012: HK$272,000) and others of HK$7,104,000 (2012: HK$3,212,000).

Note c: The balance comprises of interest expense on bank borrowings wholly repayable within five years of HK$4,195,000 (2012: HK$14,266,000) and interest expense on bank borrowings not wholly repayable within five years of nil (2012: HK$3,643,000).

Loss for the year from the discontinued operations include the following:

	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration	**746**	548
Operating lease expense on:		
Properties	**16,374**	15,699
Plant and equipment	**9,757**	33,622
Legal and professional fees included in other expenses	**9,669**	11,742
Impairment loss recognised in respect of property, plant and equipment	**229,110**	112,214
Impairment loss recognised in respect of programmes and film rights	**81,731**	38,474
Impairment loss recognised in respect of goodwill	**–**	9,889
Share-based payment (included in personnel costs)	**–**	154
Net exchange gain	**(16)**	(832)
Interest income	**(170)**	(272)
Loss on disposal of property, plant and equipment	**13,083**	1,930

The major classes of assets and liabilities of the television and multi-media business as at 31 March 2013, which have been presented separately in the consolidated statement of financial position, are as follows:

	2013
	HK$'000
Property, plant and equipment	**259,610**
Deposit for acquisition of property, plant and equipment	**4,410**
Programmes and films rights	**112,604**
Trade and other receivables	**82,490**
Loans to associates	**120**
Tax recoverable	**20**
Bank balances and cash	**30,298**
Total assets classified as held for sale	**489,552**
Trade and other payables	**66,486**
Tax liabilities	**413**
Total liabilities associated with assets classified as held for sale	**66,899**

Subsequent to 31 March 2013, the Group entered into sales and purchase agreements in respect of the Disposal. Details are set out in note 21.

(b) Disposal of the Colored World Group

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, an executive director and a controlling shareholder of the Company ("Mr. Lai"), to dispose of 70% equity interest in the Colored World Group for a cash consideration of US$100 million (equivalent to approximately HK$776 million). In the opinion of the directors of the Company, this transaction was carried out on arm's-length basis with the transaction price 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.

Details of this transaction are set out in the Company's 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 completion of the disposal on 31 October 2011, the Group lost control over the financial and operating policies of the Colored World Group. The Group now holds 30% equity interest in the Colored World Group and has accounted for the investment as an associate since 31 October 2011. The 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 the Colored World Group, was considered as a discontinued operation of the Group as a result of the disposal.

The profit for the year ended 31 March 2012 from discontinued operations relating to the Colored World Group was analysed as follows:

	2012
	HK$'000
Loss of animation production business for the year	(63,873)
Gain on disposal of animation production business	848,251
Profit for the year from discontinued operations	784,378

The loss from discontinued operations relating to animation production business for the period from 1 April 2011 to 31 October 2011 (previously included in the Internet businesses segment), which have been included in the consolidated statement of comprehensive income, were as follows:

	2012
	HK$'000
Revenue	38,309
Production costs	(76,169)
Other income	8,954
Personnel costs excluding direct production staff costs	(10,464)
Depreciation of property, plant and equipment	(13,562)
Other expenses	(10,941)
Loss for the period	(63,873)

Loss for the year from discontinued operations included the following:

	2012
	HK$'000
Auditor's remuneration	82
Operating lease expense on rented properties	375
Legal and professional fees included in other expenses	288
Share-based payment (included in personnel cost)	198
Net exchange gain	(8,933)
Interest income	(13)

The net assets of the Colored World Group at the date of disposal (i.e. 31.10.2011) were as follows:

	2012
	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	41,478
Trade and other receivables	16,694
Bank balances and cash	13,485
Amounts due from group companies of the Company	4,399
Trade and other payables	(32,920)
Net assets disposed of	43,136
Gain on disposal of a subsidiary:	
Cash consideration received	776,680
Fair value of 30% residual interest in the Colored World Group	114,707
Less: net asset disposed of	(43,136)
Gain on disposal	848,251
Net cash inflows arising on disposal:	
Cash consideration	776,680
Bank balances and cash disposed of	(13,485)
	763,195

9. DIVIDENDS

No dividend was paid or declared during the years ended 31 March 2013 and 2012, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) 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:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Profit figures are calculated as follows:		
Loss for the year attributable to the owners of the Company	**(969,810)**	(188,631)
Less: Loss for the year from discontinued operations	**(1,107,858)**	(388,726)
Profit for the purposes of basic and diluted earnings per share from continuing operations	**138,048**	200,095

Note: The computation of diluted earnings per share for the both years does not assume the exercise of the outstanding share options of the subsidiaries of the Company since their assumed exercise would result in an increase in profit per share from continuing business.

Number of shares

	2013	2012
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	**2,415,685,428**	2,412,496,881
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	**2,415,685,428**	2,412,496,881

Note: The computation of diluted earnings per share for the both years does not assume the exercise of the Company's outstanding share options and the exercise of rights under the share subscription and financing plan as their exercise price exceeds the average market price of the shares during the year.

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

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Loss for the year attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(969,810)**	(188,631)

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

From discontinued operations

For the year ended 31 March 2013, basic loss per share and diluted loss per share for the discontinued operations were HK45.8 cents per share respectively (2012: HK16.1 cents per share as restated), based on loss for the year from discontinued operations HK$1,107,858,000 (2012: HK$388,726,000 as restated) and the denominators detailed above for both basic and diluted (loss) earnings per share.

