

MNC MEDIA INVESTMENT LTD

ARBN 164 134 472

Appendix 4E Preliminary Final Report (the "Report") For the Financial Year ended 31 December 2016

This information is provided to ASX under ASX Listing Rule 4.3A. The Report for MNC Media Investment Ltd ("MMIL," or the "Company"), a Cayman Islands corporation, through its subsidiaries and consolidated variable interest entities ("VIEs") (collectively referred to as the "Group") is in the process of being audited.

1. DETAILS OF REPORTING PERIOD

Current Reporting Period: 1 January 2016 to 31 December 2016 ("FY 2016")

Previous Reporting Period: 1 January 2015 to 31 December 2015 ("FY 2015")

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31-Dec-15 US\$'000	31-Dec-16 US\$'000	Change US\$'000	Change %
2.1 Revenues from continuing operations	68,583	57,969	(10,614)	-15%
2.2 Loss from ordinary activities after tax attributable to members	(10,051)	(1,506)	8,545	-85%
2.3 Net loss for the period attributable to members	(10,051)	(1,506)	8,545	-85%
2.4 Amount per security and franked amount per security of final and interim dividends	No dividend have been paid or proposed during the financial year			
2.5 Record date for determining entitlements to the dividends	Not applicable			

2.6 Explanation of the Results

Revenue for FY 2016 is US\$58 million or 15% lower than FY 2015 mainly due to lower sales from the Group's mobile games segment and Indonesia digital media and media content.

The Group recorded a net loss attributable to members of US\$1.5 million for FY 2016, compared to a net loss attributable to members of US\$10.1 million in FY 2015. The lower loss in FY 2016 is mainly due to gain from foreign exchange. The Group recorded foreign exchange gain of US\$1.3 million in FY 2016, compared to foreign exchange loss of US\$8.5 million in FY 2015.

Please refer to section 14 of this Report for further review and analysis of the Group's operation.

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3. **CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME/ (LOSS) – SEE ATTACHED**
4. **CONSOLIDATED BALANCE SHEETS – SEE ATTACHED**
5. **CONSOLIDATED STATEMENT OF CASH FLOWS – SEE ATTACHED**
6. **CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – SEE ATTACHED**

7. **DIVIDEND PAYMENTS**

No dividend was declared or paid during the financial year.

8. **DIVIDEND REINVESTMENT PLANS**

There is no dividend reinvestment plan.

9. **NET TANGIBLE ASSETS PER SECURITY**

	31-Dec-15	31-Dec-16
Net tangible assets per security (cents per share)	\$ 0.24	\$ 0.24

10. **GAIN OR LOSS OF CONTROL OVER ENTITIES**

There was no change in the controlled entities during the financial year.

11. **DETAILS OF ASSOCIATES AND JOINT VENTURES**

<u>Name of associate</u>	<u>Country of operations</u>	<u>% shareholding</u>	<u>Nature of business</u>
Yododo Inc	China	21.7%	E-marketplace for hostels and franchise of hostels

12. **OTHER SIGNIFICANT INFORMATION**

Not applicable.

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13. BASIS OF PRESENTATION

MMIL is a company incorporated in the Cayman Islands and this report meets requirements of the Cayman Islands regulations.

The consolidated financial statements of MMIL have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) interpretations. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and financial assets at fair value through profit or loss.

14. OPERATIONS AND FINANCIAL REVIEW

With the new strategic business direction, the Group's main business activities cover (i) developing mobile games in China; (ii) operating online news and parenting portal in Indonesia and China respectively; (iii) providing media content and event management services in Singapore, Malaysia, Hong Kong and Indonesia.

Group Financial Performance Review

The Group achieved a turnover of US\$58 million for FY2016, down 15% from US\$68.6 million for the previous corresponding period.

The decrease in sales was contributed by the Group's mobile games business in China and online news portal in Indonesia.

For the full year ended 31 December 2016, the Group's net loss before discontinued operations decreased to US\$2.8 million from US\$10.7 million in 2015.

The net loss was in FY2016 was cushioned by net foreign exchange gain of US\$1.3 million compared to net foreign loss of US\$8.5 million. This was mainly due to the appreciation of the Indonesian Rupiah against the US Dollar, resulting in net foreign exchange gain for the Group's quoted investments denominated in Indonesian Rupiah.

The Group's Net loss attributable to ordinary shareholders, decreased to US\$1.5 million (from US\$10.1 million in the previous financial year) due to higher loss on foreign exchange of US\$8.5 million recorded in FY 2015.

