

MNC MEDIA INVESTMENT LTD AND ITS SUBSIDIARIES
HALF YEAR FINANCIAL STATEMENTS
FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2016

APPENDIX 4D - HALF-YEAR REPORT FOR THE SIX – MONTH PERIOD ENDED 30 JUNE 2016

Name of Entity	MNC MEDIA INVESTMENT LTD
A.R.B.N	164 134 472
Half-Year Ended	30 June 2016
Reporting Period	1 January 2016 to 30 June 2016
Previous Period	1 January 2015 to 30 June 2015

Results for announcement to the market

	30 June 2016 \$'000	30 June 2015 \$'000	Change \$'000	Change %
2.1 Revenues from ordinary activities	28,902	42,382	(13,480)	(32)
2.2 Loss from ordinary activities after tax attributable to members	2,687	(210)	2,896	1,377
2.3 Net loss for the period attributable to members	2,687	(210)	2,896	1,377
2.4 Interim dividends	30 June 2016		30 June 2015	
	Amount per security	Imputed amount per security	Amount per security	Imputed amount per security
	No dividend declared for half year		No dividend declared for half year	

2.5 Record date for determining entitlements to and the date for payments of the dividends (if any)
Not applicable.

2.6 Explanation of 2.1 to 2.4

Revenue for six - month period ended 30 June 2016 is \$13.5 million lower than the corresponding period last year mainly due to lower revenue from mobile games offset by higher revenue from our parenting portal, Fumubang, in China.

The Company recorded net gain of \$2.7 million for the six - month period ended 30 June 2016, compared to US\$0.2 million loss for the corresponding period last year; the difference is mainly attributable to unrealized investment gains of \$3.5 million and a unrealized foreign exchange gain of \$3.5 million from changes in the fair value of the marketable securities and appreciation of the Indonesian Rupiah ("IDR") against the United States dollar ("USD" or "\$") recognised in the six - month period ended 30 June 2016. This is offset by losses from our mobile games business in China, due to lower revenue.

3.0 Net Tangible Assets per security

	30 June 2016	31 December 2015
NTA (US\$ per share)	0.25	0.24
Number of shares	404,391,710	404,391,710

4.0 Entities over which control has been gained or lost
Not applicable.

5.0 Individual and total dividends
Not applicable.

6.0 Dividend or dividend reinvestment plans
Not applicable.

7.0 Associates and joint venture entities

In April 2015, the Group acquired a 21.7% stake in Yododo Inc ("YDD") for a consideration of \$5.07 million. The Group equity accounted for the loss of YDD for the six – month period ended 30 June 2016 and 2015 of \$178,180 and \$43,303 respectively.

8.0 Foreign Entities

The interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

9.0 Audit dispute or qualification

The interim financial information for the six - month period ended 30 June 2016 presented has been reviewed and are not subject to any audit dispute or qualification.

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION
MNC MEDIA INVESTMENT LTD AND ITS SUBSIDIARIES**

Introduction

We have reviewed the accompanying condensed interim financial information of MNC Media Investment Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the unaudited consolidated statement of financial position of the Group as at 30 June 2016, the unaudited consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows of the Group for the period from 1 January 2016 to 30 June 2016, and notes to unaudited consolidated financial statements. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards ("IFRS"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", which applies to a review of historical financial information performed by the independent auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes to believe that the accompanying condensed interim financial information does not give a true and fair view of the consolidated statement of financial position of the Group as at 30 June 2016, and of the Group's financial performance, changes in shareholders' equity and its cash flows for the period from 1 January 2016 to 30 June 2016 in accordance with IFRS.



Ruihua Certified Public Accountants LLP

China

30 August 2016

The Board of Directors of MNC Media Investment Ltd (the “Company”) and its subsidiaries (the “Group”) have the pleasure in submitting its report in respect of the six - month period ended 30 June 2016.

DIRECTORS

The directors of the Company in office during the whole of the six - month period ended 30 June 2016 and up to the date of this report, unless otherwise indicated, are:

Executive

Hary Tanoesoedibjo
Tan Peck Joo

Non Executive

David Fernando Audy
Billy Hsieh

PRINCIPAL ACTIVITIES

The principal activities of the Group include:

