The Board of Directors of Next Media Limited (the "Company") presents the Interim Report and condensed accounts for the six months ended 30 September 2001 of the Company and its subsidiaries (the "Group"). The consolidated results, condensed consolidated cash flow statement and consolidated statement of recognised gains and losses of the Group for the six months ended 30 September 2001, and the consolidated balance sheet of the Group as at 30 September 2001, all of which are unaudited, along with selected explanatory notes, are set out on pages 7 to 20 of this report, and have been reviewed by the Company's audit committee and the Company's auditors.

REVIEW OF OPERATIONS

Financial Results

For the period under review, the total turnover of the Group increased by 14% from HK$191.2 million to HK$218.2 million. The total turnover consists of HK$90.6 million or approximately 41.5% from the Printing Division, HK$123.7 million or approximately 56.7% from Publishing Division and HK$3.9 million or approximately 1.8% from the Internet Division. The turnover of the Group for the period ended 30 September 2001 increased due to the expansion to Taiwan for the publishing business.

The unaudited consolidated loss of the Group for the six months ended 30 September 2001 amounted to HK$74.1 million compared with a restated loss of HK$48.7 million (please refer to note 2 to the unaudited condensed consolidated interim accounts ("Interim Accounts") for the details of the restatement) in the previous corresponding period. Printing Division reported an operating profit of HK$7.5 million for the six months ended 30 September 2001. However, the Publishing Division and Internet Division recorded a combined operating loss of HK$73.7 million.

Printing Division

In the period ended 30 September 2001, our Printing Division experienced a 16% drop in turnover as a result of decrease in printing contracts from various external customers and related parties such as Next Media International Holdings Limited ("Next International") and Apple Daily Limited.

Under the current depressed economy, our external customers became more price sensitive and hence our turnover from external customers dropped by 16% as compared with the same period in last year. The turnover from Next International and Apple Daily Limited reduced as a result of the clash in printing window of certain of their publications. The decrease was also partly due to the fierce competition and over capacity in the printing market which resulted in a more competitive price structure offered by the Group.

Publishing Division

The Group experienced a 56% growth in turnover of the Publishing Division which was mainly due to the additional turnover from the new *Taiwan Next Magazine* commenced on 31 May 2001. *Taiwan Next Magazine* had an average print-run of approximately 222,980 copies and weekly circulation of approximately 206,300 copies since its inception to 30 September 2001. The average number of copies sold represented more than 90% of the print-run of *Taiwan Next Magazine* for the same period.

Turnover of *Easy Finder* declined by 4%. The decline was mainly attributable to the decrease in advertising income as a result of keen competition and the general economic downturn in Hong Kong since early this year, which was further exacerbated by the 9-11 event.

The Group's intangible assets representing the mastheads of certain of the Group's magazines. Upon the adoption of Hong Kong Statement of Standard Accounting Practice ("SSAP") 29 "Intangible Assets", issued by the Hong Kong Society of Accountants, these mastheads are being amortised using the straight-line method over a period of 20 years from the date of acquisition. The amortisation charge to consolidated profit and loss account of the Group for the six months ended 30 September 2001 was HK$5.25 million (restated 2000: HK$5.25 million).

Internet Division

The Internet business leveraged the brand name and content capabilities of the Group and brought in approximately HK$3.9 million in turnover for the period ended 30 September 2001. The sources of income were advertising, content licensing and subscription.

During the period, the Group maintained tight control on the costs of this business with a view to increasing efficiency and improving competitiveness. As a result, the operating loss dropped sharply from HK$70.3 million to HK$22.6 million for the six months ended 30 September 2000 and 2001 respectively.

In addition, the carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. During the period, the Group recognised HK$9.5 million impairment loss on fixed assets in the Internet Division.

Financial Resources

The Group financed its operations principally by banking facilities, internal resources and the shareholder's loan from Mr. Lai Chee Ying, Jimmy ("Mr. Lai"). As at 30 September 2001, the Group had a long term loan facility from an international bank in the amount of HK$94.2 million which was secured by the Group's property at Tseung Kwan O.

During the period, the Group obtained an overdraft facility of HK$60 million from a bank. This facility was secured by a charge over machinery and a floating charge over certain accounts receivable of the Group. As at 30 September 2001, HK$54.1 million of the facility was utilised but the whole amount was fully repaid in October 2001.