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Working Capital Position

The Group's financial position remains healthy.

Total current assets as at 31 December 2016 were US\$105.4 million, compared to US\$109.7 million as at 31 December 2015. The decrease was attributable to lower cash and cash equivalents, receivables, and due from related parties.

The net increase in cash and cash equivalents in FY2016 amounted to US\$2.5 million, mainly due to receipt from tax refund. The total short-term investment decreased to US\$83.7 million as at 31 December 2016 compared to US\$86.3 million as at 31 December 2015, due to revaluation of the equity investments held by the Group, and also usage of cash to fund operations.

Assets of discontinued operations as at 31 December 2016 was reduced by US\$0.3 million to US\$0.0 million mainly due to collections of Accounts Receivables of the discontinued business units.

Total current liabilities as at 31 December 2016 were US\$25.1 million, compared to US\$26.8 million as at 31 December 2015. The decrease was mainly due to lower account payables, accrued liabilities and other payables.

15. INFORMATION ON AUDIT OR REVIEW

The financial statements are in the process of being audited.

SIGNED:



BENNY LEE
GROUP FINANCIAL CONTROLLER
28 FEBRUARY 2017

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CONSOLIDATED BALANCE SHEETS (In U.S. dollars, except number of shares)

	Notes	31 December 2015	31 December 2016
Assets			
Current assets:			
Cash and cash equivalents	2	10,911,281	13,390,807
Short-term investments	3	86,310,705	83,692,241
Accounts receivable, net	4	5,170,183	2,851,995
Tax refund receivable		100,970	133,188
Due from related parties		2,187,505	704,688
Deposits and other current assets		4,709,346	4,590,722
Assets of discontinued operations	8	299,272	10,807
Total current assets		109,689,262	105,374,448
Non-current assets:			
Property and equipment, net		9,869,786	9,670,420
Intangible assets, net		5,760,785	5,278,818
Goodwill	5	15,000,580	15,000,580
Deferred tax assets		1,633,062	2,050,165
Investment in an associate		5,070,000	4,719,317
Other long-term assets		1,192,782	2,521,257
Total assets		148,216,257	144,615,005
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable, accrued liabilities and other payables	6	13,665,526	13,040,092
Due to related parties		2,362,710	3,528,580
Short-term loan	7	7,268,282	6,214,232
Taxes payable		1,614,889	1,428,980
Deferred revenue		1,032,742	893,278
Liabilities of discontinued operations	8	874,877	-
Total current liabilities		26,819,026	25,105,162
Non-current liabilities:			
Deferred tax liabilities		1,635,854	1,640,278
Other long-term liabilities		-	1,559,045
Total liabilities		28,454,880	28,304,485

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CONSOLIDATED BALANCE SHEETS (In U.S. dollars, except number of shares)

	Note	31 December 2015	31 December 2016
Shareholders' equity			
Ordinary shares (\$0.0001 par value; 500,000,000 shares authorised, 421,435,030 shares issued and 404,391,710 outstanding as of 31 December 2015 and 31 December 2016)		42,144	42,144
Other reserves		138,066,146	138,066,146
Treasury stock		(2,890,213)	(2,890,213)
Statutory reserves		3,315,918	3,315,918
Cumulative translation adjustments		11,745,648	11,411,651
Accumulated losses		(37,308,126)	(38,813,973)
Total shareholders' equity		112,971,517	111,131,673
Non-controlling interests		6,789,860	5,178,847
Total shareholders' equity		119,761,377	116,310,520
Total liabilities and shareholders' equity		148,216,257	144,615,005

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CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS) (In U.S. dollars, except number of shares)

	Note	For the year ended 31 December	
		2015	2016
Gross Revenue		68,583,258	57,968,543
Cost of revenue		(52,551,305)	(44,847,751)
Gross profit		16,031,953	13,120,792
Operating expenses:			
Product development		(7,964,943)	(6,667,019)
Selling and marketing		(4,608,357)	(4,871,558)
General and administrative		(11,364,850)	(10,732,064)
Total operating expenses		(23,938,150)	(22,270,641)
Other operating income	9	6,381,340	5,028,243
Operating (loss)/income		(1,524,857)	(4,121,606)
Finance income		818,965	451,144
Finance costs		(234,773)	(367,275)
Gain/(loss) on foreign exchange - net		(8,492,062)	1,331,314
Other gain/(loss), net of other expenses		(673,528)	316,099
Income from continuing operations before income tax		(10,106,255)	(2,390,324)
Income tax benefit/(expense)		(448,333)	(35,452)
Net loss from continuing operations		(10,554,588)	(2,425,776)
Share of loss of associate company		(184,930)	(350,683)
Gain/(loss) for the period from discontinued operations	8	164,053	(17,205)
Net loss for the period		(10,575,465)	(2,793,664)
Net loss attributable to non-controlling interests		524,769	1,287,817
Net loss attributable to ordinary shareholders of the Company		(10,050,696)	(1,505,847)

