



NEXT MEDIA LIMITED
RESULTS FOR THE YEAR ENDED 31 MARCH 2012

Financial Highlights:

Results for Continuing and Discontinued Operations

	2011/12	2010/11
	HK\$M	HK\$M
Revenue* from continuing operations	3,634.6	3,477.0
EBITDA before impairments after non-controlling interests from continuing and discontinued operations	525.3	244.6
Loss for the year	(180.8)	(19.5)
Basic Loss per share from continuing and discontinued operations	(7.8 cents)	(0.8 cent)

*Restated

Next Media's total revenue from continuing operations amounted to HK\$3,634.6 million during the year ended 31 March 2012. This represented an increase of 4.5% or HK\$157.6 million on the figure of HK\$3,477.0 million recorded in the previous 12 months. However, it made a consolidated loss of HK\$180.8 million, compared to a loss of HK\$19.5 million for the previous financial year. This was mainly due to the Group's sizeable investments in its TV and multi-media operation in Taiwan which is not yet fully operational.

Newspapers Publication and Printing Division continued to account for the lion's share of the Group's revenue. The Division's external revenue totalled HK\$2,499.3 million, an increase of 1.9% on the figure of HK\$2,453.3 million for the previous year. Meanwhile, its segment profit declined by 33.4% to HK\$314.2 million, compared to the previous financial year's figure of HK\$471.6 million.

Apple Daily remained as Hong Kong's most widely read paid-for newspaper in 2011. However, the city's paid-for daily newspaper market continued to contract last year in the face of considerable pressure from free newspapers and online news media. *Apple Daily* continued to show resilience and retain

the loyalty of its readers. As a result, *Apple Daily's* revenue was relatively stable during the year under review, amounting to HK\$1,029.6 million, a slight dip of 6.0% on the previous financial year's figure of HK\$1,095.2 million. Meanwhile, its advertising revenue amounted to HK\$679.7 million, compared to HK\$706.6 million the previous year.

Taiwan Apple Daily holds the advantageous position of being the largest newspaper in the Taiwan market, coupled with the highest per-copy price. It also sells the largest percentage of its copies (nearly 90%) at newsstands. Its advertising revenue grew by 8.3% to HK\$895.8 million, compared with HK\$826.8 million for the 2010/11 financial year. The newspaper's total revenue increased by HK\$69.9 million during the year under review. However, its profitability dropped by 7.6% to HK\$197.5 million, compared with the previous financial year's HK\$213.7 million.

The Books and Magazines Publication and Printing Division's external revenue during the year under review amounted to HK\$1,056.1 million, a 4.9% increase on the previous financial year's figure of HK\$1,007.2 million. The segment profit increased by 38.1% to HK\$179.2 million, compared with the figure of HK\$129.8 million for the preceding 12 months.

The commercial printing operation's revenue during the year ended 31 March 2012 amounted to HK\$250.4 million, which was 5.7% less than the figure of HK\$265.5 million for the previous financial year. Internal sales accounted for HK\$157.8 million or 63.0% of this amount, whereas sales to external customers made up the remaining HK\$92.6 million, a decrease of 10.4% on the preceding financial year's figure of HK\$103.4 million.

The Group made considerable capital investments in Next TV, the multi-media platform and related supporting infrastructure. Consequently, the Television and Multi-media Division recorded a segment loss of HK\$1,168.1 million, compared to a segment loss of HK\$459.2 million in 2010/11.

The Internet Division recorded HK\$47.2 million in external revenue from its continuing operations, an increase of 303.4% on the restated amount of HK\$11.7 million for the previous year. This was due to steady growth in its advertising revenue, contributed mainly by external advertisers in the online and mobile phone sectors. On the other hand, the Division devoted additional resources to revamping its portals and other IT support during the year. As a result, it recorded a loss of HK\$36.9 million, compared with a restated loss of

HK\$20.3 million in the preceding 12 months.

Future Prospects and Outlook

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

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

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

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

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

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

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

Company Profile

Next Media is the largest listed Chinese print media group in Hong Kong with business spanning across Hong Kong and Taiwan. The Group is mainly engaged in the publication and printing of newspapers, magazines and books in Hong Kong and Taiwan. It also sells advertising space in these and on its Web portals and subscriptions to the Web portals. Furthermore, it provides printing, reprographic and animation services, delivers Internet contents, and operates TV channels in Taiwan and a Web commerce business.

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