Interest rates for the Group's banking facilities ranged from HIBOR plus 2% per annum to Prime per annum and there was a fixed-interest rate term loan in the amount of HK$2,520,000. This term loan was secured by the Group's machinery.

The shareholder's loan in the amount of HK$215.2 million comprised principals of HK$200 million and accrued interest up to 31 March 2001 of HK$15.2 million. The loan ceased to be interest bearing since 1 April 2001. Subsequent to the completion of the acquisition of Database Gateway Limited ("DGL") and its subsidiaries (the "DGL Group") in October 2001, the shareholder's loan was fully capitalized.

As at 30 September 2001, the Group had unutilized credit facilities granted by various banks of approximately HK$27.9 million from its total available banking facilities of approximately HK$181.7 million and bank and cash balances of approximately HK$15.5 million. The gearing ratio of the Group is 205.8% calculated by dividing the long term liabilities by the shareholders' funds. Based on the pro forma combined condensed balance sheet shown under the section "SUPPLEMENTARY UNAUDITED FINANCIAL INFORMATION", the gearing ratio of the Group after completion of the acquisition of the DGL Group is 10.4% calculated by dividing the long term liabilities by the shareholders' funds. The Group had no material contingent liability as at 30 September 2001 and had limited exposure to foreign exchange fluctuation.

As at 30 September 2001, an aggregate net book value of HK$266.4 million of the Group's assets were pledged to banks to secure certain facilities.

The Group's principal capital expenditure and liquidity requirements include the funding of operating losses and working capital in the development and operations of its business in Taiwan. The Group will finance its operations partly through cash flows from operations and partly through debt financing from bank facilities. With the capitialisation of the shareholder's loan and the revenue generated from the newly acquired businesses of the DGL Group, the Group will have sufficient resources to meet its working capital and capital expenditure requirements.

Employees

As at 30 September 2001, the Group had a total of 705 employees, of which 376 were based in Hong Kong, 317 in Taiwan, 10 in Canada and 2 in the United States. The employees are remunerated on a performance related basis with reference to prevailing market practice.

PROSPECTS AND OUTLOOKS

For Printing Division, the Group continues concentrating on the high-yield and top-end printing market where quality and timely delivery are the primary concerns for customers. We believe this is where our competitive edge lies.

In spite of keen competition, *Easy Finder* is able to maintain its leadership position in the market for young readers. Following the acquisition of the three magazines, namely *Next Magazine, Sudden Weekly and Eat & Travel Weekly* in October 2001, the Group has now become a leading player in the publishing market. With continuing enrichment of content to adapt to the needs and interests of different sectors of readers, these magazines will be able to secure its own market shares and bring revenue to the Group.

The Group expanded its business geographically by launching *Taiwan Next Magazine* on 31 May 2001. The response to this new magazine had been very encouraging in terms of circulation. Despite the unfavourable market condition, the Group is confident that advertising revenue would pick up as *Taiwan Next Magazine* becomes more established and upon the availability of accredited independent third party data on readership numbers. The Group believes we are well positioned to reap full benefit when Taiwan economy recovers.

On 26 October 2001, the Group completed the acquisition of *Apple Daily* and three popular magazines, namely *Next Magazine, Sudden Weekly* and *Eat & Travel Weekly* and became one of the Hong Kong's largest listed Chinese-language print media group in terms of sales and market share. Following such acquisition, the Group will continue to focus on the development of its core publishing and printing businesses. As these newly acquired businesses are profit-making, the financial position of the Group has been strengthened. It is expected *Apple Daily* and these magazines will become the main revenue contributors of the Group in the years to come.

Assuming the acquisition of DGL by the Group had been completed on or before 1 April 2001, the mastheads of the DGL Group upon acquisition would have been recognised at the amount of approximately HK$1,532 million. Together with the existing masthead of the Group of HK$210 million, the annual amortisation charge for the mastheads would be approximately HK$87.1 million over a period of 20 years.