11. INTANGIBLE ASSETS

	Masthead and publishing rights
	HK$'000
COST	
At 1 April 2011, 31 March 2012 and 31 March 2013	1,482,799
ACCUMULATED IMPAIRMENT	
At 1 April 2011, 31 March 2012 and 31 March 2013	181,918
CARRYING VALUES	
At 31 March 2013 and 31 March 2012	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.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 April 2011	300,739	876,106	129,872	1,550,941	406,723	19,454	103,556	3,387,391
Exchange difference	(1,988)	(2,981)	(602)	(5,630)	(2,878)	(114)	(681)	(14,874)
Additions	–	506	32,066	311,896	123,587	446	130,646	599,147
Acquisition of a subsidiary	–	–	–	–	638	–	–	638
Transfer	–	21,922	43,396	147,936	–	–	(213,254)	–
Disposals	–	–	(1,422)	(1,538)	(26,265)	(1,630)	–	(30,855)
Disposal of subsidiaries	–	–	–	–	(79,565)	(794)	–	(80,359)
At 31 March 2012	298,751	895,553	203,310	2,003,605	422,240	17,362	20,267	3,861,088
Exchange difference	–	(4,625)	(1,188)	(12,951)	(1,759)	(117)	(216)	(20,856)
Additions	–	–	655	20,473	42,951	–	–	64,079
Transfer	–	–	3,331	16,720	–	–	(20,051)	–
Classified as held for sale	–	(22,133)	(108,473)	(760,860)	(96,809)	(9,192)	–	(997,467)
Disposals	–	–	(24,581)	(2,273)	(35,861)	(1,416)	–	(64,131)
At 31 March 2013	298,751	868,795	73,054	1,264,714	330,762	6,637	–	2,842,713
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 April 2011	–	100,413	37,627	813,546	296,001	7,619	–	1,255,206
Exchange difference	–	(276)	(115)	(2,710)	(2,163)	(41)	–	(5,305)
Charge for the year	–	23,677	18,829	199,770	64,712	2,162	–	309,150
Eliminated on disposals	–	–	(716)	(362)	(25,899)	(1,281)	–	(28,258)
Eliminated on disposal of subsidiaries	–	–	–	–	(38,616)	(265)	–	(38,881)
Impairment loss recognised in profit or loss *(Note a)*	–	–	–	112,214	–	–	–	112,214
At 31 March 2012	–	123,814	55,625	1,122,458	294,035	8,194	–	1,604,126
Exchange difference	–	–	(328)	(7,628)	(1,595)	(43)	–	(9,594)
Charge for the year	–	24,363	24,802	248,968	69,838	1,851	–	369,822
Eliminated on classified as held for sale	–	(3,621)	(57,866)	(596,738)	(74,806)	(4,826)	–	(737,857)
Eliminated on disposals	–	–	(10,963)	(1,087)	(32,088)	(1,320)	–	(45,458)
Impairment loss recognised in profit or loss *(Note b)*	–	–	26,586	202,795	18,171	2,177	–	249,729
At 31 March 2013	–	144,556	37,856	968,768	273,555	6,033	–	1,430,768
CARRYING VALUES								
At 31 March 2013	298,751	724,239	35,198	295,946	57,207	604	–	1,411,945
At 31 March 2012	298,751	771,739	147,685	881,147	128,205	9,168	20,267	2,256,962

Notes:

a. For the year ended 31 March 2012, an impairment loss of HK$112,214,000 on plant and machinery under the television and multi-media segment that was recognised in profit or loss. Such an impairment loss included the write off of television set-top boxes with an aggregate carrying amount of HK$42,748,000.

For the year ended 31 March 2012, the Group's television set-top boxes were recognised as the Group's property, plant and equipment and are depreciated over 3 years on a straight-line basis. For television set-top boxes that were delivered to customers but not yet activated and used by customers for the year ended 31 March 2012, the directors of the Company were of the opinion that it would be unlikely to recover the carrying amount of these set-top boxes in view of the fact that the audiences had not used these set-top boxes to watch any television programmes and the audiences might not return the boxes. Accordingly, these set-top boxes with an aggregate carrying amount of HK$42,748,000 were fully impaired and was recognised in profit or loss for the year ended 31 March 2012.

In addition, the management conducted an impairment assessment of the Group's television and multi-media segment as at 31 March 2012 and determined that the recoverable amount of the CGU that is determined based on its value in use was less than the carrying amount of the CGU.

The recoverable amount of television and multi-media segment as at 31 March 2012 was determined based on value in use calculation and based on certain key assumptions. Value in use calculations use cash flow projections based on financial budgets approved by the management of the Group covering a three-year period, which is taking into account the useful lives of plant and machinery. The discount rate used for the value in use calculations is at 15.8%. Cash flow beyond the three-year period were extrapolated using a 3% steady growth rate. This growth rate was based on the relevant growth forecasts and does not exceed the average long term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include number of subscribers, gross rating points, gross budgeted sales and gross margin, such estimation is based on the television and multi-media segment and management's expectations for the market development.

Based on the impairment assessment of the Group's television and multi-media segment, an impairment loss of HK$107,940,000 was recognised in profit or loss, HK$38,474,000, HK$22,790,000 and HK$46,676,000 of which were allocated to programmes and film rights, television set-top box and plant and machinery respectively on a pro rata basis on the respective carrying amounts of the assets before impairment.

Apart from the write off of television set-top boxes of HK$42,748,000, an additional impairment loss was recognised in respect of the television set-top boxes and plant and machinery of HK$22,790,000 and HK$46,676,000 respectively in profit or loss for the year ended 31 March 2012.

b. For the year ended 31 March 2013, with the discontinuation of the operation of the television and multi-media business, the management conducted an impairment review of the Group's television and multi-media business based on its fair value less cost to a sell. An impairment loss of HK$310,841,000 is recognised in profit or loss, HK$81,731,000, HK$26,586,000, HK$182,176,000 and HK$18,171,000 and HK$2,177,000 of which were allocated to programmes and film rights, leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles respectively.

In addition, the directors of the Company are of the opinion that the recoverable amount of certain plant and machinery in relation to internet business which has been used to provide support to the television and multi-media business is less than its carrying amount. An additional impairment loss on plant and machinery of HK$20,619,000 is recognised in profit or loss.

Details of the impairment assessment for the year ended 31 March 2013 are set out in note 8(a).

As at 31 March 2013, the carrying value of the Group's land and buildings comprised the following:

	2013	2012
	HK$'000	*HK$'000*
Buildings situated in Hong Kong under medium-term lease	**339,296**	349,248
Buildings situated outside Hong Kong on freehold land	**384,943**	422,491
Freehold land situated outside Hong Kong	**298,751**	298,751
	1,022,990	1,070,490

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of lease or useful lives of twenty-five to fifty years
Leasehold improvements	Over the shorter of the term of lease or estimated useful lives of five years
Plant and machinery	6.67% – 33.33%
Furniture, fixtures and equipment	20% – 33.33%
Motor vehicles	20%

Notes:

(a) At 31 March 2013, certain of the Group's freehold land and buildings with the carrying values of HK$248,549,000 (2012: HK$292,995,000) and HK$489,226,000 (2012: HK$747,465,000), respectively were pledged as security for the Group's banking facilities (note 19).

