NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The Board of Directors (the "Board" or the "Directors") of Next Media Limited ("Next Media" or the "Company") announces the unaudited interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2012, as well as the comparative figures for the same period of last year.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2012

	Notes	**Six months ended 30 September**	
		2012	2011
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Continuing operations			
Revenue	*3*	**1,784,406**	1,842,459
Production costs			
Cost of raw materials consumed		**(635,817)**	(639,480)
Film production costs		**(144,584)**	(93,707)
Other overheads		**(143,357)**	(191,073)
Staff costs		**(491,335)**	(478,235)
		(1,415,093)	(1,402,495)
Personnel costs excluding direct production staff costs		**(290,253)**	(334,226)
Other income	*3*	**46,706**	37,622
Allowance for bad and doubtful debts		**(14,838)**	(10,206)
Depreciation of property, plant and equipment		**(188,811)**	(127,869)
Release of prepaid lease payments		**(899)**	(899)
Other expenses		**(225,188)**	(224,772)
Impairment loss recognised in respect of property, plant and equipment	*10*	**(387,055)**	–
Impairment loss recognised in respect of deposit for acquisition of property, plant and equipment	*12*	**(4,794)**	–
Impairment loss recognised in respect of programmes and film rights	*13*	**(133,435)**	–
Impairment loss recognised in respect of prepayments	*14*	**(33,473)**	–
Finance costs	*5*	**(10,459)**	(10,499)
Share of results of a jointly controlled entity		**–**	(1,172)
Impairment loss recognised in respect of unlisted convertible note		**–**	(7,800)
Loss before tax		**(873,186)**	(239,857)
Income tax expense	*6*	**(55,199)**	(35,353)
Loss for the period from continuing operations	*7*	**(928,385)**	(275,210)
Discontinued operation			
Loss for the period from discontinued operation		**–**	(48,807)
Loss for the period		**(928,385)**	(324,017)
Other comprehensive expenses			
Exchange differences arising on translation		**(15,360)**	(89,103)
Total comprehensive expenses for the period		**(943,745)**	(413,120)

	Notes	Six months ended 30 September 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company			
– Loss for the period from continuing operations		**(933,245)**	(275,534)
– Loss for the period from discontinued operation		**–**	(48,807)
		(933,245)	(324,341)
Non-controlling interests			
– Profit for the period from continuing operations		**4,860**	324
		(928,385)	(324,017)
Total comprehensive expenses attributable to:			
Owners of the Company		**(947,467)**	(413,335)
Non-controlling interests		**3,722**	215
		(943,745)	(413,120)
Loss per share			
From continuing and discontinued operations	9		
Basic		**HK(38.7) cents**	HK(13.4) cents
Diluted		**HK(38.7) cents**	HK(13.4) cents
From continuing operations			
Basic		**HK(38.7) cents**	HK(11.4) cents
Diluted		**HK(38.7) cents**	HK(11.4) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Notes	30 September 2012 HK$'000 (unaudited)	31 March 2012 HK$'000 (audited)
NON-CURRENT ASSETS			
Intangible assets		**1,300,881**	1,300,881
Property, plant and equipment	*10*	**1,729,720**	2,256,962
Prepaid lease payments	*11*	**60,656**	61,555
Deposit for acquisition of property, plant and equipment	*12*	**7,351**	21,592
Programmes and film rights	*13*	**130,251**	181,288
Interests in associates		**–**	–
Loans to associates		**44,727**	34,001
		3,273,586	3,856,279
CURRENT ASSETS			
Inventories		**235,178**	190,511
Trade and other receivables	*14*	**697,637**	735,247
Prepaid lease payments	*11*	**1,797**	1,797
Tax recoverable		**85**	294
Restricted bank balances	*15*	**5,411**	5,411
Bank balances and cash		**247,360**	725,784
		1,187,468	1,659,044
CURRENT LIABILITIES			
Trade and other payables	*16*	**795,488**	728,349
Amounts due to associates		**1,544**	2,981
Borrowings	*17*	**463,108**	289,305
Tax liabilities		**67,640**	56,007
		1,327,780	1,076,642
NET CURRENT (LIABILITIES) ASSETS		**(140,312)**	582,402
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,133,274**	4,438,681
NON-CURRENT LIABILITIES			
Borrowings	*17*	**368,175**	724,684
Retirement benefits plans		**31,811**	29,204
Deferred tax liabilities		**285,465**	287,542
		685,451	1,041,430
NET ASSETS		**2,447,823**	3,397,251

	Notes	**30 September 2012** *HK$'000* **(unaudited)**	31 March 2012 *HK$'000* (audited)
CAPITAL AND RESERVES			
Share capital	*18*	**2,412,497**	2,412,497
Reserves		**18,697**	971,847
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**2,431,194**	3,384,344
NON-CONTROLLING INTERESTS		**16,629**	12,907
TOTAL EQUITY		**2,447,823**	3,397,251

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

1. BASIS OF PREPARATION

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

The Group incurred a loss of approximately HK$928,385,000 for the six months ended 30 September 2012 and as at 30 September 2012, the Group's current liabilities exceed its current assets by approximately HK$140,312,000. The condensed consolidated financial statements have been prepared on a going concern basis as the directors of the Company believe that the measures as detailed below will improve the financial position of the Group.