DIRECTORS' INTEREST IN SECURITIES

As at 30 September 2001, the interests of the directors and chief executives of the Company and their associates in the securities of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

	Number of ordinary shares of HK$0.20 each			
Director	**Personal interests**	**Corporate interests**	**Other interests**	**Total interests**
Mr. Lai	1,749,237,123	–	–	1,749,237,123
Mr. Andrew Chow On Kiu	35,670,675	–	–	35,670,675
Mr. Yeung Wai Hong	15,000,000	61,400,528[(1)]	–	76,400,528
Mr. Stephen Ting Ka Yu	10,225,127	–	–	10,225,127
Mr. Peter Kok Hon Kay	4,595,637	–	–	4,595,637
Mr. Pieter Lodewijk Schats	2,250,000	–	–	2,250,000
Mr. V-nee Yeh	–	–	130,000[(2)]	130,000

Notes:

(1) These shares are owned by Flagstone Assets Limited. Mr. Yeung Wai Hong is deemed to be interested in these shares by virtue of the 100% interest in Flagstone Assets Limited owned by him and his family.

(2) These shares are held by VP Special Situations I Limited ("VPSS") to which VP Private Equity Ltd. ("VPPE") is the fund manager. Mr. V-neeYeh is deemed to be interested in these shares by virtue of the fact that he has more than one third of the voting rights in VPPE and a 0.486% attributable interest in VPSS.

Save as disclosed above, none of the directors and chief executives of the Company, or their associates had any interests in any securities of the Company or any of the Company's associated corporations as defined in the SDI Ordinance as at 30 September 2001, and none of the directors and chief executives, or their spouse or children under the age of 18, had been granted any options under the Company's share option schemes or had any right to subscribe for the securities of the Company, or had exercised any such rights during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2001, the register of substantial shareholders maintained by the Company pursuant to section 16(1) of the SDI Ordinance showed that the following shareholder had an interest of 10% or more of the Company's issued share capital.

Name	**Number of ordinary shares of HK$0.20 each**
Mr. Lai	1,749,237,123

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 September 2001 (2000: Nil).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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 2001.

CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 30 September, 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee comprises the two independent non-executive directors of the Company, namely Mr. V-nee Yeh and Mr. Fok Kwong Hang, Terry. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial matters including the review of the unaudited interim financial statements. At the request of the Audit Committee, the Group's independent auditors have carried out a review of the unaudited interim financial statements in accordance with the Statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants.

DISCLOSURE UNDER PRACTICE NOTE 19 OF THE LISTING RULES

As at 30 September 2001, the Company had a term loan facility in the amount of HK$94.2 million from an international bank (the "Term Loan Facility") repayable in seven further instalments with the last instalment falling due in June 2003. It will constitute a breach of the Term Loan Facility if (1) Mr. Lai either (a) ceases to be the beneficial owner, directly or indirectly, of a majority of the issued voting shares of each of the Company, Next International and Next Media (Holdings) Limited ("Next Holdings"), a wholly owned subsidiary of Next International, or (b) ceases to exercise management control of each of the Company, Next International and Next Holdings or (2) neither Next International nor Mr. Lai is on its or his own the beneficial owner (directly or indirectly) of at least 51% of the issued share capital of the Company. None of these covenants had been breached during the six months ended 30 September 2001.

By order of the Board
Chow On Kiu, Andrew
Director

Hong Kong, 14 December 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

		Unaudited Six months ended 30 September	
		2001	2000
	Note	***HK$***	*HK$*
			(As restated- see note 2)
Turnover	*3*	**218,201,186**	191,221,530
Production costs		**(165,601,504)**	(128,097,051)
Gross profit		**52,599,682**	63,124,479
Other revenue		**142,000**	3,649,959
Personnel costs excluding direct labour		**(30,670,228)**	(50,963,879)
Depreciation		**(17,161,435)**	(14,364,816)
Amortisation	*2(ii)*	**(5,250,000)**	(5,250,000)
Other administrative expenses		**(61,592,728)**	(27,622,176)
Other income		**5,174,792**	8,450,594
Impairment loss for fixed assets		**(9,468,056)**	–
Operating loss	*4*	**(66,225,973)**	(22,975,839)
Finance costs		**(4,011,321)**	(14,546,515)
Share of losses of associated companies		**–**	(7,012,876)
Loss before taxation		**(70,237,294)**	(44,535,230)
Taxation	*5*	**(3,590,411)**	(3,912,077)
Loss after taxation		**(73,827,705)**	(48,447,307)
Minority interests		**(251,654)**	(241,510)
Loss for the period		**(74,079,359)**	(48,688,817)
Basic loss per consolidated share	*6*	**(11.4 cents)**	(8.3 cents)

