

**INTERIM RESULTS FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2015**

Financial Highlights:

For the six months ended 30 September	2015 (unaudited) HK\$M	2014 (unaudited) HK\$M
Revenue	1,251.6	1,570.5
Earnings before interest, tax, depreciation, impairment and amortisation but after non-controlling interests	30.3	201.2
(Loss) profit for the period	(122.8)	106.5
Basic (loss) earnings per share	HK(5.1) cents	HK4.3 cents

The revenue of Next Digital and its subsidiaries amounted to HK\$1,251.6 million during the six months ended 30 September 2015. This was HK\$318.9 million or 20.3% less than the figure of HK\$1,570.5 million in the same period last year. The decline was mainly attributable to the decrease of 25.3% in advertising revenue, circulation income and other income of the Group's print publications during the period under review.

The Group recorded earnings of HK\$30.3 million during the period under review, before interest, tax, depreciation, impairment and amortisation, but after non-controlling interests, representing a decrease of 84.9% or HK\$170.9 million on the earnings of HK\$201.2 million for the corresponding period of 2014.

The Group has undergone a series of consolidation exercises for its publication and printing operations in Hong Kong during the period under review. In August 2015, *Sudden Weekly* and *Next+ONE* have ceased their publication and *Next Magazine* has been restructured to streamline its operations with an aim to reducing its operating costs.

The Group has capitalised on the inevitable growth of the digital market by further strengthening its mobile platform, and accelerated its penetration into the youth segment, so as to broaden its readership base and capture new news.

During the period under review, the Company has changed its name from “Next Media Limited” to “Next Digital Limited” in order to reflect the strategic move of the Group’s focus towards digital businesses and align with its business nature and growth objectives.

The Group recorded an unaudited consolidated loss of HK\$122.8 million, representing a decrease of 215.3% or HK\$229.3 million, compared with the profit of HK\$106.5 million for same period of 2014. This was mainly attributable to the sluggish economy in Hong Kong and Taiwan during the first half of 2015 which led to a decline in advertising spending in both markets; the expenses incurred for the consolidation of the Group’s Books and Magazines Publication and Printing Division resulting from the cessation of publication of *Sudden Weekly* and *Next+ONE* and the restructuring of *Next Magazine* in Hong Kong in August 2015; and the impairment of the masthead and publishing right of *Sudden Weekly* during the period under review.

Accordingly, the Company recorded a basic loss per share of HK5.1 cents for the period against a basic earnings per share of HK4.3 cents in the same period last year.

Newspapers Publication and Printing Division

During the six months ended 30 September 2015, the total revenue of the Division stood at HK\$650.6 million, representing a decrease of 23.7% or HK\$201.8 million against the figure of HK\$852.4 million for the last corresponding period. *Apple Daily* and *Taiwan Apple Daily* remained as the largest contributors to the Division’s revenue, which amounted to HK\$575.2 million and accounted for 46.0% of the Group’s total revenue. Against the figure of HK\$795.1 million for the same period last year, this represented a decrease of 27.7% or HK\$219.9 million. Accordingly, the Division’s segment profit decreased by 82.3% to HK\$19.1 million, compared with the figure of HK\$108.2 million recorded in the same period of 2014. This was mainly attributable to the significant decrease in advertising revenue and circulation income derived from the Group’s print publications during the period under review.

Books and Magazines Publication and Printing Division

In view of the adverse business environment and shift of advertising placements from print publications to digital platforms, the Division suffered a substantial decline in its revenue during the period under review. Its revenue amounted to HK\$274.1 million, a decrease of 28.8% or HK\$110.8 million against the figure of HK\$384.9 million it achieved in the same period last year.

The Division recorded a segment loss of HK\$164.9 million during the period under review, compared with a segment loss of HK\$4.6 million, a substantial increase in loss of HK\$160.3 million. This loss mainly resulted from the increase in expenses, including the redundancy payment of HK\$19.0 million, incurred for the consolidation of the Division resulting from the cessation of publication of *Sudden Weekly* and *Next+ONE* and the restructuring of *Next Magazine* in Hong Kong as well as the impairment of the masthead and publishing right of *Sudden Weekly* in an amount of HK\$96.9 million during the period.

Digital Businesses Division

The Group has maintained its leading position and is a trend setter in driving reading habits on digital, especially, mobile platform, in both Hong Kong and Taiwan, during the period under review. The Division also engaged in development of mobile and online games as well as apps through its direct subsidiary – nxTomo Games.

During the period, the digital version of *Apple Daily* maintained its No.1 position as the most-visited interactive news portal in Hong Kong. It attracted more than 30.0 million daily view counts and 2.4 million Average Daily Unique Users. *Taiwan Apple Daily* achieved a daily page view number of 20.0 million, with Average Daily Unique Users reaching 5.0 million.

Advertising and other revenues of the digital platform of *Apple Daily* in both Hong Kong and Taiwan experienced a healthy growth of 17.0%, amounted to HK\$257.0 million, against a figure of HK\$219.7 million in the same period last year. As a result, the digital paper's segment profit grew from HK\$24.5 million to HK\$31.0 million, representing an increase of 26.5%.

The Group's digital games business suffered a setback as planned introduction of new games was delayed. This resulted in a drop in revenue from HK\$113.5 million to HK\$69.9 million, and incurred a segment loss of HK\$5.5 million, as compared to a segment profit of HK\$15.7 million in the same months of last year.

As a result, the Division's external revenue, which consisted of online advertising revenue, content licensing payments and publishing of mobile games and apps, amounted to HK\$326.9 million during the period under review, representing a dip of 1.9% or HK\$6.3 million against the figure of HK\$333.2 million recorded in the same months last year, 75.8% of this revenue was generated in Hong Kong.

The Division's segment profit stood at HK\$25.5 million during the period under review, compared with a segment profit of HK\$40.2 million, a drop of 36.6% or HK\$14.7 million. This was mainly attributed by the decrease in digital games revenue.

Future Prospects and Outlook

During the period under review, the Group has made strategic move to focus resources towards building a substantial digital business and consolidated its print operations. Next Digital will continue to leverage the wide user base of the digital versions of its news media and leading magazine titles to offer our audiences and readers a new experience in the mobile world in terms of news and entertainment.

As the most popular digital news brand outside of Mainland China, *Apple Daily* has recently set up a North American operation to offer overseas Chinese the same interesting news experience as those offered in Hong Kong and Taiwan. This strategic expansion is a natural extension of *Apple Daily* in a borderless digital world of the future.

The Group will also be introducing an “e-classified” service to provide location based and highly targeted advertising opportunities for small and medium enterprises in Hong Kong, and create a new revenue stream by giving these companies access to the millions of readers who are loyal fans of *Apple Daily* digital news on mobile devices.

In light of economic uncertainties in Hong Kong and Taiwan in the second half of 2015, the Group will act prudently and consciously in monitoring its costs, and get well prepared to grasp the growth momentum in the digital industry when the opportunities arise.

Company Profile

Next Digital is the largest listed multi-media group in Hong Kong with business spanning across Hong Kong and Taiwan. The Group is mainly engaged in the publication of newspapers and magazines in Hong Kong and Taiwan in digital and printed forms. It also sells advertising space in those formats and receives subscriptions on the web versions. Furthermore, it provides printing and reprographic services and develops mobile and online games and apps.

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