(1) As disclosed in note 20, the Group entered into two memoranda of understanding on 15 October 2012 with a purchaser in relation to the sale of the Group's print and television broadcasting operations in Taiwan at a consideration of NT$17,500 million (approximately HK$4,641 million). Deposit of approximately NT$1,750 million (approximately HK$464 million) has been received on the same day. As the operation of the multi-media division in Taiwan was suspended since 31 October 2012, operating cash outflows from the television operations can be minimised. In the event that the disposal transaction is not completed, the Group can still be sustained by the Group's remaining profitable businesses and the available banking facilities as mentioned below.

(2) As at 30 September 2012, the Group has unutilised banking facilities of approximately HK$428,024,000.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

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

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

3. REVENUE AND OTHER INCOME

The Group is engaged in the publication of newspapers, books and magazines, the sales of advertising space in newspapers, books and magazines, the provision of printing and reprographic services, the sales of advertising space in televisions and internet, subscription revenue from televisions for production and broadcasting of television programmes and from internet and provision of internet content. Revenue recognised during the period from continuing operations is as follows:

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sales of newspapers	**340,756**	388,368
Sales of books and magazines	**105,423**	125,739
Newspapers advertising revenue	**767,898**	825,106
Books and magazines advertising revenue	**349,733**	357,947
Printing and reprographic services revenue	**120,801**	120,899
Television advertising and subscription revenue through the production and broadcasting of television programmes	**27,868**	18,704
Internet advertising revenue, internet subscription and provision of internet content ("Internet businesses")	**71,927**	5,696
	1,784,406	1,842,459
Other income		
Sales of waste materials	**12,200**	14,468
Interest income on bank deposits	**613**	948
Rental income	**3,944**	1,473
Interest income on loans to associates	**621**	–
Net exchange gain	**22,946**	13,053
Others	**6,382**	7,680
	46,706	37,622
Total	**1,831,112**	1,880,081

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.

Specifically, the Group's operating and reportable segments from continuing operation under HKFRS 8 *Operating Segments* are as follows:

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

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

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

Six months ended 30 September 2012

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television and multi-media *HK$'000*	Internet businesses *HK$'000*	Total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	1,170,657	513,954	27,868	71,927	1,784,406	–	1,784,406
Inter-segment sales	58,789	7,989	–	8,851	75,629	(75,629)	–
Total	1,229,446	521,943	27,868	80,778	1,860,035	(75,629)	1,784,406
RESULTS							
Segment results	106,443	62,386	(972,340)	(60,891)	(864,402)	–	(864,402)
Unallocated expenses							(9,885)
Unallocated income							11,560
Finance costs							(10,459)
Loss before tax from continuing operations							(873,186)

Six months ended 30 September 2011

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television and multi-media *HK$'000*	Internet businesses *HK$'000*	Total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	1,283,003	535,056	18,704	5,696	1,842,459	–	1,842,459
Inter-segment sales	8,502	9,297	–	6,180	23,979	(23,979)	–
Total	1,291,505	544,353	18,704	11,876	1,866,438	(23,979)	1,842,459
RESULTS							
Segment results	221,829	77,734	(495,817)	(17,828)	(214,082)	–	(214,082)
Unallocated expenses							(16,422)
Unallocated income							10,118
Finance costs							(10,499)
Share of result of a jointly controlled entity							(1,172)
Impairment loss recognised in respect of unlisted convertible note							(7,800)
Loss before tax from continuing operations							(239,857)

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

Segment assets

As at 30 September 2012

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television and multi-media *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	**2,481,362**	**845,462**	**768,854**	**64,528**	**–**	**4,160,206**
Unallocated assets						**300,848**
						4,461,054

As at 31 March 2012

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television and multi-media *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment assets	2,472,196	828,285	1,408,705	37,266	–	4,746,452
Unallocated assets						768,871
						5,515,323

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

- all asset are allocated to operating segments other than interest in associates, investment in an unlisted convertible note, embedded derivatives, loans to associates, certain bank balances and cash and corporate assets that are not attributable to segments.

Other segment information

For the six months ended 30 September 2012

Continuing operations

	Newspapers publication and printing *HK$'000*	**Books and magazines publication and printing** *HK$'000*	**Television and multi-media** *HK$'000*	**Internet businesses** *HK$'000*	**Corporate** *HK$'000*	**Consolidated** *HK$'000*
Addition to non-current assets	**10,031**	**5,926**	**57,518**	**15,440**	**10,726**	**99,641**
Depreciation of property, plant and equipment	**53,436**	**9,974**	**118,534**	**5,037**	**1,830**	**188,811**
Impairment losses	**–**	**–**	**537,072**	**21,685**	**–**	**558,757**

For the six months ended 30 September 2011

Continuing operations

	Newspapers publication and printing *HK$'000*	Books and magazines publication and printing *HK$'000*	Television and multi-media *HK$'000*	Internet businesses *HK$'000*	Corporate *HK$'000*	Consolidated *HK$'000*
Addition to non-current assets	14,064	6,005	361,944	5,578	9,888	397,479
Depreciation of property, plant and equipment	51,153	10,767	61,598	2,377	1,974	127,869
Impairment losses	–	–	–	–	7,800	7,800

5. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on bank borrowings:		
– wholly repayable within five years	**7,393**	9,718
– not wholly repayable within five years	**3,066**	781
	10,459	10,499

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
The charge comprises:		
Current tax:		
Hong Kong	**32,010**	32,679
Other jurisdiction	**25,195**	4,758
Underprovision in prior years	**76**	–
	57,281	37,437
Deferred tax:		
Credit for the period	**(2,082)**	(2,084)
	55,199	35,353

Hong Kong Profits Tax is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% (2011: 16.5%) for the six months ended 30 September 2012.

Taxation arising in other jurisdiction is recognised based on management's best estimate of the average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17% (2011: 17%) which is the rate prevailing in the relevant jurisdiction.