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2001 AND 31 MARCH 2001

	Note	**Unaudited 30 September 2001** ***HK$***	31 March 2001 *HK$* *(As restated- see note 2)*
Intangible assets – mastheads		**189,560,959**	194,810,959
Fixed assets		**315,109,669**	332,923,813
Investments in associated companies		**(829,858)**	(829,858)
Current assets:			
Inventories		**12,343,265**	19,775,543
Accounts receivable, deposits and prepayments	*7*	**82,835,014**	60,115,359
Amounts due from related companies		**–**	14,230,043
Bank balances and cash		**15,497,000**	22,473,465
		110,675,279	116,594,410
Current liabilities:			
Accounts payable and accrued charges	*8*	**76,669,886**	61,760,830
Amounts due to related companies		**6,745,673**	17,022,858
Current portion of long term liabilities	*9*	**21,510,428**	27,936,956
Taxation payable		**6,607,452**	4,362,695
Bank overdraft – secured		**54,668,020**	1,580,142
		166,201,459	112,663,481
Net current (liabilities)/assets		**(55,526,180)**	3,930,929
		448,314,590	530,835,843
Financed by:			
Share capital	*10*	**647,638,762**	647,638,762
Reserves	*11*	**(494,908,404)**	(420,735,497)
Shareholders' funds		**152,730,358**	226,903,265
Minority interests		**2,362,606**	2,110,952
Long term liabilities	*9*	**292,780,820**	301,380,820
Deferred taxation		**440,806**	440,806
		448,314,590	530,835,843

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

	Unaudited Six months ended 30 September	
	2001	2000
	HK$	*HK$*
Net cash outflow from operating activities	**(30,715,344)**	(50,744,164)
Net cash outflow from returns on investments and servicing of finance	**(3,869,321)**	(10,896,556)
Total taxation paid	**(1,345,654)**	(114,672)
Investment activities:		
Net cash inflow from acquisition of a subsidiary	–	2,894,949
Net cash outflow from other investment activities	**(9,013,948)**	(23,146,954)
Net cash outflow from investment activities	**(9,013,948)**	(20,252,005)
Net cash (outflow)/inflow from financing	**(15,026,528)**	184,501,330
(Decrease)/increase in cash and cash equivalents	**(59,970,795)**	102,493,933
Cash and cash equivalents at 1 April	**20,893,323**	1,537,395
Effect of foreign exchange rate changes	**(93,548)**	(68,240)
Cash and cash equivalents at 30 September	**(39,171,020)**	103,963,088
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	**15,497,000**	111,421,106
Bank overdraft	**(54,668,020)**	(7,458,018)
	(39,171,020)	103,963,088

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

	Unaudited	
	Six months ended 30 September	
	2001	2000
	HK$	*HK$*
		(As restated- see note 2
Exchange differences arising on translation of subsidiaries	**(93,548)**	(68,240)
Net losses not recognised in the profit and loss account	**(93,548)**	(68,240)
Loss for the period	**(74,079,359)**	(48,688,817)
Total recognised gains and losses	**(74,172,907)**	(48,757,057)

NOTES TO CONDENSED INTERIM FINANCIAL ACCOUNTS

1 Accounting policies

The Interim Accounts are prepared in accordance with SSAP No. 25, "Interim Financial Reporting" (as applicable to condensed interim accounts), and Appendix 16 of the Listing Rules.

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 31 March 2001 except for those changes as a result of adoption of the following SSAPs in preparing the Group's accounts for the six months ended 30 September 2001:

SSAP 14 (revised)	:	Leases
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets

There are no changes in accounting policies that affect the Group's accounts resulting from the adoption of SSAPs 14 (revised), 26 and 28.

The major changes to the Group's accounting policies and their effect on the Group's accounts resulting from the adoption of SSAPs 29, 30 and 31 are summarised in note 2 below. These changes in accounting policies have been applied retrospectively and the comparatives presented have been restated to conform with the changes in these accounting policies.

2 Changes in accounting policies

(i) Goodwill

Under SSAP 31 and Interpretation No. 13, "Goodwill-continuing requirements for goodwill and negative goodwill previously eliminated against/ credited to reserves", the carrying amount of goodwill (including goodwill that has previously been taken directly to reserves and not restated in accordance with the transitional provisions in SSAP 30) has to be reviewed if there is an indication of impairment, and any impairment has to be dealt with in the consolidated profit and loss account.

