

Group Update and Highlights

Senior Management has been focused on improving the year on year financial performance of MEG. To date, a material improvement has been made. Group Revenue is up 62% and as such MEG has recorded a profit for the September Quarter. The year on year improvement has been driven by an improvement in MCM Media revenue and a return to profit from Igloo.

Senior management is pleased that the year has started in a positive note.

It must be acknowledged that challenges remain. The volatile economic environment provides many issues, especially around forecasting, as such the focus of the Group remains on the following key areas:

1. Enhancing profitability
2. Prudent cost control
3. Capital needs and application

A breakdown of segment highlights as follows:

a. MCM Media

- Overall revenue up 61% on the prior corresponding period and better than forecast
- Improved revenue performance driven by:
 - i. Online revenue growth being 231% up on the September 2010 quarter and 11% on the June 2011 quarter
 - ii. TV revenue growth of 980% on the September 2010 quarter and 324% on the June 2011 quarter
- Forecast for December 2011 quarter is encouraging; however the March 2012 quarter is under scrutiny especially in light of the current economic environment and its effect on advertising
- Secured a 4 year deal with Southern Cross Austereo to roll-over current supply deal. The formal contract is currently being finalised.
- Completed three significant events for the quarter:
 - i. Lady Gaga Live at 'Monster Hall'
 - ii. Samsung Music Hub Launch
 - iii. Live Lounge Debit MasterCard
- Take 40 App released, now delivering over 1 million streams per month across 165,000 downloads
- Sam Thompson appointed to position of Group Content Director, responsible for bringing together all points of content creation for MCM Media

b. Igloo

- Igloo has returned to profit delivering positive results for both the June 2011 quarter and September 2011 quarter.
- Revenue up 78% on prior corresponding quarter, and 10% more than June 2011 quarter
- winecompanion.com.au launched and significant projects from clients such as Cricket Australia will be launched by November 2011.
- Igloo team continue to work to grow client base and provide consistent profitable performance.

c. Movideo

- 15 clients now secured across Asia Pacific region
- Delivering over 23.5 million streams per month across client base; this is up from 12 million streams this time last year
- New feature release achieved enhancing performance and also improving the (patented) real time business analytics tool.

MEG has established a unique selling proposition in the media space whereby we are able to create content, provide technology solutions and deliver high quality design. The intent of management is to use this unique position to work to enhance value for all our stakeholders.