The negative effective tax rate for the six months ended 30 September 2012 of 6% (2011: negative rate of 15%) resulted from the huge loss in the television and multi-media segment, of which deferred tax asset has not yet been recognised in respect of the tax loss for the period due to the unpredictability of future profit streams.

7. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Loss for the period from continuing operations has been arrived at after charging:		
Allowance for bad and doubtful debts	**14,838**	10,206
Operating lease expenses on:		
Properties	**12,256**	8,932
Plant and equipment	**15,156**	28,866
Release of prepaid lease payments	**899**	899
Deprecation of property, plant and equipment	**188,811**	127,869
Loss on disposal of property, plant and equipment	**620**	300
Provision for legal and professional fees (included in other expenses)	**30,205**	30,112

8. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period (2011: Nil). The Directors do not recommend the payment of an interim dividend (2011: Nil).

9. LOSS PER SHARE

From continuing operations and discontinued operation

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

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Loss:		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(933,245)**	(324,341)
	No. of shares	No. of shares
Number of shares:		
Number of ordinary shares in issue during the period for the purpose of basic loss per share	**2,412,496,881**	2,412,496,881
Effect of dilutive potential ordinary shares:		
Share options and share subscription and financing plan *(Note)*	**–**	–
Number of ordinary shares for the purpose of diluted loss per share	**2,412,496,881**	2,412,496,881

Note: The computation of diluted loss per share for the six months ended 30 September 2012 and 2011 does not assume the exercise of the Company's outstanding share options and share subscription and financing plan as their assumed exercise would result in a decrease in loss per share.

From continuing operations

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

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Loss:		
Loss for the period attributable to the owners of the Company	**(933,245)**	(324,341)
Less: Loss for the period from discontinued operation	**–**	48,807
Loss for the purpose of basic and diluted loss per share from continuing operations	**(933,245)**	(275,534)

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

From discontinued operation

Basic loss per share from discontinued operation is HK2.0 cents per share and diluted loss per share from the discontinued operation is HK2.0 cents per share, based on the loss for the period from discontinued operation of HK$48,807,000 and the denominators detailed above for both basic and diluted loss per share for the six months ended 30 September 2011.

10. PROPERTY, PLANT AND EQUIPMENT

	2012
	HK$'000
COST	
At 1 April	**3,861,088**
Exchange difference	**14,991**
Additions	**44,991**
Disposals	**(20,440)**
At 30 September	**3,900,630**
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 April	**1,604,126**
Exchange difference	**6,536**
Charge for the period	**188,811**
Eliminated on disposals	**(15,618)**
Impairment loss recognised in profit or loss *(Note)*	**387,055**
At 30 September	**2,170,910**
CARRYING VALUES	
At 30 September	**1,729,720**
At 31 March	**2,256,962**

Note:

An impairment loss on plant and machinery of approximately HK$365,370,000 and HK$21,685,000 that was recognised in the current period relates to the television and multi-media segment and internet businesses segment, respectively.

As at 30 September 2012, the carrying amount of property, plant and equipment before impairment loss was approximately HK$2,116,775,000 (31 March 2012: approximately HK$2,369,176,000).

The management conducted an impairment assessment of the Group's television and multi-media segment as at 30 September 2012 and determined that the recoverable amount of the cash generating unit is less than the carrying amount of the cash generating unit as at 30 September 2012. An impairment loss of approximately HK$365,370,000 is recognised in profit and loss for the period (2011: nil) in respect of the plant and machinery under the television and multi-media segment. Details of the impairment assessment are set out in note 19.

With the cessation of the operation of the multi-media division, the management is of the opinion that the recoverable amount of certain plant and machinery under internet businesses segment which have been used to provide support to the multi-media division is less than its carrying amount. An impairment loss of approximately HK$21,685,000 is recognised in profit and loss for the period (2011: nil).

11. PREPAID LEASE PAYMENTS

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

	30 September 2012 *HK$'000*	31 March 2012 *HK$'000*
Analysed for reporting purposes as:		
Current assets	**1,797**	1,797
Non-current assets	**60,656**	61,555
	62,453	63,352

12. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The balance represents the deposits paid for acquisition of property, plant and equipment mainly for the Group's television operation.

The management conducted an impairment assessment on the recoverable amount of a cash generating unit that engages in the television and multi-media business. An impairment loss of approximately HK$4,794,000 is recognised in profit and loss for the period (2011: nil) in respect of the deposit for acquisition of property, plant and equipment under the television and multi-media segment. Details of the impairment assessment are set out in note 19.

13. PROGRAMMES AND FILM RIGHTS

The Group's programmes and film rights comprise acquired and self-produced video programmes and film rights licences granted by third parties for broadcasting on the Group's television channels. The Group's programmes and film rights are expected to be used for two to three years and hence they are classified as non-current assets as at 30 September 2012 and 31 March 2012.

The management conducted an impairment assessment on the recoverable amount of a cash generating unit that engages in the television and multi-media business. An impairment loss of approximately HK$133,435,000 is recognised in profit and loss for the period (2011: nil) in respect of the programmes and film rights under the television and multi-media segment. Details of the impairment assessment are set out in note 19.

