



PRESS RELEASE

MNC MEDIA REPORTS NET PROFIT OF US\$2.7 MILLION

- *Net Profit from Continuing Operations surged 45% to reach US\$1.8 million*
- *Investment income jumped nearly three-folds*

Australia, 30 August 2016

Australian listed MNC Media Investment Ltd (ASX: MIH) (“MNCMI” or “the Group”), a provider of media and entertainment content and services in key strategic markets in Asia, staged a resounding turnaround with net profit attributable to shareholders of US\$2.7 million in the first six months ended June 30, 2016 (“1HFY2016”), reversing a US\$0.2 million loss in the previous half year.

Hary Tanosoedibjo, Chairman and CEO of the Group said “We achieved a strong upturn in profitability despite lower Group revenue of US\$28.9 million for the first half of this year.

“The strong turnaround was largely fueled by a three-fold surge in investment income from higher marked-to-market valuation of the Group’s quoted investments in the six-month period. The Group also slashed losses from discontinued operations of US\$0.5 million.”

Financial Performance

The Group’s upsurge in net attributable profit was achieved on revenue of US\$28.9 million, which is 32% lower compared to US\$42.4 million for the first six months ended June 30, 2015 (“1H2015”).

This decline in revenue was the result of lower sales from the Group’s Mobile Games segment. Sales of mobile games were affected by the implementation of a two-step authentication system required by mobile operators to enhance security for mobile phone users. No new games were launched as the Chinese economy remained soft while the cost of acquiring new game IPs continued to escalate.

Lower revenue was also recorded by the Group’s other business segments – Indonesia Digital Media and Media Content.

Total operating expenses were trimmed to US\$11.9 million from US\$12.2 million due to lower expenditure and cost control measures.

Working Capital Position

Our working capital position remains healthy although our cash and cash equivalents and short-term investments went down to US\$8.7 million from US\$10.9 million at the end of Dec 2015.

Earnings per share & Net Asset Value per share

The Group recorded earnings per share of US\$0.00667 for 1HFY2016 and a Net Tangible Asset per share (NTA) of US\$0.25.

Segmental Performance

China

Revenue from the Group's China operations in the first half accounted for 91.3% of gross revenues, or US\$26.4 million. Sales for this segment were 32% lower compared to the first half of FY2015.

The drop in mobile games revenue was due mainly to the absence of new game launches and the new two-step authentication regulation imposed by mobile operators.

While revenue from mobile games eased, the Group's parenting and family-oriented edutainment portal in China – Fumubang.com (“Fumubang”) (父母邦) continued to do well. Fumubang's revenue rose to US\$8.0 million from US\$4.7 million for the same period last year. As of Q2 2016, Fumubang has received over 1.6 million active users. Fumubang has also enjoyed strong growth in its family travel business with sales rising by more than 70%.

The Group expanded its wide range of value-added services and curated travel-related content for parents and children – leveraging on the robust growth of O2O-travel among China's rising urban middle class.

Indonesia Digital Media

Revenue in the Group's Indonesia Digital Media Segment softened slightly to US\$1.1 million from US\$1.3 million in the previous half year.

Segmental loss rose to about US\$1 million from US\$0.6 million in the first half of last year. This is due to the lower revenue as well as increased headcount to strengthen the team's capabilities for future growth.

The Group's online news and entertainment portal in Indonesia - Okezone.com, continued to refocus its strategies to get more traction with more appealing content and online activities. The portal reported total page views of over 4 billion and visitorship of over 1 billion in the first half of this year.

Media Content

Revenue from the media content segment fell by about 28% to US\$1.1 million from US\$2 million in the previous half year.

The sales drop was attributed to weaker demand due to the softer economic conditions in Southeast Asian markets – resulting in more cautious content acquisition from broadcasters, which were impacted by declining advertising revenues.

Despite lower revenue, through cost-cutting measures and a more focused distribution strategy, this segment reported a robust turnaround with a segment profit of US\$0.2 million reversing a loss of US\$0.6 million in 1HFY2015.

Investment

The Investment Segment staged a surge in profit – with a three-fold jump in segment profit to US\$6.1 million for 1HFY2016.

Going Forward

China, the world's most populous country and second largest economy will continue to lead in digital growth.

According to iResearch, China's online travel gross merchandise value is estimated to hit \$65 billion in 2016 and is set to grow further (Source: TNooz.com, 14 Mar 2014) while according to NewZoo, the mobile games market will reach \$13.9 billion by 2019. However, the Group will continue to remain prudent and adopt a calculated approach in identifying and acquiring revenue generating games.

The Group continues to face strong headwinds in the mobile games segment in China. With top game developers dominating the top 10 gaming titles (Source: gamesindustry.biz, 10 Feb 2016), pressure on small and medium-sized gaming companies has gone up. The persistent proliferation of new mobile games has also weighed on the profit margins of mobile game titles.

Mr. Tanoesoedibjo said: "As the mobile games market in China becomes more competitive and the cost of acquiring more game IPs has gone up, we will be selective in expanding our game portfolio. We will work on reaching out to more gamers and increasing usage among them.

“Fumubang is gaining traction and popularity with parents in Beijing and Shanghai. To leverage on the rapid growth of O2O-travel in China, the Group will continue to enhance our Fumubang site by adding more specialised content – to attract different groups of users with different tastes and preferences. We will curate travel packages to appeal to families scouting for the best learning journeys and holiday fun. In particular, we are focusing on domestic travel packages for parents who want to educate and entertain their children.

“As for Indonesia, the largest country in Southeast Asia, we will focus on sharpening the content of our news and entertainment portal - Okezone.com. We will add more news and other online activities to target young and IT-savvy users. We are therefore optimistic of the growth potential of Okezone.com in Indonesia and we will intensify efforts to raise our advertising revenue going forward.”

About MNC Media Investment Ltd

Established in 1999, MNC Media Investment Ltd is a provider of rich and engaging services and content to a wide range of traditional and new media consumers and enterprises in Mainland China, Indonesia, Malaysia, Hong Kong and Singapore.

Its full array of services includes providing entertainment content to internet and mobile users, mobile game services, media content distribution and related services, operating online news and entertainment and parenting portals, and trading in quoted securities.

MNC Media Investment Ltd’s shares are listed on the Australian Stock Exchange and quoted on the OTC Markets Group’s OTC Pink. It is a subsidiary of PT Global Mediacom Tbk – which owns one of the largest and most integrated media groups in Southeast Asia.

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