



ASX ANNOUNCEMENT

For Immediate Release

08 February 2011

mcm entertainment group limited (ASX: MEG) profit guidance – 31 december 2010

The company announces that its Net Profit/Loss After Tax (NPAT) result to 31 December 2010 is expected to be a loss of approximately (\$785k). This is compared to a profit of \$590k in the corresponding six month period to 31 December 2009.

As advised in the September 2010 Quarterly Update and the Chairman's Presentation at the 2010 Annual General Meeting, MEG's planned investments in our growth businesses meant MEG would incur a loss for the first half of the 2011 FY. The loss is larger than expected due to softer than anticipated sales in MCM Media Pty Ltd and igloo Digital Pty Ltd.

The cost involved with the expansion of the movideo business plan into Asia was the material factor in contributing to the Group loss. It must be noted that to date both the Revenue and EBIT performance of movideo is ahead of key business plan targets.

The anticipated breakdown by business entity of the loss to 31 December 2010 is:

MCM Media Pty Ltd – Net Profit After Tax	\$415K
igloo Digital Pty Ltd – Net Loss After Tax	\$(370K)
movideo Pty Ltd – Net Loss After tax	\$(840K)

The January 2011 Group revenue results are at management expectations which are projected to be higher than achieved in January 2010. Group costs are higher than last year because of increased investment in MCM Media Pty Ltd and movideo Pty Ltd.

In line with its business plan to invest for growth, the Group will remain in loss for FY2011. At this time MEG cannot provide any firm guidance to the market on the expected quantum of financial year-end loss. Market dynamics are still short-term in nature and as such it is not prudent to estimate the result to 30 June 2010.

For further information:

Andrew Metcalfe
Company Secretary, mcm entertainment
T: 03 9820 3802
andrew@accosec.com