14. TRADE AND OTHER RECEIVABLES

	30 September 2012 HK$'000	31 March 2012 HK$'000
Trade receivables	**706,626**	654,119
Less: allowance for doubtful debts	**(125,656)**	(116,162)
	580,970	537,957
Prepayments	**68,742**	135,269
Rental and other deposits	**28,261**	35,120
Others	**19,664**	26,901
Total trade and other receivables	**697,637**	735,247

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 debt presented based on invoice date at the end of the reporting period:

	30 September 2012 HK$'000	31 March 2012 HK$'000
0 – 1 month	**265,187**	282,953
1 – 3 months	**274,739**	227,673
Over 3 months	**41,044**	27,331
	580,970	537,957

The management conducted an impairment assessment on the recoverable amount of a cash generating unit that engages in the television and multi-media business. An impairment loss of approximately HK$4,145,000 (included in the allowance for bad and doubtful debts) and HK$33,473,000 (2011: nil) is recognised in profit and loss for the trade receivables and prepayments, respectively, under the television and multi-media segment. Details of the impairment assessment are set out in note 19.

15. RESTRICTED BANK BALANCES

The amount is 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 1.6% per annum for the period (31 March 2012: 1.6% per annum for the year).

16. TRADE AND OTHER PAYABLES

	30 September 2012 HK$'000	31 March 2012 HK$'000
Trade payables	**142,892**	142,606
Accrual charges and other payables	**652,596**	585,743
	795,488	728,349

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

	30 September 2012 HK$'000	31 March 2012 HK$'000
0 – 1 month	**88,507**	88,997
1 – 3 months	**45,371**	45,798
Over 3 months	**9,014**	7,811
	142,892	142,606

17. BORROWINGS

	30 September 2012 HK$'000	31 March 2012 HK$'000
Secured bank loans *(Notes)*	**831,283**	1,013,989

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

	30 September 2012 HK$'000	31 March 2012 HK$'000
Carrying amount repayable		
– within one year or on demand	**463,108**	289,305
– more than one year, but not exceeding two years	**78,910**	397,953
– more than two years, but not exceeding five years	**167,981**	189,742
– more than five years	**121,284**	136,989
	831,283	1,013,989
Less: Amount due within one year shown under current liabilities	**(381,858)**	(289,305)
Less: Amount presented as current liability due to breach of financial covenants (ii)	**(81,250)**	–
Non-current portion	**368,175**	724,684

Notes:

(i) During the period, the Group repaid bank loans amounting to HK$185,416,000.

(ii) In respect of syndicated bank loans of HK$406,250,000 as at 30 September 2012, the Group was unable to fulfill one of the required financial covenants. The Directors of the Company will obtain confirmations from lenders on their willingness to grant the relative waiver on one-off basis. Until the lenders give a waiver on the said covenant, the loans are classified as current liability as at 30 September 2012.

(iii) 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 immediately repayment of the loans.

At 30 September 2012, bank loans balances of HK$425,033,000 carry interests at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.495% to 0.75% per annum for the period and balance of HK$406,250,000 at HIBOR plus 2% per annum for the period. At 31 March 2012, bank loans balances of HK$445,239,000 carried interests at Primary Commercial Paper composite rate in Taiwan 51328 plus 0.495% to 0.75% per annum for the year then ended and balance of HK$568,750,000 at HIBOR plus 2% per annum for the year then ended.

The weighted average effective interest rates (which are equal to contractual interest rates) of borrowings is 2.31% per annum for the period (31 March 2012: 2.32% per annum for the year).

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

(iv) At 30 September 2012, the Group's utilised and unutilised banking facilities were secured by the following:

– Certain of the Group's land and buildings with an aggregate carrying value of approximately HK$1,124,689,000 (31 March 2012: HK$1,040,460,000); and

– Certain of the Group's plant and machinery with an aggregate carrying value of approximately HK$215,758,000 (31 March 2012: HK$246,089,000).

18. SHARE CAPITAL

	Authorised	
	No. of shares	*HK$'000*
Ordinary shares of HK$1.00 each		
At 1 April 2011, 30 September 2011, 1 April 2012 and 30 September 2012	4,600,000,000	4,600,000

	Issued and fully paid	
	No. of shares	*HK$'000*
At 1 April 2011, 30 September 2011, 1 April 2012 and 30 September 2012	2,412,496,881	2,412,497

19. IMPAIRMENT LOSS ON TELEVISION AND MULTI-MEDIA SEGMENT

The subsidiaries engaged in the business of television and multi-media, which is a separate operating segment of the Group, constitute a cash generating unit for the purpose of impairment testing of the assets. A cash generating unit is considered to be impaired when its recoverable amount declines below its carrying amount.

As at 31 March 2012, the recoverable amount of the television and multi-media segment 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 takes into account the useful lives of plant and machinery. The discount rate used for the value in use calculations is 15.8%. Cash flows beyond the three-year period were extrapolated using a 3% steady growth rate.

Subsequent to the current interim period end date, as several purchasers expressed their interests for the acquisition of television broadcasting business of the Group and considerations have been offered by various purchasers as disclosed in note 20, the management considered to dispose of the television broadcasting business in the near future and has ceased the operation of the multi-media division on 31 October 2012.

The management is of the opinion that the value in use calculation is not an appropriate basis for the determination of the recoverable amount of the television and multi-media segment as at 30 September 2012 due to the likely sale of the television broadcasting business in the near future.

As at 30 September 2012, the recoverable amount of the television and multi-media segment was determined based on fair value less costs to sell calculations, determined using the consideration offered by Mr. Jeffrey Koo Jr., the purchaser, subsequent to the interim period as disclosed in note 20.