As of 30 September 2001, the total amount of goodwill, arising from previous acquisitions of businesses and charged to reserves under the Group's previous accounting policy, was HK$725.7 million. The directors consider that HK$710.1 million of such goodwill has been impaired and accordingly adjustment has been made in the consolidated profit and loss account for the respective periods in which the impairment is considered to have occurred. The accumulated losses as at 1 April 2000 and 2001, as a result of these restatements, have increased by approximately HK$227.9 million and HK$710.1million respectively representing the amount of impairment which occurred prior to these dates.

These restatements do not have any effect on the profit and loss account for the six months ended 30 September 2001 or on the comparative figures for the six months ended 30 September 2000. The impairment loss of HK$482.2 million for the year ended 31 March 2001 is considered not to have been incurred within the six months period ended 30 September 2000.

(ii) Intangible assets

In the prior years, the Group's intangible assets representing the mastheads of certain of the Group's magazines were stated at valuation without amortisation. Under SSAP 29, mastheads are required to be amortised over their estimated useful lives. In this regard, the directors are of the opinion that the useful lives of the mastheads would be 20 years from the date of acquisition.

The effect of this change in accounting policy is to include an amortisation charge of mastheads of HK$5.25 million in the consolidated profit and loss account for the six months ended 30 September 2001 (six months ended 30 September 2000: HK$5.25 million) and a decrease of the corresponding balance of the mastheads as at 30 September 2001 by HK$20.5 million (31 March 2001: HK$15.2 million). The Group's accumulated losses as at 1 April 2000 and 2001, as a result, have increased by approximately HK$4.7 million and HK$15.2 million respectively, representing the cumulative effect of this change in accounting policy.

(iii) Overall Financial impact

The overall financial impact of these changes is summarized as follows :

a. Increase the loss for the six months ended 30 September 2000 by HK$5.25 million, from HK$43.4 million to HK$48.7 million;

b. Increase the accumulated losses at 1 April 2000 and 2001 by HK$232.6 million and HK$725.3 million respectively from HK$221.4 million and HK$367.2 million to HK$454.0 million and HK$1,092.5 million;

c. Reduce the carrying value of the intangible assets - mastheads at 31 March 2001 by HK$15.2 million from HK$210 million to HK$194.8 million; and

d. Reduce of goodwill reserve at 1 April 2000 and 2001 by HK$227.9 million and HK$710.1 million respectively from HK$273.5 million and HK$725.6 million to HK$45.6 million and HK$15.5 million.

3 Principal activities & geographical analysis of operations

The Group is principally engaged in the provision of printing and reprographic services, the publication of books and magazines, the delivery of internet content and the sale of advertising space in books and magazines and on websites.

An analysis of the Group's turnover and operating profit/(loss) for the six months ended 30 September 2001 by principal activity and market is as follows:

	Turnover 6 months ended 30 September		Operating profit/(loss) 6 months ended 30 September	
				(As restated- see note 2)
	2001	2000	**2001**	2000
	HK$	*HK$*	***HK$***	*HK$*
By principal activity:				
Printing and reprographic services	**90,624,179**	107,916,718	**7,500,495**	23,310,102
Books and magazines publishing and advertising	**123,695,618**	79,497,836	**(51,146,038)**	23,992,598
Internet content provision and advertising	**3,881,389**	3,806,976	**(22,580,430)**	(70,278,539)
	218,201,186	191,221,530	**(66,225,973)**	(22,975,839)
By principal market:				
Hong Kong	**134,376,192**	146,731,908	**(4,247,387)**	(29,916,356)
Taiwan	**47,252,513**	–	**(67,989,147)**	–
North America	**20,424,944**	16,991,012	**3,687,670**	3,177,727
Europe	**9,850,405**	10,694,043	**1,411,799**	1,723,397
Australasia	**6,297,132**	16,804,567	**911,092**	2,039,393
	218,201,186	191,221,530	**(66,225,973)**	(22,975,839)

4 Operating loss

Operating loss is stated after charging the following:

	6 months ended 30 September	
	2001	2000
	HK$	*HK$*
Depreciation:		
Assets owned by the Group	**17,161,435**	14,116,463
Assets held under finance lease	**–**	248,353
Cost of materials consumed in production	**78,293,791**	49,595,320
Provision for bad and doubtful debts	**1,817,652**	1,517,544
Operating lease expenses on:		
Properties	**3,615,932**	–
Other assets	**1,996,257**	4,915,419