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CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS) (In U.S. dollars, except number of shares)

	Note	For the year ended 31 December	
		2015	2016
Profit per share from continuing			
Basic profit per ordinary share:			
Net profit		(0.0253)	(0.0037)
Diluted profit per ordinary share:			
Net profit		(0.0253)	(0.0037)
Loss per share from discontinued operations:			
Basic Loss per ordinary share:			
Net loss		0.0004	(0.0000)
Diluted Loss per ordinary share:			
Net loss		0.0004	(0.0000)
Weighted-average number of ordinary shares:			
Basic		404,391,710	404,391,710
Diluted		404,391,710	404,391,710

	Note	For the year ended 31 December	
		2015	2016
Comprehensive (loss)/income			
Net (loss)/income for the period		(10,575,465)	(2,793,664)
Foreign currency translation adjustments		(567,249)	(657,193)
Comprehensive (loss)/ income, net of tax		(11,142,714)	(3,450,857)
Attributable to:			
Comprehensive income attributable to non-controlling interests, net of tax		748,276	1,611,013
Comprehensive (loss)/ income attributable to ordinary shareholders of the Company, net of tax		(10,394,438)	(1,839,844)

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CONSOLIDATED STATEMENT OF CASH FLOWS (In U.S. dollars)

	For the year ended 31 December	
	2015	2016
Cash flow from operating activities		
(Loss)/Gain Profit from continuing operations before income tax	(10,106,255)	(2,776,459)
(Loss)/Gain from discontinued operations before income tax	163,018	(17,205)
	(9,943,237)	(2,793,664)
Adjustment to reconcile net income/(loss) to net cash provided by operating activities :		
Depreciation	685,101	503,448
Amortization of intangible assets and impairment charge	371,157	481,968
Provision for doubtful debts	861,530	130,298
Unrealised gain on quoted securities	(5,952,113)	(4,776,537)
Loss on disposal of property and equipment	340,515	-
Dividend income	(429,227)	(251,706)
Share of loss of associated company	(184,930)	350,683
Interest expense	234,773	(367,275)
Interest income	(818,965)	451,144
Net foreign exchange differences	7,907,412	(1,199,273)
	3,015,253	(4,677,250)
Change in assets and liabilities		
Decrease / (increase) in account receivables	(25,149)	4,012,773
(Increase) / decrease in short term investments	4,103,253	9,061,536
Increase in investment in associate company	(5,070,000)	-
(Increase) / decrease in other assets	(364,016)	479,624
Increase in account payable, accrued liabilities and other payables	1,605,761	(469,677)
Interest received	854,907	(451,144)
Interest paid	(234,773)	367,275
Income taxes receivable/ (paid)	(321,956)	(559,600)
Dividend received	429,227	251,706
Net cash generated (used in)/ from operating activities	(5,950,730)	5,221,579
Cash flow from investing activities :		
Purchase of property, plant and equipment	(1,205,057)	(931,278)
Addition of long term investment	-	(1,808,098)
Net cash used in investing activities	(1,205,057)	(2,739,376)
Cash flow from financing activities :		
Repayment of bank loans	(615,358)	(738,197)
Proceeds from other long-term liabilities	-	1,559,045
Net cash from/(used in) financing activities	(615,358)	820,848
Effect of currency translation on cash and cash equivalents	(541,889)	(823,525)
Net(decrease)/increase in cash and cash equivalents	(8,313,034)	2,479,526
Cash and cash equivalents at beginning of period	19,224,315	10,911,281
Cash and cash equivalents at end of period	10,911,281	13,390,807

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MNC MEDIA INVESTMENT LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (In U.S. dollars, except share data)

	Ordinary Shares Shares amount US\$	Additional Paid in capital	Treasury stock US\$	Statutory reserves US\$	Cumulative translation adjustments US\$	Retained earnings / (Accumulated losses) US\$	Non- controlling interests US\$	Total shareholders equity US\$
Balance as of 1 January 2015	404,391,710	42,144	138,066,146	(2,890,213)	3,315,918	12,089,390	7,538,136	130,904,091
Loss for the year	-	-	-	-	-	(27,257,430) (10,050,696)	(524,769)	(10,575,465)
Other comprehensive income:								
Foreign currency translation adjustments	-	-	-	-	(343,742)	-	(223,507)	(567,249)
Total comprehensive income for the year	-	-	-	-	-	(343,742)	(748,276)	(11,142,714)
Balance as of December 31, 2015	404,391,710	42,144	138,066,146	(2,890,213)	3,315,918	11,745,648	6,789,860	119,761,377