20. EVENT AFTER THE END OF THE INTERIM PERIOD

On 1 October 2012, the Group entered into a Memorandum of Understanding ("MOU A") with Mr. Lien Tai-sheng, an independent third party, as purchaser, in relation to the possible sale of the entire issued share capital of Next TV Broadcasting Limited ("Next TV") to Mr. Lien Tai-sheng (the "Possible Transaction"). Mr. Lien Tai-sheng paid NT$140 million, equivalent to HK$37 million, representing 10% of the consideration, to the Group as deposit for the Possible Transaction and was entitled to the exclusive right to negotiate with the Group in relation to the Possible Transaction up to 21 October 2012.

However, on 15 October 2012, the Group entered into two Memoranda of Understanding ("MOUs B") with Mr. Jeffrey Koo Jr., an independent third party, as purchaser, in relation to the possible sale of the entire issued share capital in each of Amazing Sino International Limited ("Amazing Sino") and Ideal Vegas Limited ("Ideal Vegas") for a total cash consideration of NT$16,000 million, equivalent to approximately HK$4,243 million, and in Next TV for a cash consideration of NT$1,500 million, equivalent to approximately HK$398 million (the "Possible Disposal").

Upon signing of the MOUs B with Mr. Jeffrey Koo Jr., the MOU A signed with Mr. Lien Tai-sheng has been terminated by all parties by mutual consent with effect from 15 October 2012.

At the date of approval for issuance of these condensed consolidated financial statements, Amazing Sino, Ideal Vegas and Next TV are indirect wholly-owned subsidiaries of the Company. Upon completion of the Possible Disposal, Amazing Sino, Ideal Vegas and Next TV and their respective subsidiaries will cease to be subsidiaries of the Company and their results from newspapers publication and printing segment, books and magazines publication and printing segment and television broadcasting segment in Taiwan will no longer be consolidated into the consolidated financial statements of the Group and accordingly, the Group will cease to engage in the operations of printing and publication and television broadcasting businesses in Taiwan.

On 27 November 2012, the Group has entered into the sale and purchase agreements with the purchasers in respect of the above mentioned disposal at the consideration amounts as stated in the MOUs B.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESSES

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

POSSIBLE SALE OF THE GROUP'S PRINT AND TELEVISION BUSINESS IN TAIWAN

On 15 October 2012, Next Media entered into a memorandum of understanding ("MOU") with Mr Jeffrey Koo Jr. ("Mr. Koo"), an independent party as the purchaser, concerning the possible sale to him of the entire 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, the operator of the Group's TV operations in Taiwan. (These two MOUs are hereinafter referred to as the "Possible Transactions".) On 18 November 2012, the parties to each of the MOUs entered into two supplemental memoranda of understanding, under which they agreed, among other things, that the parties concerned will continue negotiations concerning both the Possible Transactions, with a view to entering into definitive agreements and other legal documents by 27 November 2012, and with completion to take place in accordance with a share sale and purchase agreement on another date, instead of the original intended date of 17 December 2012.

On 27 November 2012, the Group has entered into the sale and purchase agreements in respect of the Possible Transactions with the purchasers.

FINANCIAL RESULTS

The Group's revenue from continuing operations totalled HK$1,784.4 million during the six months ended 30 September 2012. This was HK$58.1 million or 3.2% lower than the HK$1,842.5 million it recorded in the same period of 2011. The decline was mainly attributable to the fall in newspaper advertising revenue because of weak market sentiment in both Hong Kong and Taiwan during the period under review.

The Group recorded a loss of HK$119.1 million for its continuing operations during the period under review, before interest, tax, depreciation, impairment and amortization, but after non-controlling interests. This represented an increase of 27.9% on the loss of HK$93.1 million that it incurred on its continuing operations during the corresponding period of 2011. The basic loss per share from continuing operations was HK38.7 cents, compared with a basic loss per share of HK11.4 cents in the same period last year.

The Group's print businesses performed in a stable manner during the six months ended 30 September 2012. It continued to invest in its online operations in Hong Kong and Taiwan, and *Sharp Daily*, its free daily newspaper in Hong Kong. As a result of these investments, the write off of certain assets and equipment due to the cessation of the Group's Multi-media Division's operations, and further impairment made to its assets and equipment as well as programmes and film rights of its TV Division in Taiwan, Next Media recorded an unaudited consolidated loss of HK$928.4 million from continuing operations, compared with a loss of HK$275.2 million in the same months of 2011.

OVERVIEW OF MAJOR MARKETS

The Hong Kong economy slowed considerably during the first half of 2012, due to adverse global economic conditions, recording 0.9% growth year-on-year ("YOY"). It is expected to expand by only 1-2% during 2012, compared with 5% last year. The value of Hong Kong's exports increased by a mere 0.3% YOY in the same period, in contrast to growth of 10.1% in 2011. Meanwhile, consumer price inflation eased to 4.7% YOY in the first half of 2012, compared with 5.3% in 2011.

On the other hand, the unemployment rate remained low at 3.2% in the first six months of 2012, compared with 3.4% for 2011, and the value of retail sales grew by 13.1% YOY in the first six months, compared with 24.9% in 2011. Consumer spending continued to be underpinned by the increase in visitor arrivals, especially the 22.7% YOY increase in the number coming from Mainland China.

The Hong Kong advertising market also continued to flourish, with businesses spending HK$8.78 billion on advertising during the first quarter of 2012, a YOY increase of 14.0%. However, it should be noted that this growth rate was lower than in the previous three quarters. The banking and investment services industry once again led the field, although its spending were 5.0% lower YOY. The travel and tourism services sector likewise reduced its ad spend in the same period.