5 Taxation

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

	6 months ended 30 September	
	2001	2000
	HK$	*HK$*
Hong Kong profits tax	**3,000,626**	3,742,000
Overseas profits tax	**589,785**	81,767
Deferred taxation	**–**	88,310
	3,590,411	3,912,077

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits of certain group companies for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

6 Basic loss per consolidated share

The calculation of basic loss per consolidated share is based on the Group's loss for the period of HK$74,079,359 (Restated 2000: HK$48,688,817) and 647,638,762 shares (2000: weighted average of 589,271,518 shares). The number of shares in issue during the relevant period applied in the above calculation has been restated to take into consideration the share consolidation as set out in note 15(a).

No diluted loss per share has been presented as the exercise of the share options would be anti-dilutive.

7 Accounts receivable, deposits and prepayments

	30 September 2001	31 March 2001
	HK$	*HK$*
Accounts receivable, net	**63,669,268**	43,404,064
Prepayments	**11,540,239**	10,575,380
Rental and other deposits	**3,171,250**	2,387,009
Others	**4,454,257**	3,748,906
	82,835,014	60,115,359

The Group's sales are made on credit terms as follows:

Magazine newsstand sales	7 – 60 days
Magazine advertising sales	60 – 120 days
Internet advertising sales and content licensing	90 days
Printing and reprographic services	30 – 120 days

At 30 September, 2001, the aging analysis of the accounts receivable of the Group was as follows:

	30 September 2001	31 March 2001
	HK$	*HK$*
0 – 1 month	**27,189,793**	13,255,540
1 – 3 months	**33,238,733**	16,347,722
Over 3 months	**17,124,882**	26,277,180
	77,553,408	55,880,442
Less: Provision for bad and doubtful debts	**(13,884,140)**	(12,476,378)
	63,669,268	43,404,064

8 Accounts payable and accrued charges

	30 September 2001	31 March 2001
	HK$	*HK$*
Accounts payable	**28,543,480**	24,085,273
Others	**48,126,406**	37,675,557
	76,669,886	61,760,830

At 30 September 2001, the aging analysis of the accounts payable of the Group was as follows:

	30 September 2001	31 March 2001
	HK$	*HK$*
0 – 1 month	**12,909,837**	9,671,651
1 – 3 months	**10,885,241**	7,909,573
Over 3 months	**4,748,402**	6,504,049
	28,543,480	24,085,273

9 Long-term liabilities

	30 September 2001 *HK$*	31 March 2001 *HK$*
Loans:		
Secured *(note a)*	**96,720,000**	108,440,000
Unsecured	**217,571,248**	219,904,759
	314,291,248	328,344,759
Finance lease obligations	**–**	973,017
	314,291,248	329,317,776
Current portion of long-term liabilities	**(21,510,428)**	(27,936,956)
	292,780,820	301,380,820

(a) As at 30 September 2001, the Group's secured bank loans and overdrafts are secured by the following:

– a charge over the Group's land and buildings with an aggregate net book value of approximately HK$189.6 million;

– charges over the Group's printing machinery with an aggregate net book value of approximately HK$76.8 million;

– a charge over the Group's accounts receivable with an aggregate net book value of approximately HK$30.2 million; and

– a corporate guarantee to the extent of approximately HK$94.2 million given by Next Holdings, a related company, which is beneficially owned by Mr. Lai. Next Holdings has become a subsidiary of the Company by end of October 2001 following completion of the acquisition of the DGL Group.

The analysis of the long-term liabilities is as follows:

	30 September 2001 *HK$*	31 March 2001 *HK$*
Bank loan repayable:		
– within one year	**21,510,428**	26,963,939
– in the second year	**17,200,000**	17,200,000
– in the third to fifth year	**59,800,000**	68,400,000
	98,510,428	112,563,939
Shareholder's loans	**215,780,820**	215,780,820
Finance lease obligations repayable		
– within one year	–	973,017
	314,291,248	329,317,776
Less: Current portion	**(21,510,428)**	(27,936,956)
Amounts due after one year	**292,780,820**	301,380,820

10 Share capital

	Authorised **Ordinary shares of HK$0.20 each** *No. of shares*	*HK$*
At 1 April and 30 September 2001	4,500,000,000	900,000,000

