

ASX Announcement

MCM Entertainment Group Limited (ASX: MEG) Announces Board Restructure

Appointment of Michael Gudinski & Philip Jacobsen as Directors

MCM Entertainment Group Limited (MEG) today announces the appointment of Michael Gudinski and Philip Jacobsen to the board as non-executive directors, with Mr Jacobsen appointed the Acting Chairman of the MEG Board.

Michael Gudinski is the Chairman of the Mushroom Group of Companies, and is widely recognised as one of the most important figures in the history of the Australian music and entertainment industry. Mr Gudinski was a director of the Company from December 2005 until March 2009.

Philip Jacobsen returns to the MEG board having previously served as an alternate director of the group between December 2007 and March 2009. A CPA and chartered secretary, Mr Jacobsen has been a long standing financial consultant to Mr Gudinski's Frontier Touring and Frontier Events companies.

Chief Executive Officer, MCM Entertainment Group, Simon Joyce, said "We are delighted Michael and Philip are joining our board, both of whom are well-acquainted with MEG and our operations. We are very much looking forward to what we know will be extremely valuable contributions from them both.

"Michael's knowledge and experience of the music and entertainment business is very significant for MEG, we will now benefit from his contribution and the financial and strategic planning skills that Philip Jacobsen also brings to the Board," Mr Joyce said.

Michael Gudinski said "MCM has been a pioneer in the new media space over the past few years. A prime example of this was the recent Gaga Live at Sydney Monster Hall whereby MCM working in conjunction with Southern Cross Austereo, Universal Music and Vodafone delivered an exclusive promotional event for Lady Gaga's new album 'Born This Way'. I am very excited to re-join the Board to bring new ideas to MEG so that they not only enhance growth but continue as a leader in the new media space".

Resignation of Directors

The Company today announced the resignation of Julien Playoust, Vincent Donato and Greg Smith as non-executive directors and the resignation of Michael Burgess as executive director. Mr Burgess will continue in the role of Chief Operating Officer.

Mr Playoust said: "The Board restructure is the result of discussions over recent weeks to align the Board and the business with a plan that meets the challenges of balancing MEG's old and new media businesses. The experienced executive management team led by Simon Joyce and the industry expertise brought to the table by Michael Gudinski and Philip Jacobsen form a great platform for MEG to continue to be a leading independent provider of digital media content, technology and services."

The board today paid tribute to Mr Playoust and his fellow outgoing directors.

Mr Joyce said: “We are very grateful to Julien for his contribution to the company during his tenure as Chairman. He has been instrumental in laying the foundations for MEG to grow the business and increase shareholder value and MEG’s strong July – September performance are a testament to his efforts.”

He added: “We also sincerely thank Vincent, Greg and Michael as Directors for their valued input to MEG and wish them all the very best in their future endeavours.”

The restructured board now comprises Group MD and CEO Simon Joyce, Non-Executive Directors Michael Gudinski and Philip Jacobsen (Acting Chairman) and Executive Director and company founder Tony McGinn. Mr McGinn continues in his Movideo CEO role as well as providing ongoing strategic support across the Group.

Q1 Business Performance & Plan

MCM Entertainment Group will today issue its September (Q1) quarterly update. Q1 results are highlighted by an improvement of 62% in revenue compared with the previous corresponding period.

- \$4.922 million revenue July – September 2010
- \$7.953 million revenue July – September 2011

As part of its ongoing cost control program for Movideo, MEG today announced that the China operation of the Movideo division would be closed immediately.

Mr Joyce said that this did not detract from the group’s commitment to Movideo in Australia and Asia Pacific. Movideo CEO, Mr Tony McGinn said “Movideo is committed to being a leading online video solution for media customers in Asia Pacific. To assist that goal Movideo is rationalising its investment in its dedicated sales operations in China to allow for focus on customer retention and acquisition across the rest of APAC. This will ensure Movideo continues to establish itself as a major player in the online video market”

MEG now strongly positioned for future growth

With a strong management team in place, the MEG business plan continues to focus on the core business of media, reduce expenditure whilst driving the competitive advantage of content, technology and design to deliver growth.

Commenting on today’s development’s at MEG, Mr Joyce said: “Every media business faces structural and strategic challenges at this time, as new technology, broadband growth and consumer behaviour combine to drive rapid change in how people engage with content.

“We are at front and centre of this change, with assets spread across traditional media and the new digital media, so balancing investment and focus across both of these is a challenge for us – although a challenge by no means unique to MEG.

“As a result, MEG is now in a stronger and clearer position to move forward on the next phase of its growth, to which the senior management team that has built MEG over the last decade is fully committed to delivering.”

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