(b) At 31 March, 2013, certain of the Group's plant and machinery with an aggregate carrying value of HK$413,000 (2012: HK$246,089,000) were pledged as security for the Group's banking facilities (note 19).

13. PREPAID LEASE PAYMENTS

	2013	2012
	HK$'000	*HK$'000*
The prepaid lease payments comprise medium-term leasehold land in Hong Kong	**61,555**	63,352
Analysed for reporting purposes as:		
Current asset	**1,797**	1,797
Non-current asset	**59,758**	61,555
	61,555	63,352

At 31 March 2013, the prepaid lease payments of the Group with a carrying value of HK$33,963,000 (2012: HK$63,352,000) were pledged as security for the Group's banking facilities (note 19).

14. PROGRAMMES AND FILM RIGHTS

The Group's programmes and film rights comprise acquired and self-produced video programmes and film rights licenses granted by third parties for broadcasting on the Group's television channels.

For the year ended 31 March 2012, the Group's programmes and film rights were expected to be used for two to three years and hence they are classified as non-current assets. The management conducted an impairment assessment on the recoverable amount of a CGU that engages in the television and multi-media business. An impairment loss of HK$38,474,000 was allocated to the programmes and film rights and was recognised in profit or loss. Details of the impairment assessment are set out in note 12(a).

For the year ended 31 March 2013, the Group's television and multi-media business is considered as discontinued operations. The carrying amount of the programmes and rights related to television and multi-media business is classified as assets held for sale. The management conducted an impairment assessment on the recoverable amount of a CGU that engages in the television and multi-media business. An impairment loss on programmes and film rights of HK$81,731,000 is recognised in profit or loss. Details of the impairment assessment are set out in note 8(a).

15. INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Raw materials	**175,796**	185,811
Work in progress	**2,709**	2,607
Finished goods	**2,492**	2,093
	180,997	190,511

16. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**643,079**	654,119
Less: allowance for doubtful debts	**(113,445)**	(116,162)
	529,634	537,957
Prepayments *(Note)*	**25,236**	135,269
Rental and other deposits	**14,076**	35,120
Others	**15,574**	26,901
Trade and other receivables	**584,520**	735,247

Note: Included in the balance as at 31 March 2012 were mainly value-added tax receivable in Taiwan of HK$32,676,000, rental and utilities prepayment of HK$11,783,000 and other prepayments of HK$90,810,000. The balance as at 31 March 2013 is mainly rental and utilities prepayments of HK$6,512,000 and other prepayments of HK$18,724,000.

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

	2013	2012
	HK$'000	*HK$'000*
0 – 1 month	**264,791**	282,953
1 – 3 months	**219,702**	227,673
3 – 4 months	**42,653**	23,010
Over 4 months	**2,488**	4,321
	529,634	537,957

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$2,488,000 (2012: HK$4,321,000) 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 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:

	2013	2012
	HK$'000	*HK$'000*
Over 4 months	**2,488**	4,321

Movement in the allowance for doubtful debts

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year	**116,162**	104,547
Allowance for bad and doubtful debts	**4,193**	12,725
Exchange difference	**(91)**	(157)
Amounts written off as uncollectible	**(4,820)**	(953)
Transfer to assets classified as held for sale	**(1,999)**	–
Balance at end of the year	**113,445**	116,162

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$113,445,000 (2012: HK$116,162,000) which have delayed payments with poor settlement record. The Group does not hold any collateral over these balances.

The Group does not hold any collateral over other receivables. 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's trade receivables that are denominated in currencies other than functional currencies of the respective group companies are set out below:

	2013		2012	
	Denominated currency	**Equivalent to**	Denominated currency	Equivalent to
	$'000	***HK$'000***	*$'000*	*HK$'000*
USD	**935**	**7,258**	774	6,007
AUD	**116**	**935**	203	1,629
GBP	**27**	**315**	–	–

17. RESTRICTED BANK BALANCES/BANK BALANCES AND CASH/BANK OVERDRAFT

As at 31 March 2013, bank balances amounting to HK$5,411,000 (2012: HK$5,411,000) 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 year ended 31 March 2003. The restricted bank balances carry fixed interest rate at 0.50% (2012: 1.60%) per annum for the year.

Included in bank balances and cash is an amount of approximately HK$167,272,000 (2012: HK$552,706,000) placed in time deposits for periods from 1 day to 2 months. Such deposits bear fixed interest between 0.15% to 0.50% (2012: 0.42% and 1.60%) per annum.

The remaining bank balances are placed in current and savings accounts, the former bears no interest and the latter bears prevailing market interest rate of 0.10% (2012: 0.17%) per annum.

As at 31 March 2013, the bank overdraft carries interest based on Hong Kong Dollar Prime Rate of 4.25% per annum and repayable on demand.

18. TRADE AND OTHER PAYABLES

The average credit period taken for trade payables is 7 to 120 days.

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**109,185**	142,606
Accrued staff costs	**133,741**	144,008
Accrued charges *(Note a)*	**80,942**	169,967
Deposit received for potential disposal of Taiwan business *(Note b)*	**455,373**	–
Other payables *(Note c)*	**111,985**	200,343
Trade and other payables	**891,226**	656,924

Note a: The balance includes accrual for repair and maintenance expenses of HK$23,240,000 (2012: HK$25,823,000), accrual for utilities of HK$8,307,000 (2012: HK$10,170,000) and other miscellaneous accrual of HK$49,395,000 (2012: HK$133,974,000).

Note b: The balance represents deposit received from the potential purchasers for the potential disposal of newspapers publication and printing business, books and magazines publication and printing business and television broadcasting business in Taiwan. The amount is refunded subsequent to 31 March 2013 after termination of the sale and purchase agreement.

Note c: The balance includes deposit received for subscription of and advertisement in newspaper, magazine and television channels of HK$12,042,000 (2012: HK$68,372,000) and temporary receipt from customers of newspaper publication of HK$14,399,000 (2012: HK$27,145,000) and other operating expenses payables of HK$85,544,000 (2012: HK$104,826,000).