	Issued and fully paid **Ordinary shares of HK$0.20 each** *No. of shares*	*HK$*
At 1 April and 30 September 2001	3,238,193,810	647,638,762

11 Reserves

	Note	Share premium HK$	Property revaluation reserve HK$	Translation reserve HK$	Goodwill reserve HK$	Accumulated losses HK$	Total HK$
1 April 2000 as previously stated		203,438,410	251,460	(276,447)	(273,476,336)	(221,410,792)	(291,473,705)
Impairment of goodwill resulting from the adoption of SSAP 31	*2(i)*	–	–	–	227,920,252	(227,920,252)	–
Amortisation of intangible assets resulting from the adoption of SSAP 29	*2(ii)*	–	–	–	–	(4,689,041)	(4,689,041)
1 April 2000, as restated		203,438,410	251,460	(276,447)	(45,556,084)	(454,020,085)	(296,162,746)
Issuing expenses		(3,317,674)	–	–	–	–	(3,317,674)
Conversion of convertible notes		58,333,333	–	–	–	–	58,333,333
Exercise of share option		1,487,102	–	–	–	–	1,487,102
Premium on issue of shares		427,536,231	–	–	–	–	427,536,231
Currency realignments		–	–	(150,614)	–	–	(150,614)
Goodwill arising from acquisition of a subsidiary		–	–	–	(482,159,967)	–	(482,159,967)
Goodwill written off upon termination of investment in Igloo Finance Limited		–	–	–	29,997,126	–	29,997,126
Impairment of goodwill resulting from adoption of SSAP 31	*2(i)*	–	–	–	482,159,967	–	482,159,967
Loss for the year (as restated-see (a) below)		–	–	–	–	(638,458,255)	(638,458,255)
At 31 March 2001		687,477,402	251,460	(427,061)	(15,558,958)	(1,092,478,340)	(420,735,497)
Company and subsidiaries		687,477,402	251,460	(427,061)	(15,558,958)	(1,085,720,746)	(413,977,903)
Associated companies		–	–	–	–	(6,757,594)	(6,757,594)
At 31 March 2001		687,477,402	251,460	(427,061)	(15,558,958)	(1,092,478,340)	(420,735,497)
1 April 2001 as previously stated		687,477,402	251,460	(427,061)	(725,639,177)	(367,209,080)	(405,546,456)
Impairment of goodwill resulting from the adoption of SSAP 31	*2(i)*	–	–	–	710,080,219	(710,080,219)	–
Amortisation of intangible assets resulting from the adoption of SSAP 29	*2(ii)*	–	–	–	–	(15,189,041)	(15,189,041)
1 April 2001, as restated		687,477,402	251,460	(427,061)	(15,558,958)	(1,092,478,340)	(420,735,497)
Currency realignments		–	–	(93,548)	–	–	(93,548)
Loss for the period		–	–	–	–	(74,079,359)	(74,079,359)
At 30 September 2001		687,477,402	251,460	(520,609)	(15,558,958)	(1,166,557,699)	(494,908,404)
Company and subsidiaries		687,477,402	251,460	(520,609)	(15,558,958)	(1,159,800,105)	(488,150,810)
Associated companies		–	–	–	–	(6,757,594)	(6,757,594)
At 30 September 2001		687,477,402	251,460	(520,609)	(15,558,958)	(1,166,557,699)	(494,908,404)

(a) The loss for the year ended 31 March 2001 has been adjusted by HK$482.2 million, representing the goodwill impairment as referred to in note 2(i), and HK$10.5 million, representing the amortisation of mastheads for the year as referred in note 2(ii).

12 Contingent liabilities

At 30 September 2001, the Group was involved in litigation proceedings in Hong Kong and Taiwan arising in the normal course of its publishing business. Although the final outcome of these proceedings is uncertain, the Directors of the Company are of the opinion that the ultimate liability, if any, under these proceedings would not have a material impact on the financial position of the Group.