Taiwan's economy made some progress, creeping out of recession in the first quarter of 2012. However, the prolonged Euro zone debt crisis, and weak growth in the US and Chinese economies, had a negative impact on the island. The Taiwan government has downgraded its forecast for real GDP growth in 2012 from 3.81% to 1.94%, and it expects that exports will rise by only 1.87% YOY. Sharp increases in oil and electricity prices and the imposition of a tax on security capital gains have dampened domestic consumer spending.

OPERATIONAL REVIEW

The Group's continuing operations in Hong Kong and elsewhere accounted for about 57.5% of its revenue during the six months ended 30 September 2012, compared with 55.8% in the same months of 2011. Its Taiwan operations contributed 42.5% against 44.2% in the last corresponding period. The overall financial results of its print operations in both markets were satisfactory, although the sales figures of its publications were lower.

NEWSPAPERS PUBLICATION AND PRINTING DIVISION

The Newspapers Publication and Printing Division's results during the six months ended 30 September 2012 were broadly in line with expectations, given the weakened economic conditions in Hong Kong and Taiwan. *Apple Daily*, *Sharp Daily*, *Taiwan Apple Daily* and *Taiwan Sharp Daily* were the largest contributors to the Division's revenue, which totalled HK$1,170.7 million and accounted for 65.6% of the Group's total revenue. This represented a decrease of 8.8% on the figure of HK$1,283.0 million for the corresponding period last year. Meanwhile, the Division's segment profit declined by 52.0% to HK$106.4 million, compared with HK$221.8 million in the same period of 2011. This was mainly attributable to a decrease in advertising revenue and the investment costs incurred for *Sharp Daily* during the period.

Apple Daily remained Hong Kong's most widely read paid-for daily during the past half-year and, one of its best-selling ones. Its sales averaged 251,895 copies per day between January and June 2012, compared with 288,055 in the same period last year. It was read by an average of 1,503,000 people aged 12+ daily during the 12 months ended 30 June 2012. That gave it a clear lead of almost 150,000 people over its closest competitor, although it was a slight decrease on the figure of 1,571,000 for the same months a year earlier.

The newspaper's advertising revenue was affected by the slowdown in the economy. It totalled HK$293.5 million during the period under review, a decrease of 18.7% on the figure of HK$360.8 million recorded in the same period of 2011. The banking, telecommunications and automobile sectors accounted for the largest shares of its advertising revenue, followed by personal care items and pharmaceuticals.

Sharp Daily, the Group's free tabloid in Hong Kong, continued to gain popularity. An average of 835,925 copies were distributed at prime commercial areas, housing estates and MTR stations throughout the city every morning during the period from 1 April and 30 June 2012, compared with an average of 924,056 copies in the preceding three months. This put it in the No. 2 slot among Hong Kong's free dailies in terms of distributed copies per day.

Sharp Daily has quickly established itself as a mass-market newspaper that appeals to a wide cross-section of the public, especially the working population and housewives. Its broad mix of general news, plus coverage of entertainment, business and finance and other topics, is delivered without political bias and in an enjoyable and easy-to-read format for busy people wishing to catch up quickly on the latest happenings. The newspaper's unique multimedia features also allow readers to access audio and video versions of the stories and also to order products on their smartphones and iPhones via QR (Quick Response) code links. Pharmaceuticals, recruitment, health food, telecom hardware and loan providers were *Sharp Daily*'s largest sources of advertising revenue during the period under review.

The Hong Kong free daily newspaper market is quite crowded, with five Chinese titles vying for the attention of readers, and *Sharp Daily* is still in an investment phase. Even so, the Group is confident that its ability to leverage on the economies of scale created by Next Media's vast editorial and production capabilities, as well as its strong and trusted brand image among advertisers and the public, will help to ensure that *Sharp Daily* becomes financially successful in the long term.

Taiwan Apple Daily remained the island's best-selling and most widely read daily, even though its readership decreased slightly to 3,055,000 during the six months ended 30 June 2012, compared with 3,089,000 a year earlier. The newspaper's advertising revenue remained on target in the first quarter of the financial year, but fell disappointingly below budget during the second quarter. Overall, its revenue decreased by 13.8% to HK$577.1 million in the six months under review, compared with HK$669.7 million in the corresponding months of 2011. Property, department and chain stores, cosmetics, household electrical appliances and automobiles contributed the lion's share of its advertising revenue.

Taiwan Sharp Daily, the Group's free newspaper in Taipei, maintained its popularity among readers and advertisers, with a readership of 428,000 during the six months to 30 June 2012. Copies of the newspaper are distributed to commuters outside the city's Metro stations every morning from Mondays to Fridays, and it continued to attract smaller local advertisers, who find traditional print media too expensive. Banking; food; the computer, communications and consumer electronics sector; casual wear and telecommunications were the mainstays of its advertising revenue.

Apple Daily Printing Limited

This newspaper printing operation continued to contribute a stable income to the Group. During the period under review, its revenue amounted to HK$215.1 million, an increase of 8.4% over the figure of HK$198.4 million achieved in the corresponding period of last year.

The revenue derived from external customers of Apple Daily Printing Limited (total revenue minus transactions related to printing Next Media's own publications) amounted to HK$60.1 million during the period under review, which was 11.0% lower than the HK$67.5 million it achieved in the same months of 2011. This came mainly from contracts to print local editions of overseas newspapers and an existing contract to print another Hong Kong free daily.

BOOKS AND MAGAZINES PUBLICATION AND PRINTING DIVISION

The Books and Magazines Publication and Printing Division performed satisfactorily during the period under review, despite of weaker economy. Its revenue totalled HK$514.0 million, a slight decrease of 3.9% on the HK$535.1 million it achieved in the same period of 2011.