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

	2013	2012
	HK$'000	*HK$'000*
0 – 1 month	**78,473**	88,997
1 – 3 months	**22,192**	45,798
Over 3 months	**8,520**	7,811
	109,185	142,606

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

	2013	2012
	Denominated currency	Denominated currency
	$'000	*$'000*
USD	**5,025**	4,235
Equivalent to	**HK$38,978**	HK$32,852

19. BORROWINGS

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

	2013	2012
	HK$'000	*HK$'000*
Carrying amount repayable		
– on demand or within one year	**323,734**	289,305
– in the second year	**82,401**	397,953
– in the third year	**82,401**	78,432
– in the fourth year	**82,401**	78,432
– in the fifth year	**82,401**	32,878
– more than five years	**151,068**	136,989
	804,406	1,013,989
Less: Amount due within one year or on demand shown under current liabilities	**(323,734)**	(289,305)
Non-current portion	**480,672**	724,684

Bank loans balances of HK$494,406,000 carry interests at Post Office 2 - year Deposit rate in Taiwan plus 1.4275% per annum, balance of HK$210,000,000 and HK$100,000,000 carry interest at HIBOR plus 2.75% and 1.25% per annum respectively (2012: bank loans of HK$445,239,000 carry interest at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.495% to 0.75% per annum and bank loans of HK$568,750,000 at HIBOR plus 2% per annum).

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.70% (2012: 2.32%) per annum.

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

In respect of the syndicated bank loans of HK$210,000,000, as at 31 March 2013, the Group was unable to fulfil the required financial covenants. The directors of the Company will obtain confirmations from the Agent Bank acting on behalf of major lenders on their willingness to grant the relative waivers on one-off basis. Until the lenders give waiver on the said covenant, the loans are classified as current liabilities as at 31 March 2013.

The directors of the Company believe that alternative sources of finance are available and sufficient for the continuing operations of the Group in case the lenders demand immediate repayment of the loans.

Up to the date these consolidated financial statements are authorised for issuance, the directors of the Company are confident that the negotiation with lenders will come to successful close.

20. SHARE CAPITAL

Ordinary shares of HK$1 each

	Authorised	
	No. of shares	*HK$'000*
At 1 April 2011, 31 March 2012 and 31 March 2013	4,600,000,000	4,600,000

	Issued and fully paid			
	Number of shares		**Share capital**	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
			HK$'000	*HK$'000*
At beginning of year	**2,412,496,881**	2,412,496,881	**2,412,497**	2,412,497
Exercise of share option	**18,510,000**	–	**18,510**	–
At end of the year	**2,431,006,881**	2,412,496,881	**2,431,007**	2,412,497

21. EVENT AFTER THE REPORTING PERIOD

On 15 April 2013, Next Media Broadcasting Limited ("NMBL") and Max Growth B.V. ("Max Growth"), subsidiaries of the Company, entered into a sale and purchase agreement (the "S&P Agreement") with an independent third party, Mr. Lien Tai-sheng ("Mr. Lien"), to dispose of 100% equity interest in Next TV Broadcasting Limited* ("Next TV"). On the same date, NMBL, Max Growth and Mr. Lien entered into the shareholders' loan assignment agreement in respect of the assignment of the shareholders' loan, pursuant to which, NMBL and Max Growth have agreed to sell, and Mr. Lien has agreed to purchase the shareholders' loan owed by Next TV to NMBL and Max Growth ("Shareholders' Loan"). The total consideration for the sale of the entire issued share capital of Next TV and the assignment of the Shareholders' Loan amounts to NT$1,400,000,000 (equivalent to approximately HK$364,299,000).

Details of this transaction are set out in the Company's announcement dated 15 April 2013. The transaction constituted disclosable transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and is therefore subject to reporting and announcement requirement under Chapter 14 of the Listing Rules and was partially completed on 31 May 2013.

The partial completion in respect of the transfer of 2,750,000 shares in Next TV (representing 55% of the entire issued share capital of Next TV) from NMBL to persons designated by Mr. Lien and the assignment of the full amount of the Shareholders' Loan from NMBL and Max Growth took place on 31 May 2013 pursuant to the terms of the S&P Agreement and the shareholders' loan assignment agreement.

In respect of the sale of the remaining 45% of the issued share capital of Next TV, Max Growth has submitted an application to the Investment Commission of the Ministry of Economic Affairs of Taiwan ("IC") seeking approval on the sale of its shareholdings of 2,250,000 shares in Next TV (representing the remaining 45% of the issued share capital of Next TV) to Mr. Lien. Upon receipt of the approval from IC, Max Growth will be in a position to complete the transfer of 2,250,000 shares in Next TV to Mr. Lien in accordance with the terms of the S&P Agreement.

At the date of approval for issuance of these consolidated financial statements, NMBL and Max Growth are indirectly wholly-owned subsidiaries of the Company. The Disposal does not result in any material gain or loss on the Disposal after taking into consideration the impairment loss of the relevant assets in the Group's television and multi-media business (set out in note 12(b)) which was recognised in profit and loss for the year ended 31 March 2013. Next TV ceases to be subsidiary of the Company and its results under television and multi-media segment are no longer consolidated into the consolidated financial statements of the Group and accordingly, the Group ceases to engage in the operation of television broadcasting business in Taiwan after the Disposal.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Next Media's revenue from continuing operations totalled HK$3,474.1 million during the year ended 31 March 2013. This was 3.6 per cent less than the restated figure of HK$3,602.6 million for the preceding 12 months. The major factor responsible for this decline in revenue was a drop in circulation income of its newspapers and magazines, compared with the previous year.

Developments Concerning the Group's Business in Taiwan

On 15 October 2012, Next Media entered into a memorandum of understanding ("MOU") with Mr. Jeffrey Koo Jr. ("Mr. Koo") concerning the potential sale to him of the respective entire issued share capital of Amazing Sino International Limited (the holding company of the Group's *Taiwan Apple Daily* and *Taiwan Sharp Daily* businesses) and Ideal Vegas Limited (the holding company of the Group's *Taiwan Next Magazine Bundle* business). On the same date, it entered into another MOU with Mr. Koo regarding the possible sale to him of the entire issued share capital of Next TV Broadcasting Limited* ("Next TV"), the Group's TV operator in Taiwan.