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MNC MEDIA INVESTMENT LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (In U.S. dollars, except share data)

	Ordinary Shares Shares amount US\$	Additional Paid in capital US\$	Treasury stock US\$	Statutory reserves US\$	Cumulative translation adjustments US\$	Retained earnings / (Accumulated losses) US\$	Non- controlling interests US\$	Total shareholders equity US\$
Balance as of 1 January 2016	404,391,710	42,144	138,066,146	(2,890,213)	3,315,918	11,745,648	6,789,860	119,761,377
(Loss)/income for the period	-	-	-	-	-	(1,505,847)	(1,287,817)	(2,793,664)
Other comprehensive income:								
Foreign currency translation adjustments	-	-	-	-	-	(333,997)	(323,196)	(657,193)
Total comprehensive income for the year	-	-	-	-	-	(1,505,847)	(1,611,013)	(3,450,857)
Balance as of 31 December 2016	404,391,710	42,144	138,066,146	(2,890,213)	3,315,918	11,411,651	5,178,847	116,310,520

MNC MEDIA INVESTMENT LTD

(formerly known as Linktone Ltd)

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NOTES TO THE FINANCIAL STATEMENTS

1. DOMICILE AND ACTIVITIES OF THE COMPANY

MMIL, a Cayman Islands corporation, and the Group conducts a variety of businesses.

The principal activities of the Group include:

- providing mobile game services in China;
- providing telecommunication value-added services ("VAS") in Indonesia;
- providing media content and audio distribution and related services in Singapore, Malaysia, Hong Kong and Indonesia;
- operating online news and entertainment and parenting portals in Indonesia and China respectively; and
- trading in quoted securities.

As of 31 December 2016 MMIL is 83.2% owned by PT. Global Mediacom Tbk, an Indonesian corporation ("GMC").

2. Cash and cash equivalents

	31 December 2015 US\$	31 December 2016 US\$
Cash	4,911,270	10,336,100
Time deposits with tenor < 90 days	6,000,011	3,054,707
Total	<u>10,911,281</u>	<u>13,390,807</u>

Interest income earned from the above cash and cash equivalents amounted to US\$0.5 million and US\$0.2 for the years ended 31 December 2015 and 2016, respectively.

3. Short-term investments

	31 December 2015 US\$	31 December 2016 US\$
Quoted securities, at market value	73,025,634	79,747,922
Time deposits with tenor > 90 days	13,285,071	3,944,319
Total	<u>86,310,705</u>	<u>83,692,241</u>

Unrealized gain of US\$6 million and US\$4.5 million was recorded on the marked-to-market valuation of these held-for-trading quoted investment for the years ended 31 December 2015 and 2016, respectively. Such amounts were recorded in Other Operating Income (See Note 9).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Short-term investments (Continued)

As of 31 December 2015 and 2016, all time deposits have original maturity terms more than three months and are due within one year.

Interest income earned from the time deposits amounted to US\$0.3 million and US\$0.3 million for the years ended 31 December 2015 and 2016, respectively.

4. Accounts receivable, net

	31 December 2015 US\$	31 December 2016 US\$
Accounts receivable	7,569,347	5,280,890
Less: Allowance for doubtful receivables	<u>(2,399,164)</u>	<u>(2,428,895)</u>
	<u>5,170,183</u>	<u>2,851,995</u>

Movement in allowance for doubtful receivables:

Balance at beginning of period	(2,284,295)	(2,399,164)
Write-off against provision	-	8,068
Write back of provision	28,696	9,575
Additional provision	(156,454)	(147,942)
Translation difference	12,889	100,567
Balance at the end of period	<u>(2,399,164)</u>	<u>(2,428,895)</u>

5. Goodwill

The following table summarizes the activity in the balance of goodwill during the period ended 31 December 2015 and 31 December 2016 by reporting unit:

	2015 and 2016		
	Mobile games US\$	Media US\$	Total US\$

Balance at 31 December 2015 and 31 December 2016	5,310,843	9,689,737	<u>15,000,580</u>
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Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the recognised amount of any non-controlling interest in the acquiree entity and the fair value of any previous equity interest in the acquiree entity over the fair value of

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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5. Goodwill (Continued)

the net identifiable assets acquired, including contingent liabilities, at the acquisition date. Goodwill on acquisition of subsidiaries is subject to annual impairment test or is more frequently tested for impairment if events or changes in circumstances indicate that it might be impaired.