Although the circulation figures of its magazines suffered some decline, the Group retained its unassailable position in the Hong Kong Chinese-language media industry, where it publishes the two best-selling and most widely read weekly magazines.

The revenue of *Next Magazine Bundle*, consisting of its flagship title, *Next Magazine* and a supplement named *NEXT+ONe* amounted to HK$134.7 million in the six months ended 30 September 2012, a decline of 5.3% compared with the figure of HK$142.3 million for the corresponding period last year. Skincare and cosmetics, watches, fashion, health equipment and tourism, hotels, tourism and travel were the biggest contributors to its advertising revenue. Meanwhile, *Next Magazine*'s readership aged 12+ declined to 718,000 during the 12 months ended 30 June 2012, compared with 759,000 in the same period of 2011, whereas its sales averaged 91,718 copies a week in the first six months of 2012, compared with 118,577 in the same period last year.

Sudden Weekly Bundle – which consists of *Sudden Weekly*, *Eat & Travel Weekly and ME!* – remained the best-selling and most widely read weekly publication in Hong Kong. This title also experienced a decline in sales, which averaged 132,822 copies a week in the first six months of 2012, compared with 153,608 in the corresponding period last year; whereas its average weekly readership decreased to 735,000 in the year up to 30 June 2012, compared with 796,000 during the same period of last year. *Sudden Weekly Bundle*'s total revenue decreased to HK$156.5 million in the six months up to 30 September 2012, compared with HK$160.6 million in the same period of 2011.

Beauty salons, dietary products, food and beverages, toiletries and pharmaceuticals accounted for the largest segments of *Sudden Weekly*'s advertising revenue. Food and beverages; Chinese, Japanese and Western restaurants; and finance, banking and insurance were the biggest advertising spenders in *Eat & Travel Weekly*. Perfume, cosmetics and skincare; fashion and accessories, handbags and luggage; retail cosmetics shops and eye-care and optical products were the top advertisers in *ME!*

FACE Bundle – which incorporates *FACE*, *Ketchup*, *Auto Express and Trading Express* – retained its appeal as an upmarket infotainment weekly targeting Hong Kong's younger readers. In the face of strong competition for advertising dollars in this segment, it achieved total revenue of HK$50.5 million in the six months up to 30 September 2012, compared with HK$53.2 million during the same period last year, a decrease of 5.1%. Its weekly sales averaged 36,986 copies between January and June 2012, against 49,833 in the same months of 2011; while it enjoyed an average weekly readership of 252,000 during the 12 months ended 30 June 2012, compared with 309,000 in the preceding 12 months. Beauty, hair salons, toiletries, education, entertainment and karaoke and fashion, shoes, leather goods and sports dominated its advertising pages in the first half of 2012.

Despite a drop in circulation, *Taiwan Next Magazine Bundle* which consists of *Taiwan Next Magazine* and *Taiwan ME!* retained its long-held lead in the island's weekly magazine market, both in terms of sales and readership. It sold an average of 94,368 copies a week between January and June 2012, compared with 104,233 copies in the same months of last year, although its average weekly readership rose to 1,880,000 during the same months, compared with 1,831,000 in the corresponding period of 2011.

The magazine's advertising revenue amounted to HK$82.6 million during the first half of the financial year, compared with HK$93.3 million in the same period last year, a dip of 11.5%. Beauty and perfume; food and beverages; watches and eyeglasses; computer, communications, consumer electronics, computer peripherals, software, hardware and technology products; and daily consumer and mother-and-baby products contributed the largest shares of its advertising income.

Paramount Printing Company Limited

Besides printing the Group's own magazines, the Division continued to produce high-quality printing work for external customers. Against a backdrop of intense competition, this generated revenue of HK$58.8 million in the six months ended 30 September 2012, which was 14.4% more than the HK$51.4 million it earned in the same period last year.

TELEVISION & MULTI-MEDIA DIVISION

During the period, the Group's TV and Multi-media Division recorded a segment loss of HK$972.3 million, compared with a loss of HK$495.8 million in the same period of last year. This was mainly attributable to the write off of certain assets and equipment due to cessation of the Group's Multi-media Division's operations and a further impairment made to the assets and equipment as well as programmes and film rights of Next TV in Taiwan during the period under review.

INTERNET BUSINESSES DIVISION

The Group's online portals, together with their iPhone, iPad and Android apps, maintained their important role of providing local and overseas users with convenient and economical ways to access their favourite Next Media publications. They also served to popularise these, particularly among the younger generation.

During the period under review, the online version of *Apple Daily* maintained its status as Hong Kong's most-visited interactive news portal, and the popularity of the *Taiwan Apple Daily* portal further increased. The number of daily downloads of *Apple Action News* on mobile devices in Hong Kong continued to rise as well.

The Division also stepped up its development of mobile apps and games, including manga for mobiles, which are becoming increasingly popular with younger users.

The Division's external revenue consisted of subscription fees, advertising revenue and content licensing payments. This amounted to HK$71.9 million during the period under review, compared with HK$5.7 million recorded in the same months last year. This was mainly 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. It made a segment loss of HK$60.9 million, compared to a loss of HK$17.8 million in the corresponding period of 2011.

FUTURE PROSPECTS AND OUTLOOK

The economies of Hong Kong and Taiwan are currently overshadowed by adverse conditions in the global economy, especially the drawn-out debt crisis in the Euro zone and the lacklustre performance of the US economy. These factors are also slowing down the Mainland Chinese economy, on which both are dependent to a high degree. The Group therefore intends to focus on its well-established presence in the Hong Kong market.