On 27 November 2012, the Group entered into sale and purchase agreements with Mr. Koo and his co-investors in respect of both these potential transactions. These agreements stipulated that either party could give notice to terminate the transactions if they had not been completed within four months of the signing of the agreements for whatever reasons.

On 3 April 2013, the Board announced that the Company had received formal written notices from the purchasers confirming that the sale and purchase agreements had been terminated with effect from 27 March 2013.

Following this development, the Company reassessed the prospects of its print media and TV business in Taiwan, and it decided to continue operating its print media business there. At the same time, it further considered its options regarding the Taiwan TV business, taking into account the difficulties it had experienced in obtaining regulatory approval for its TV channels and access to the island's cable networks.

Subsequent to the end of this financial year, on 15 April 2013, Next Media Broadcasting Limited* ("NMBL") and Max Growth B.V. ("Max Growth") (both wholly owned subsidiaries of the Company) as the vendors and Mr. Lien Tai-sheng ("Mr. Lien") as the purchaser entered into a sale and purchase agreement. Under this agreement, NMBL and Max Growth agreed to sell the entire issued share capital of Next TV to Mr. Lien. On the same date, NMBL, Max Growth and Mr. Lien entered into a shareholders' loan assignment agreement, pursuant to which NMBL and Max Growth agreed to sell and Mr. Lien agreed to purchase the shareholders' loan of Next TV. The total consideration for the sale of the Next TV shares and the assignment of the shareholders' loan amounted to NT$1,400.0 million (the equivalent of HK$364.3 million).

On 31 May 2013, NMBL completed its sale of 55.0 per cent of the issued share capital of Next TV to persons as designated by Mr. Lien and both NMBL and Max Growth have assigned their shareholders' loan in full amount pursuant to the terms of the sale and purchase agreement and the shareholders' loan assignment agreement both dated 15 April 2013. Max Growth has submitted an application to the Investment Commission of the Ministry of Economic Affairs of Taiwan ("IC") for approval of the sale of its 45.0 per cent interest in the issued share capital of Next TV; and it will be in a position to complete the sale of its shareholding in Next TV to Mr. Lien when it receives IC's approval. Next TV ceased to be a subsidiary of the Group immediately after the partial completion of this transaction on 31 May 2013.

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the largest proportion of the Group's revenue from continuing operations. The Division's revenue totalled HK$2,329.3 million during the 2012/13 financial year, a decrease of 6.8 per cent on the figure of HK$2,499.3 million for the previous year.

Apple Daily

Apple Daily maintained its position as Hong Kong's most widely read paid-for newspaper during 2012. *Apple Daily* continued to benefit from the strong loyalty of its readers – particularly those with higher educational qualifications and in higher-income groups – who appreciate its quality and objectivity. *Apple Daily's* total revenue, which amounted to HK$905.7 million during the year under review, a decrease of 12.0 per cent on the previous financial year's figure of HK$1,029.6 million. Meanwhile, its circulation income accounted for HK$308.8 million, 11.7 per cent less than the previous year's figure of HK$349.9 million and its advertising income amounted to HK$596.9 million, a 12.2 per cent decline on the previous year's figure of HK$679.7 million.

Hong Kong Sharp Daily

Hong Kong Sharp Daily, the Group's free daily newspaper, has proved tremendously popular with the general public since its first issue was distributed on 19 September 2011.

Hong Kong Sharp Daily's formula was fine-tuned and a more cost-focused approach was adopted during the course of the year. This included a reduction in the number of copies distributed every day to 596,943 between October and December 2012, compared to 924,056 copies between January and March last year. Some of its less-popular content was also dropped.

Taiwan Apple Daily

Taiwan Apple Daily remained the market leader during 2012. It is in the advantageous position of being the best-selling newspaper on the island and having the highest selling price per copy. It also sells the largest percentage of its copies on newsstands. Moreover, its excellent demographic profile includes more young high-income earners than any other medium on the island, even out-competing popular TV shows. These factors continue to make it highly attractive to the island's advertisers, however, deteriorating economic conditions during the second half of the year under review inevitably caused a number of the island's major advertisers to tighten their purse strings. The newspaper's total revenue decreased by 11.6 per cent to HK$1,143.7 million, compared with HK$1,294.3 million the previous year. Its circulation income for the year amounted to HK$356.0 million, a decrease of 9.7 per cent on the figure of HK$394.3 million achieved the previous year.

Taiwan Sharp Daily

Taiwan Sharp Daily, a free newspaper that the Group distributes to travellers at Taipei's Rapid Transit subway stations every morning from Monday to Friday, has proved popular with readers ever since its launch in October 2006 and the average number of copies distributed everyday was 270,686 during the year under review.

Apple Daily Printing Limited ("ADPL")

The Group's newspaper printing business performed satisfactorily and continued to contribute to the Group's revenue. Its total revenue amounted to HK$410.7 million during the 2012/13 financial year, compared with HK$433.5 million the previous year, a decrease of 5.3 per cent.

Excluding transactions related to printing Next Media's own publications, ADPL's revenue amounted to HK$116.2 million during the 2012/13 financial year. This was a decrease of 15.4 per cent on the HK$137.4 million it earned in the previous year.

Books and Magazines Publication and Printing Division

The Books and Magazines Publication and Printing Division again accounted for a significant proportion of the Group's revenue. Its revenue for the year under review amounted to HK$987.6 million, a 6.5 per cent decrease on the previous year's figure of HK$1,056.1 million.

Next Magazine Bundle

The Group's flagship weekly remained the second most widely read Chinese weekly magazine in Hong Kong during the year ended 31 December 2012. *Next Magazine Bundle's* male and female readers have a high-calibre demographic profile. This makes the magazine a magnet for advertisers, especially companies in the skincare and cosmetics, watches and fashion sectors. At the same time, *Next+ONe* – a perfect-bound magazine focusing on city trends and smart lifestyles in the areas of fashion, luxury, beauty and living that is bundled with *Next Magazine Bundle* – succeeded in attracting high-end product advertising.

