



**NEXT MEDIA LIMITED**  
**RESULTS FOR THE YEAR ENDED 31 MARCH 2013**

**Financial Highlights:**

**Results for Continuing Operations of the Group**

	<b>2012/13</b>	<b>2011/12*</b>
	<b>HK\$M</b>	<b>HK\$M</b>
Revenue from continuing operations	<b>3,474.1</b>	3,602.6
EBITDA before impairments after non-controlling interests from continuing operations	<b>456.6</b>	551.9
Profit for the year from continuing operations	<b>161.5</b>	207.9
Basic earnings per share from continuing operations	<b>5.7 cents</b>	8.3 cents

\*Restated

**Continuing Operations**

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

Newspapers Publication and Printing Division continued to account for the largest proportion of the Group's revenue from continuing operations. The Division's revenue totalled HK\$2,329.3 million during the 2012/13 financial year, a decrease of 6.8% on the figure of HK\$2,499.3 million for the previous year. Nevertheless, its segment profit increased by 11.1% to HK\$349.2 million, compared to the previous financial year's figure of HK\$314.2 million.

*Apple Daily* maintained its position as Hong Kong's most widely read paid-for newspaper during 2012. It continued to benefit from the strong loyalty of its readers particularly those with higher educational qualifications and in higher-income groups. On the other hand, considerable pressure from the city's

free newspapers and online media had an adverse effect on *Apple Daily's* total revenue. As a result, its total revenue, which amounted to HK\$905.7 million during the year under review, a decrease of 12.0% on the previous financial year's figure of HK\$1,029.6 million. Its circulation income accounted for HK\$308.8 million, 11.7% less than the previous year's figure of HK\$349.9 million and its advertising income amounted to HK\$596.9 million, a 12.2% decline on the previous year's figure of HK\$679.7 million.

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

The Group's newspaper printing business recorded a total revenue amounted to HK\$410.7 million during the 2012/13 financial year, compared with HK\$433.5 million the previous year, a decrease of 5.3%. Excluding transactions related to printing of Next Media's own publications, its revenue amounted to HK\$116.2 million during the year. This was a decrease of 15.4% on the HK\$137.4 million it earned in the previous year.

The Books and Magazines Publication and Printing Division's revenue for the year under review amounted to HK\$987.6 million, a 6.5% decrease on the previous year's figure of HK\$1,056.1 million. The segment profit declined by 37.4% to HK\$112.1 million, compared with the figure of HK\$179.2 million for the preceding 12 months.

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

year's figure of HK\$92.6 million.

During the year, the Internet Businesses Division recorded a segment loss of HK\$124.5 million, compared with a segment loss of HK\$37.0 million in the previous 12 months. It was mainly attributable to the investments made for improving the systems, websites and supporting capabilities as well as the operating loss and impairments made for studio equipment for multi-media shopping operations in both Hong Kong and Taiwan amounted to HK\$58.3 million absorbed by this Division.

## **Discontinued Operation**

For the developments concerning the Group's Television and Multi-media business in Taiwan, on 15 April 2013, the Group entered into agreements with Mr. Lien Tai-sheng regarding the sale of the entire issued share capital of Next TV Broadcasting Limited ("Next TV") and the assignment of shareholders' loan for a total consideration of NT\$1,400.0 million (the equivalent of HK\$364.3 million). This transaction was partially completed on 31 May 2013 and Next TV ceased to be a subsidiary of the Group on the same date.

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

## **Prospects and Outlook**

The past five years have seen the greatest turmoil in the global economy since the 1930s. There has been a constant stream of unpleasant surprises, especially in the Eurozone. That makes it very unwise to predict what developments are likely to occur on the world stage during the next 12 months and beyond. The best that can be hoped for is that China will maintain its economic dynamism, and that this will at least partly offset the challenges being created by events elsewhere and help to maintain the stability of the export-driven economies of Hong Kong and Taiwan.

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

quality and professionalism that the public expects of it and its publications.

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

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

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

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

## **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 and delivers Internet contents.

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