



NEXT MEDIA LIMITED
RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Financial Highlights:

Results for Continuing Operations of the Group

	2013/14	2012/13*
	HK\$M	HK\$M
Revenue from continuing operations	3,268.9	3,474.1
EBITDA before impairments after non-controlling interests from continuing operations	556.3	458.8
Profit for the year from continuing operations	339.1	163.3
Basic earnings per share from continuing operations	13.6 cents	5.8 cents

*Restated

Continuing Operations

Next Media's total revenue from continuing operations amounted to HK\$3,268.9 million during the year ended 31 March 2014. This was a decrease of 5.9% on the figure of HK\$3,474.1 million recorded in the previous 12 months. The major contributing factor for this decrease was the decrease in advertising and circulation income of the Group's publications.

Newspapers Publication and Printing Division once again accounted for the lion's share of the Group's revenue from all its continuing operations. The Division's revenue for this year amounted to HK\$2,022.3 million, a decrease of 13.2% compared with the figure of HK\$2,329.3 million for the previous year and its segment profit decreased by 15.7% to HK\$295.5 million, compared to the previous financial year's figure of HK\$350.5 million.

During the year under review, *Apple Daily's* revenue amounted to HK\$806.0 million, 11.0% decrease on the previous financial year's figure of HK\$905.7 million. Its circulation income accounted for HK\$305.4 million, 1.1% lower than the previous year's figure of HK\$308.8 million and its advertising income amounted to HK\$500.6 million, a 16.1% decrease on the previous year's figure of HK\$596.9 million.

Taiwan Apple Daily's revenue totalled HK\$1,023.8 million, a decrease of 10.5% on the previous year's HK\$1,143.7 million. Its circulation income was HK\$303.1 million, 14.9% less than the HK\$356.0 million a year earlier.

The Group's newspaper printing business was adversely affected by the decline in the print runs of its publications, the discontinuation of *Hong Kong Sharp Daily* and the expiry of contracts to print several titles for external publishers. Nonetheless, it continued to contribute to the Group's revenues, earning a total of HK\$86.6 million for its work on behalf of external customers, a decrease of 25.5% on its external revenue during the previous financial year.

The Books and Magazines Publication and Printing Division's revenue for the year under review amounted to HK\$882.3 million, a 10.7% decrease on the previous year's figure of HK\$987.6 million. The segment profit declined by 55.4% to HK\$50.4 million, compared with the figure of HK\$112.9 million for the preceding 12 months.

The commercial printing operation's revenue for the year ended 31 March 2014 amounted to HK\$228.5 million, which was 4.3% less than the figure of HK\$238.7 million for the previous financial year. Internal revenue accounted for HK\$133.8 million or 58.6% of its turnover, whereas revenue from external customers contributed the remaining HK\$94.7 million, a decrease of 5.7% on the preceding financial year's figure of HK\$100.4 million.

During the year under review, the Digital Businesses Division's external revenue amounted to HK\$364.3 million, an increase of 131.7% on the previous year's figure of HK\$157.2 million. This Division recorded a segment loss of HK\$17.7 million, a marked improvement from a segment loss of HK\$124.5 million in the previous 12 months. This was mainly due to a significant increase in advertising income. Following a period of ongoing investment in the technology infrastructure to support more sophisticated digital advertising, games development and startup costs for the digital strategies for our magazine properties, the Division has entered into profitability beginning from the last quarter of the reporting period as a result of increased advertising as well as games revenue.

Discontinued Operation

Television and Multi-media Business

Since 31 October 2012, the Group has ceased its multi-media operation in Taiwan.

During the year under review, the Group sold its entire shareholding interest in Next TV Broadcasting Limited (“Next TV”) to Mr. Lien Tai-sheng (“Mr. Lien”) pursuant to a sale and purchase agreement dated 15 April 2013. On 23 September 2013, the parties concerned entered into a supplemental agreement, whereby, Mr. Lien assumed the right to manage, deal with and enjoy the benefits of all shares in Next TV with effect from 31 May 2013 and therefore, the Group would not be responsible for any losses and profits arising from the shares in Next TV. Completion of the said sale has taken place on 30 December 2013. The Group recorded a loss on disposal of Next TV of HK\$8.0 million. During the year, Next TV recorded a loss of HK\$82.6 million, compared with a loss of HK\$1,107.9 million for the financial year 2012/13.

Prospects and Outlook

Against the mixed economic backdrop the Group intends to act prudently and keep a tight rein on its finances during the coming year.

In recent months it has withdrawn from a number of business activities which – although they seemed promising at the outset – failed to deliver the results the Group was aiming for. It has now consolidated its activities and sharpened its focus on its core brands. These are Next Media’s most valuable assets. They include the most widely-read paid-for daily newspapers and weekly magazines in Hong Kong and Taiwan. They uphold high standards of journalistic professionalism, and they have tremendously loyal readerships with excellent demographics for generating advertising revenue.

The Group has long recognized the fundamental shift in demographics where the younger population are embracing digital media. It would be remiss of the Group not to acknowledge and proactively involve itself in these new ways of communicating with the public, especially the younger generation, and satisfying its demand for information and entertainment.

In these efforts, Next Media already has an important leading edge in the form of its journalistic capabilities, which have already made its online and mobile news portals frontrunners. Moreover, it is also investing in building a highly talented creative and technology team that is already producing acclaimed content and services that are generating a new revenue stream for the Group.

In summary, Next Media intends to refocus its efforts on its core traditional print media operations while simultaneously recognising the importance of engaging with huge potential new audiences via 21st century technology.

Company Profile

Next Media 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 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 as well as develops mobile and online games.

For further information, please contact:

Corporate Affairs Department

Next Media Limited (Stock Code: 00282)

E-mail: ir@nextmedia.com

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