Next Magazine Bundle's advertising revenue for the year under review amounted to HK$207.1 million, a decrease of 3.7 per cent, compared with HK$215.1 million during the preceding financial year.

Sudden Weekly Bundle

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

During the financial year under review, *Sudden Weekly Bundle*'s advertising sales income amounted to HK$242.0 million, compared with the previous year's figure of HK$240.9 million, representing an increase of 0.5 per cent, whereas its total revenue amounted to HK$308.2 million, as against HK$323.0 million during the previous year, a decrease of 4.6 per cent that was mainly attributable to a fall in circulation income during the year.

FACE Bundle

FACE Bundle, which incorporates *FACE*, *Ketchup*, *Auto Express* and *Trading Express*, focuses on affluent young adult readers and advertisers who seek to reach them.

FACE Bundle's total revenue decreased by 8.8 per cent to HK$96.6 million in the year under review, compared to HK$105.9 million during the preceding 12 months.

Taiwan Next Magazine Bundle

Taiwan Next Magazine Bundle consisting of the island's best-selling and most widely-read weekly, *Taiwan Next Magazine*, plus *Taiwan ME!*, The island's advertisers continued to regard *Taiwan Next Magazine Bundle* as their magazine of choice. That was especially true in the beauty and perfume, watches and eyeglasses and food and beverage sectors.

Taiwan Next Magazine Bundle's advertising sales amounted to HK$154.3 million during the year ended 31 March 2013, a decrease of 13.8 per cent on the figure of HK$178.9 million for the previous 12 months. However, due to its relatively lackluster performance, *Taiwan ME!* ceased publication in April 2013.

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 in the year ended 31 March 2013 amounted to HK$238.7 million, which was 4.7 per cent less than the figure of HK$250.4 million for the previous financial year. Internal sales accounted for HK$138.3 million or 57.9 per cent of this amount, whereas sales to external customers made up the remaining HK$100.4 million, an increase of 8.4 per cent on the preceding financial year's figure of HK$92.6 million.

Internet Businesses Division

To give better support to its digital media vision, the Group consolidated its Internet and mobile operations under the new Internet Businesses Division during the year. Its highly popular, award-winning news portals, mobile apps on iPhones, iPads and Android smartphones and video content provide a convenient and engaging way for local and overseas readers to access their favourite Next Media's publications.

The online version of *Apple Daily* remained Hong Kong's most-visited interactive news destination, while the *Taiwan Apple Daily* website remained tremendously popular. As at 31 March 2013, the *Hong Kong Apple Daily* online version (excluding smartphone apps) drew an average of 5.9 million unique visitors, while *Taiwan Apple Daily*'s online version achieved an average of 10.8 million unique visitors a month.

Concurrently, *Apple Daily*'s mobile apps are among the top downloads for iTunes and Android-platform smartphones in Hong Kong and Taiwan, with 5.1 million cumulative installations in Hong Kong and 3.8 million in Taiwan. As public transport passengers in Hong Kong and Taipei can attest, *Apple Actionews* dominates the screens of young commuters. The Group's mobile and video strategies are paying off, with 6.5 times more page views on mobile devices than on the Web. Users also spent more than four times as much time viewing videos than text. The interest of advertisers in mobile and online video advertising is soaring, and the Division's inventory remains in high demand. The Division is continuously expanding its advertising products, especially those for mobile users, in order to provide more platforms for advertisers to reach their targeted audiences.

The market's enthusiasm for *Apple Daily*'s digital formats in Hong Kong and Taiwan were demonstrated by the fact that between them they received one billion monthly article and video views in March 2013, and the figure continues to grow.

During the year, the Division launched a number of new initiatives in the Group's core markets in order to engage audiences and create more opportunities for advertisers. A number of *Apple Daily* content supplements were introduced, ranging from Go Green campaigns to coverage of Fashion Week. It expanded its product offerings and market reach by diversifying its media offerings and increasing interactive user engagement by creating timely, topical games for sponsors; and it started to provide TomoNews in non-Chinese languages. The Group's major consumer electronics brand partners strengthened its user base by porting Next Media apps to the Samsung Smart TV and Windows Phone.

In addition to our news and information related products, we are leveraging our huge user base and have launched a new nxTomo brand under which we license, and publish entertainment intellectual property. The products under this brand have been introduced very successfully in Hong Kong, Taiwan and Japan. For example, the Division has licensed and localised "Life is Crime" ("LiC") from the US. Within days of its award-winning launch in Hong Kong, Taiwan and Japan, it took the number 1 position for role-playing games in app stores. Oddbods, a family of cute animated characters, was introduced to *Apple Daily* readers during Chinese New Year 2013. It now entertains audiences with short one-minute clips that are tailored for mobile viewing.

During the financial year, the Division derived its income from subscription fees, advertising revenue and content-licensing payments. Its external revenue amounted to HK$157.2 million, compared with HK$47.2 million the previous year, an increase of 233.1 per cent. This was due to the transfer of external online advertising revenues from the Newspapers Publication and Printing Division and the Books and Magazines Publication and Printing Division to the Internet Businesses Division.

While Next Media's news content remains the key attraction for audiences, its investments in expanding its technology platforms and adding more entertainment products ensures that readers have a choice in how to access its content, and that advertisers can reach the young internet-savvy users of its digital products. To boost the momentum of revenue growth in the digital arena, the Division has invested in revamping its systems, websites and mobile apps, and developing new products and capabilities, especially for nxTomo. During the year, it recorded a segment loss of HK$124.5 million for the year under review, compared with a segment loss of HK$37.0 million in the previous 12 months. It was mainly attributable to the investments made for improving the systems, websites and supporting capabilities as well as the operating loss and impairments made for studio equipment for multi-media shopping operations in both Hong Kong and Taiwan amounted to HK$58.3 million absorbed by this Division. The multi-media shopping operations of the Group were restructured and transferred under this Division from the Television and Multi-media Division during the year.