The Group intends to divest itself of its Taiwan print and TV operations during the coming months. At the same time, it will ensure its future growth by continuing to leverage its digital content operations and expand its presence in the mobile space of key markets in Asia. The Group also intends to develop *Sharp Daily* in Hong Kong as a multimedia platform that offers a distinctive shopping experience.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2012, the Group had available banking facilities in a total of HK$1,262.8 million, of which HK$834.8 million had been utilized. All its bank borrowings bear interest at floating rates, and there is no seasonality for its borrowing requirements. The Group's bank borrowings are denominated in HK$ and NT$.

In August 2010, the Group accepted a term loan facility for an aggregate amount of HK$650.0 million offered by a syndicate of eight banks for general working capital purposes. Pursuant to the terms of this facility, the borrower, Apple Daily Limited ("ADL"), the Company and certain of its subsidiaries, which are acting as guarantors, must ensure that Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), the controlling shareholder of the Company, will remain as the Chairman of the Company, and that he will continue to hold, directly or indirectly, at least 51.0% of the total issued share capital of the Company. Non-compliance with this term may constitute a breach of their general undertakings, and the syndicate may declare that any commitments under the facility are cancelled, and/or declare that all outstanding amounts (together with interest thereon) are immediately due and payable. As at 30 September 2012, this facility was fully drawn down. On 29 November 2012, ADL repaid all the outstanding amounts, together with interest, to the syndicate.

As at 30 September 2012, the Group's aggregate bank balances and cash reserves amounted to HK$252.8 million. The Group's current ratio on the same date was 89.4%, compared to 154.1% as at 31 March 2012. On the same date, its gearing ratio amounted to 18.6%, compared to 18.4% as at 31 March 2012. These figures were calculated by dividing its long-term liabilities, including current portions, by total asset value.

ASSETS PLEDGED

As at 30 September 2012, the Group had pledged its properties and printing equipment situated in Hong Kong and Taiwan with an aggregate carrying value of HK$1,340.4 million to various banks as security for banking facilities granted to it.

EXCHANGE EXPOSURE AND CAPITAL EXPENDITURE

The Group's assets and liabilities are mainly denominated in HK$ or NT$. Its exchange exposure to NT$ is due to its existing magazine and newspaper publishing, Internet businesses and TV and Multi-media operations in Taiwan.

As at 30 September 2012, the Group's net currency exposure stood at NT$6,166.9 million (equivalent to HK$1,631.9 million), a decrease of 14.8% on the figure of NT$7,237.7 million (equivalent to HK$1,903.6 million) as at 31 March 2012.

SHARE CAPITAL

As of 30 September 2012, the Company's total issued share capital was HK$2,412,496,881 divided into 2,412,496,881 ordinary shares with a par value of HK$1.0 each.

CONTINGENT LIABILITIES

As at 30 September 2012, the Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business.

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

The Group has accrued for HK$81.3 million (as at 31 March 2012: HK$71.4 million) in legal and professional expenses in trade and other payables. This provision was recognised in respect of the outstanding legal proceedings based on advice obtained from legal counsel.

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2012, the Group employed a total of 5,230 employees, of whom 2,283 were in Hong Kong, 2,943 were in Taiwan and 4 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2011/12 annual report of the Company.

During the period under review, the total staff costs for the continuing operations of the Group amounted to HK$781.6 million, compared to HK$812.5 million incurred for the same period last year. The decrease in the total staff cost was mainly resulting from the reduction in headcounts of the Group's TV and Multi-media Division for the six month period ended 30 September 2012.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2012 (2011: Nil).

AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three Independent Non-executive Directors ("INEDs"), and it chaired by Dr. Lee Ka Yam, Danny. Full details of the Audit Committee, including its role and terms of reference, can be found on the Company's website. All the members of the Audit Committee attended the meetings held on 8 June 2012 (with the external auditor) and 17 September 2012 (without the external auditor) and in the absence of the Executive Directors.

The Audit Committee also reviewed, with the management, the Group's accounting principles and practices, internal controls and risk management systems, as well as financial reporting matters, including the review of the interim financial statements of the Company for the six months ended 30 September 2012 (the "Interim Financial Statements").

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

CORPORATE GOVERNANCE

During the six months ended 30 September 2012, the Company complied fully with the applicable provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules (the "CG Code"), except for Code provision A.6.7 and E.1.2. Due to another business engagement, Mr. Lai, the Chairman of the Board, Mr. Ip Yut Kin, an Executive Director ("ED"), Mr. Fok Kwong Hang, Terry and Mr. Wong Chi Hong, Frank, the INEDs, did not attend the Company's Annual General Meeting held on 30 July 2012 (the "2012 AGM"). Instead, Mr. Cheung Ka Sing, Cassian, an ED and the Chief Executive Officer, chaired the 2012 AGM in accordance with the provisions of Next Media's Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2012.

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

The interim report for the six months ended 30 September 2012 is printed in English and Chinese and is available in the Investor Relations section of the Company's website. Shareholders may elect to receive either a printed or electronic version. They can change their choice of language or means of receiving the Company's corporate communications free of charge at any time by giving not less than 7 days' notice in writing to the Company by e-mail at ir@nextmedia.com or to the Company's Registrar, Computershare Hong Kong Investor Services Limited, by post at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. For environmental-protection purposes, Shareholders are encouraged to access the Company's corporate communications electronically via the Company's website.

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

By Order of the Board
Lai Chee Ying, Jimmy
Chairman

Hong Kong, 30 November 2012

FORWARD-LOOKING STATEMENTS

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

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

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

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