13 Commitment

(a) Capital commitments for property, plant and machinery

	30 September 2001	31 March 2001
	HK$	*HK$*
Contracted but not provided for	**1,824,161**	2,747,598

(b) Commitments under operating leases

At 30 September 2001, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		**Other assets**	
	30 September 2001	31 March 2001	**30 September 2001**	31 March 2001
	HK$	*HK$*	***HK$***	*HK$*
		(As restated- see note 2)		*(As restated- see note 2)*
Within one year	**7,957,070**	7,237,185	**1,699,815**	3,349,379
In the second and fifth years inclusive	**3,033,126**	5,676,205	**297,186**	311,993
	10,990,196	12,913,390	**1,997,001**	3,661,372

14 Related party transactions

During the period, the Group had the following material transactions with related parties:

	Revenue/ (Expenses or payments) 6 months ended 30 September	
Nature and terms of transactions	**2001**	2000
	HK$	*HK$*
(a) Transactions with Mr. Lai		
Interest on shareholder's loan payable by the Company calculated at interest rate of prime rate minus 1% per annum	–	(7,682,192)

Nature and terms of transactions	Revenue/ (Expenses or payments) 6 months ended 30 September **2001** ***HK$***	2000 *HK$*
(b) Transactions with Next International and its subsidiaries:		
Interest on convertible notes payable by the Company calculated at HIBOR+2% per annum	–	(882,308)
Printing income at market rate	**37,034,429**	44,119,917
Colour separation charge paid at market rate	**(1,063,737)**	(1,772,046)
Advertising expenses paid at market rate	–	(1,044,955)
(c) Transactions with Apple Daily Limited and its subsidiaries:		
Printing income at market rate	**1,160,829**	1,634,965
Advertising expense paid at market rate	**(374,290)**	(11,255,641)
Sales of fixed assets at market value	**258,153**	–

Next International and Apple Daily Limited were companies controlled and beneficially owned by Mr. Lai who is a director and the Chairman of the Company.

Next Holdings, a wholly owned subsidiary of Next International, has given corporate guarantee for the Group's banking facilities, see note 9(a)

The parties set out above are also connected persons in accordance with Chapter 14 of the Listing Rules.

By end of October 2001, Next International and Apple Daily Limited have become wholly owned subsidiaries of the Company following the completion of the acquisition of DGL, their holding company, by the Company. The details of this acquisition are set out in note 15(c) below.

15 Subsequent events

(a) By an ordinary resolution passed on 22 October 2001, every five shares of HK$0.20 each of the Company were consolidated into one share of HK$1.00 ("Consolidated Share").

(b) By an ordinary resolution passed on 22 October 2001, the authorised share capital of the Company was increased from HK$900,000,000 to HK$4,600,000,000 by the creation of 1,670,000,000 Consolidated Shares of HK$1.00 each and 1,160,000,000 preference shares of HK$1.75 each.

(c) On 26 October 2001, the Group acquired the entire issued share capital of DGL from Mr. Lai and other persons for a consideration of HK$2,620,000,000. Details of this acquisition are set out in the circular issued by the Company on 28 September 2001.

SUPPLEMENTARY UNAUDITED FINANCIAL INFORMATION

As detailed in note 15(c) to the Interim Accounts, the Group acquired the entire issued share capital of DGL on 26 October 2001. The financial statements of DGL were not included in the financial statements of the Group as at 30 September 2001. In order to reflect the latest financial position of the Group after the acquisition, the directors consider that it is appropriate to provide additional financial information to shareholders by presenting the pro forma combined condensed profit and loss account for the six months ended 30 September 2001 and pro forma combined condensed balance sheet of the Group as at 30 September 2001, assuming the acquisition of DGL had been completed on or before 1 April 2001.

These pro forma combined condensed profit and loss account and balance sheet are presented for information purpose only and do not form part of the Group's Interim Accounts and have not been subject to any independent audit or review.

SUPPLEMENTARY UNAUDITED FINANCIAL INFORMATION (Continued)

Pro forma combined condensed profit and loss account

	For the For the six months ended 30 September 2001 *HK$'000*
Turnover	1,101,508
Profit before amortisation and taxation	111,524
Amortisation of mastheads	(43,538)
Profit before taxation	67,986
Taxation	(16,355)
Profit after taxation but before minority interests	51,631
Minority interests	(252)
Profit for the period	51,379

Pro forma combined condensed balance sheet

	30 September 2001 *HK$'000*
Intangible assets – mastheads	1,682,799
Fixed assets	1,164,615
Investments in associated companies	(830)
Current assets	965,708
Current liabilities	(454,673)
Net current assets	511,035
	3,357,619
Financed by:	
Share capital and reserves	3,072,970
Minority interests	2,363
Long term liabilities	239,497
Deferred taxation	42,789
	3,357,619