Aside from its recently launched nxTomo brand initiatives, the Division has continued to introduce intellectual properties that have been developed by its associate company Next Media Animation Limited. Two new titles under nxTomo, *Spy Penguins* and *Mad Box Zombies* have been well received since their launch. TomoToon, a new form of animation based on manga comic books by famous Japanese authors, was introduced to *Apple Daily* online viewers and *Sharp Daily* readers, with very positive initial results. Going forward, the Division will launch new content and new mobile capabilities that will enable geo-location-based content and interaction, including commerce. It will roll out new membership features that will foster synergies among its very large viewer base and help to drive even more engagement with the Group's loyal readers.

Discontinued Operation of the Television and Multi-media Division

During the year under review, the Group's Television and Multi-media Division recorded a loss for the year of HK$1,107.9 million, compared with a loss of HK$1,173.1 million the previous year. This was mainly attributable to the write off of assets and equipment resulting from the closure of the multi-media operation on 31 October 2012 and further impairments made to the assets, equipment and programmes and film rights of Next TV during the year.

Subsequent to the end of the financial year, on 15 April 2013, the Group entered into agreements with Mr. Lien regarding the sale of the entire issued share capital of Next TV and the assignment of shareholders' loans for a total consideration of NT$1,400.0 million (the equivalent of HK$364.3 million). This transaction was partially completed on 31 May 2013 and Next TV ceased to be a subsidiary of the Group on the same date.

Financial Review

Consolidated Financial Results for Continuing Operations

Revenue

Next Media's total revenue from continuing operations amounted to HK$3,474.1 million during the year ended 31 March 2013, a decrease of 3.6 per cent or HK$128.5 million on the figure of HK$3,602.6 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$1,999.1 million or 57.5 per cent of its total revenue during the 2012/13 financial year. That was followed by Taiwan, which was responsible for 41.0 per cent. Taiwan's contribution decreased by 7.5 per cent from the previous financial year's HK$1,538.7 million to HK$1,423.6 million during the year under review.

Newspaper publishing and printing continued to account for the largest part of the Group's revenue from continuing operations. The Newspapers Publication and Printing Division generated HK$2,329.3 million or 67.0 per cent of the Group's total revenue, a decrease of HK$170.0 million or 6.8 per cent on the figure of HK$2,499.3 million for the previous financial year.

The Books and Magazines Publication and Printing Division's revenue accounted for HK$987.6 million or 28.4 per cent of the Group's total revenue from continuing operations, a decrease of 6.5 per cent on the figure of HK$1,056.1 million in 2011/12.

During the year under review, the Internet Businesses Division generated revenues amounting to HK$157.2 million, representing an increase of 233.1 per cent against the figures of HK$47.2 million for the previous year.

EBITDA and Segment Results

The Group's Earnings Before Interest, Taxes, Depreciation, Amortisation (EBITDA) and impairment from continuing operations for the year ended 31 March 2013 amounted to HK$456.6 million. This was HK$95.3 million or 17.3 per cent lower than the HK$551.9 million it achieved in the previous financial year.

The Group made a segment profit from continuing operations of HK$336.8 million during the year under review, compared with a restated segment profit of HK$456.4 million in the previous financial year.

The Newspapers Publication and Printing Division's segment profit increased by 11.1 per cent to HK$349.2 million, compared to the previous financial year's figure of HK$314.2 million.

The segment profit of the Books and Magazines Publication and Printing Division declined by 37.4 per cent to HK$112.1 million, compared with the figure of HK$179.2 million for the preceding 12 months.

The Internet Businesses Division recorded a segment loss of HK$124.5 million, compared with a restated segment loss of HK$37.0 million during the previous financial year.

Discontinued Operation

Subsequent to the end of the financial year, the Group entered into agreements with Mr. Lien in respect of the sale of the entire issued share capital of Next TV and the assignment of shareholders' loans for a total consideration of NT$1,400.0 million (the equivalent of HK$364.3 million). This sale was partially completed on 31 May 2013. On the same date, the Company issued an announcement disclosing details concerning it and Next TV ceased to be a subsidiary of the Group.

The results of the television and multi-media business for the year ended 31 March 2013 have therefore been restated to reflect the sale of Next TV and its status as a discontinued operation of the Group. During the year, the Television and Multi-media Division recorded a loss of HK$1,107.9 million, compared with a loss of HK$1,173.1 million for the previous year.

Operating Expenses

The Group's operating expenses for continuing operations and excluding impairment losses totalled HK$3,148.7 million during the financial year under review. This was HK$34.7 million or 1.1 per cent lower than the previous financial year's restated figure of HK$3,183.4 million. HK$1,357.6 million or 43.1 per cent of its operating expenses during the year were essential production costs. Personnel costs accounted for HK$1,381.9 million or 43.9 per cent, an increase of HK$104.5 million or 8.2 per cent on the previous financial year's restated figure of HK$1,277.4 million.

Taxation

The taxes levied on the Group during the 2012/13 financial year amounted to HK$143.4 million, which was 35.5 per cent more than the previous financial year's figure of HK$105.8 million.

Financial Position

Current Assets and Current Liabilities

As at 31 March 2013, the Group's current assets (excluding assets classified as held for sale) amounted to HK$1,339.3 million, a decrease of 19.3 per cent on the figure of HK$1,659.0 million 12 months earlier. The Group's current liabilities on the same date were HK$1,393.6 million, 29.4 per cent less than the figure of HK$1,076.6 million 12 months earlier. The aggregate total of the Group's bank balances and cash, including restricted bank balances, was HK$570.7 million, as at 31 March 2013. The current ratio on the same date was 96.1 per cent, which was 37.6 per cent lower than the figure of 154.1 per cent a year earlier.

Trade Receivables

As at 31 March 2013, the Group's trade receivables totalled HK$529.6 million, a decrease of 1.6 per cent on the figure of HK$538.0 million 12 months earlier. As at 31 March 2013, the average revenue days for the Group's trade receivables was 56.1 days, compared to 51.3 days on the same date of the previous financial year.

Trade Payables

As at 31 March 2013, the Group's trade payables amounted to HK$109.2 million. This was 23.4 per cent less than the figure of HK$142.6 million on the same date of the previous financial year. The average revenue days for the Group's trade payables was 40.1 days, compared to 42.1 days during 2011/12.