Based on the annual impairment tests as of 31 December 2016, the reporting units of Mobile game and Indonesia Digital Media had fair values higher than their carrying value, hence management did not recognise any impairment expense on these 2 reporting units during the financial year ended 31 December 2016.

6. Accounts payable, accrued liabilities and other payables

	31 December 2015 US\$	31 December 2016 US\$
Accounts payable	2,977,754	2,516,885
Accrued payroll and welfare benefits	4,937,138	1,083,935
Accrued professional and consulting fees	165,771	120,105
Accrued VAS content fees	2,238,637	947,148
Accrued expenses	1,559,344	2,586,711
Other payables	1,786,882	5,785,308
Total	<u>13,665,526</u>	<u>13,040,092</u>

7. Short-term loans

	31 December 2015 US\$	31 December 2016 US\$
Bank overdrafts	1,293,883	850,539
Revolving term loans	5,674,624	5,363,693
Term loan, current portion	-	-
Loan from related party	299,775	-
	<u>7,268,282</u>	<u>6,214,232</u>

The Company's subsidiary in Singapore, InnoForm has US\$6.9 million (SGD10.0 million) credit facilities from a bank in Singapore. The facilities are secured by a corporate guarantee from PT. Media Nusantara Citra Tbk ("MNC"), an affiliated company of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Short-term loans (Continued)

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7. Short-term loans (Continued)

The details of bank and other loan facilities utilized are as follow:

As of 31 December 2015 and 31 December 2016 InnoForm has utilized US\$1.3 million (SGD 1.8 million) and US\$0.9 million (SGD 1.3 million) of the overdraft facility, respectively.

As of 31 December 2015 and 31 December 2016, InnoForm has utilized revolving term loans facility of US\$5.7 million (SGD 7.95 million) and US\$5.4 million (SGD 7.75 million) respectively. The revolving loans are of three-months and six-months tenor. Interest rates are by quotation from the bank payable quarterly in arrears. The effective interest rate was 4.2% and 5.3% per annum for the years ended 31 December 2015 and 2016, respectively.

PT Linktone obtained a loan of US\$0.3 million (IDR 5.0 billion) from PT. Media Nusantara Citra Tbk. at interest rate of 8% per annum and repayable on demand. The loan was obtained in 2013 and has fully paid in 2016.

8. Discontinued operations

The assets and liabilities related to the 2 product lines of DVD and PC games division of the Group are classified as discontinued operations on the statement of financial position, and the results are presented separately on the consolidated statement of comprehensive income. The Group ceased DVD and PC games product lines in FY 2014.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Discontinued operations (Continued)

The results of the discontinued operations are as follows:

	For the year ended December 31	
	2015 US\$	2016 US\$
Revenue	1,373,569	-
Cost of revenue	(459,347)	-
Gross profit	914,222	-
Total operating expenses	(742,533)	(17,367)
Operating loss	171,689	(17,367)
Interest income/(expense), net of financial expenses from non-related parties	(107,613)	162
(Loss)/gain on foreign exchange - net	(454,978)	-
Other income, net of other expenses	553,920	-
(Loss)/Income from discontinued operations before income tax	163,018	(17,205)
Income tax(expense)/ benefit	1,035	-
Net loss	164,053	(17,205)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Discontinued operations (Continued)

The impact of the discontinued operations on the Statement of Financial Position of the Group is as follows:

	For the year ended December 31	
	2015	2016
	US\$	US\$
Cash and cash equivalents	-	4,356
Accounts receivable, net	159,076	685
Tax refund receivable	74,961	-
Deposits and other current assets	65,235	183
	<u>299,272</u>	<u>5,224</u>
Property and equipment, net	-	5,583
	<u>-</u>	<u>5,583</u>
Total Assets	<u>299,272</u>	<u>10,807</u>
Accounts payable, accrued liabilities and other payables	871,122	-
Deferred tax liabilities	3,755	-
Total Liabilities	<u>874,877</u>	<u>-</u>

9. Other operating income/(loss)

	31 December	31 December
	2015	2016
	US\$	US\$
Unrealised gain on Investment in Marketable Securities	5,952,113	4,776,537
Dividend income	429,227	251,706
	<u>6,381,340</u>	<u>5,028,243</u>