Long-term and Short-term Borrowings

As at 31 March 2013, the Group's long-term borrowings, including current portions, totalled HK$804.4 million. This represented a decrease of 20.7 per cent on the figure of HK$1,014.0 million on the same date of the previous financial year. As at 31 March 2013, the current portion of the Group's long-term borrowings stood at HK$323.7 million, an increase of 11.9 per cent measured against the figure of HK$289.3 million 12 months earlier.

Borrowings and Gearing

The Group's primary source of financing for its operations during the 2012/13 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 2013, the Group's available banking facilities totalled HK$868.4 million, of which HK$857.7 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 2013, the Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$570.7 million. Its gearing ratio on the same date was 19.3 per cent, compared to 18.4 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 2013, the Company's total issued share capital was HK$2,431.0 million. This amount was made up of 2,431,006,881 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 2013 amounted to HK$364.7 million, compared with a net cash outflow from operating activities of HK$518.0 million the previous year.

The inflow of investment-related cash during the 2012/13 financial year totalled HK$401.1 million, compared to the inflow of investment-related activities of HK$264.3 million recorded during the previous financial year. This was due to the HK$455.4 million cash inflow resulting from the deposit received for potential disposal of Taiwan business.

The Group's net cash outflow for financing activities during the year amounted to HK$214.1 million, compared to the preceding year's net cash inflow figure of HK$109.1 million. The new loans raised during the year under review totalled HK$804.4 million, of which a HK$210.0 million term loan from a bank syndicate was drawn down during the 2012/13 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 newspaper and magazine publishing, television and multi-media and internet businesses operations in Taiwan. It aims to reduce this exposure by arranging bank loans in New Taiwanese dollars, as and when appropriate. As at 31 March 2013, the Group's net currency exposure stood at NT$4,534.3 million (the equivalent of HK$1,179.9 million) a decrease of 37.4 per cent on the figure of NT$7,237.7 million (the equivalent of HK$1,903.6 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 2012/13 financial year totalled HK$33.9 million. It has committed to further capital expenditure of HK$5.7 million for its continuing operations.

Pledge of Assets

As at 31 March 2013, 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 operations in these two places. The aggregate carrying value of these assets was HK$772.2 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. As the aforesaid dispute is now under arbitration, the final outcome remains uncertain.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai Chee Ying, Jimmy ("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 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 their opinion that 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 2013, these contingent liabilities amounted to HK$857.7 million.

Intangible Assets

In accordance with 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 2013, based on the value-in-use approach.

According to the valuation report, the value of the Group's mastheads and publishing rights was HK$2,319.2 million as at 31 March 2013 (31 March 2012: HK$2,348.7 million) against the corresponding carrying value of HK$1,300.9 million as at 31 March 2013 (31 March 2012: HK$1,300.9 million). Therefore, a revaluation surplus of HK$1,018.3 million arose on a Group basis as at 31 March 2013 (31 March 2012: HK$1,047.8 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 past five years have seen the greatest turmoil in the global economy since the 1930s. There has been a constant stream of unpleasant surprises, especially in the Eurozone. That makes it very unwise to predict what developments are likely to occur on the world stage during the next 12 months and beyond. The best that can be hoped for is that China will maintain its economic dynamism, and that this will at least partly offset the challenges being created by events elsewhere and help to maintain the stability of the export-driven economies of Hong Kong and Taiwan.

In response to the economic uncertainties, the Group will maintain a cautious outlook and exercise strict control over its finances during the coming months. However, it will do so without compromising in any way on the high standards of quality and professionalism that the public expects of it and its publications.

Next Media has devoted considerable resources to the establishment of its TV operation in Taiwan during the past few years. However, due to the various obstacles that it has encountered, the Group has found itself unable to unlock the great potential that undoubtedly exists there, so that it could repeat the success its print media have enjoyed on the island.

After careful reflection, it has decided to refocus its efforts on its print media, both in Hong Kong and Taiwan. The Group's print publications form the rock-solid foundations of its business, and they continue to perform satisfactorily, both in terms of their sales and advertising revenues. They also have tremendously loyal and high-quality readerships that make them attractive to advertisers. They are, and will remain, the Group's most valuable assets.

At the same time, Next Media recognises that the fundamentals of the media industry are changing rapidly and irreversibly, and at an ever-accelerating pace. These fundamentals are moving away from print media and towards electronic media, especially online media. The Group will therefore place an increasing emphasis on the further development of its digital operations, in order to cater for the huge growth of interest and use being made of these new media, thus allowing it to reach out to and satisfy the needs of new audiences, especially the younger generation. The re-organisation of its Internet Businesses Division has allowed the Group to focus its energies on development and marketing them in order to realise the vision it has for its digital media future, and leverage its popularity to unlock the value of Next Media's content in the digital world.

In summary, the Group feels that print and interactive media are the two legs on which Next Media will continue to stand and walk tall, and these will allow it to stride ahead successfully in the coming years.

EMPLOYEES RELATIONS

As at 31 March 2013, Next Media employed a total of 4,679 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$1,381.9 million, an increase of 8.2 per cent over the last year's restated figure of HK$1,277.4 million.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year (2011/12: Nil).

BOOK CLOSE PERIOD

The Register of Members of the Company will be closed from Friday, 19 July 2013 to Monday, 22 July 2013, 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, 18 July 2013.

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 ("INEDs"), 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 2013.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2013, Next Media achieved full compliance 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 provision E.1.2 and A.6.7. Due to another business engagement, Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), the Chairman of the Board, Mr. Fok Kwong Hang, Terry, and Mr. Wong Chi Hong, Frank, did not attend the Company's Annual General Meeting held on 30 July 2012 (the"2012 AGM"). Instead, Mr. Cheung Ka Sing, Cassian, the Executive Director of the Company and the Group's Chief Executive Officer, chaired the 2012 AGM in accordance with the provisions of Next Media's Articles of Association. During the year under review, the Chairman of the Board, Mr. Lai did not hold meetings with the INEDs of the Company pursuant to the Code provision A.2.7.

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 2013.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution to amend the Articles of Association of the Company was proposed and passed at the 2012 AGM. Its purpose was to ensure the Company's compliance with changes made to the Listing Rules that became effective on 1 January 2012 and 1 April 2012 respectively. Updated versions of the Memorandum and Articles of Association can be found on the Company's website.

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, 7 June 2013

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

* *For identification purpose only*