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

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE
INCOME/(LOSS)**

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

	Note	For the six - month period ended	
		30 June 2016	30 June 2015
Revenue		28,902,041	42,381,627
Cost of revenue		<u>(22,579,150)</u>	<u>(31,653,281)</u>
Gross profit		6,322,891	10,728,346
Operating expenses:			
Product development		(3,544,626)	(4,494,993)
Selling and marketing		(2,578,584)	(1,717,688)
General and administrative		<u>(5,792,724)</u>	<u>(5,990,507)</u>
Total operating expenses		(11,915,934)	(12,203,188)
Other operating income	9	<u>3,521,010</u>	<u>8,245,978</u>
Operating (loss)/income		(2,072,033)	6,771,136
Finance income (net)		69,640	517,033
Gain/(loss) on foreign exchange - net		3,495,119	(5,527,136)
Other gain/(loss), net of other expenses		475,195	(17,391)
Share of loss of associate		<u>(178,180)</u>	<u>(43,403)</u>
Income from continuing operations before income tax		1,789,741	1,700,239
Income tax expense		<u>(31,306)</u>	<u>(486,190)</u>
Net profit from continuing operations		1,758,435	1,214,049
Loss for the period from discontinued operations	10	<u>(9,931)</u>	<u>(456,677)</u>
Net income for the period		1,748,504	757,372
Net loss/(income) attributable to non-controlling interests		<u>938,502</u>	<u>(967,645)</u>
Net income/(loss) attributable to ordinary shareholders of the Company		<u>2,687,006</u>	<u>(210,273)</u>
Profit per share from continuing operations attributable to the shareholders of the company:			
Basic profit per ordinary share:			
Net profit		<u>0.00667</u>	<u>0.00061</u>
Diluted profit per ordinary share:			
Net profit		<u>0.00667</u>	<u>0.00061</u>
Loss per share from discontinued operations:			
Basic Loss per ordinary share:			
Net loss		<u>(0.0000)</u>	<u>(0.0011)</u>
Diluted Loss per ordinary share:			
Net loss		<u>(0.0000)</u>	<u>(0.0011)</u>
Weighted-average number of ordinary shares:			
Basic		404,391,710	404,391,710
Diluted		<u>404,432,450</u>	<u>404,432,450</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE
INCOME/(LOSS)**

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

	<u>Note</u>	For the six - month period ended	
		30 June 2016	30 June 2015
Comprehensive income/(loss)			
Net income for the period		1,748,504	757,372
Foreign currency translation adjustments		<u>(674,923)</u>	<u>214,689</u>
Comprehensive income, net of tax		1,073,581	972,061
Comprehensive income/(loss) attributable to non-controlling interests, net of tax		<u>938,027</u>	<u>(1,030,133)</u>
Comprehensive income/(loss) attributable to ordinary shareholders of the Company, net of tax		<u><u>2,011,608</u></u>	<u><u>(58,072)</u></u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Notes	30 June 2016	31 December 2015
Assets			
Current assets:			
Cash and cash equivalents	2	8,691,119	10,911,281
Short-term investments	3	92,413,520	86,310,705
Accounts receivable, net	4	3,750,880	5,170,183
Tax refund receivable		160,609	100,970
Due from related parties	7	1,846,059	2,187,505
Deposits and other current assets		5,159,853	4,709,346
Assets of discontinued operations	10	14,052	299,272
Total current assets		<u>112,036,092</u>	<u>109,689,262</u>
Non-current assets:			
Property and equipment, net	5	9,973,443	9,869,786
Investment in an associate		4,891,820	5,070,000
Intangible assets, net		5,420,072	5,760,785
Goodwill		15,000,580	15,000,580
Deferred tax assets		2,115,811	1,633,062
Other long-term assets		1,114,276	1,192,782
Total non-current assets		<u>38,516,002</u>	<u>38,526,995</u>
Total assets		<u>150,552,094</u>	<u>148,216,257</u>
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable, accrued liabilities and other			
Payables	6	15,261,289	13,665,526
Due to related parties	7	2,747,424	2,362,710
Loans and borrowings		7,823,690	7,268,282
Taxes payable		1,564,481	1,614,889
Deferred revenue		627,594	1,032,742
Liabilities of discontinued operations	10	-	874,877
Total current liabilities		<u>28,024,478</u>	<u>26,819,026</u>
Non-current liabilities:			
Deferred tax liabilities		1,692,658	1,635,854
Total non-current liabilities		<u>1,692,658</u>	<u>1,635,854</u>
Total liabilities		<u>29,717,136</u>	<u>28,454,880</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	30 June 2016	31 December 2015
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 30 June 2016 and 31 December 2015)		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		11,070,250	11,745,648
Accumulated losses		(34,621,120)	(37,308,126)
Total shareholders' equity		<u>114,983,125</u>	<u>112,971,517</u>
Non-controlling interests		5,851,833	6,789,860
Total shareholders' equity		<u>120,834,958</u>	<u>119,761,377</u>
Total liabilities and shareholders' equity		<u>150,552,094</u>	<u>148,216,257</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In U.S. dollars, except share data)

Attributable to shareholders of the Company

	Ordinary shares Shares	Ordinary shares amount \$	Additional Paid-in \$	Treasury stock \$	Statutory reserves \$	Cumulative translation adjustments \$	Accumulated Losses \$	Non- controlling interest \$	Total shareholders' equity \$
Balance as of 1 January 2016	404,391,710	42,144	138,066,146	(2,890,213)	3,315,918	11,745,648	(37,308,126)	6,789,860	119,761,377
Income/(loss) for the year	-	-	-	-	-	-	2,687,006	(938,502)	1,748,504
Other comprehensive income:									
Foreign currency Translation adjustment	-	-	-	-	-	(675,398)	-	475	(674,923)
Total comprehensive income for the year	-	-	-	-	-	(675,398)	2,687,006	(938,027)	1,073,581
Balance as of 30 June 2016	404,391,710	42,144	138,066,146	(2,890,213)	3,315,918	11,070,250	(34,621,120)	5,851,833	120,834,958

The accompanying notes are an integral part of these unaudited consolidated financial statements.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In U.S. dollars, except share data)

Attributable to shareholders of the Company

	Ordinary shares	amount	Additional Paid-in	Treasury stock	Statutory reserves	Cumulative translation adjustments	Accumulated Losses	Non-controlling interest	Total shareholders' equity
		\$	\$	\$	\$	\$	\$	\$	\$
Balance as of 1 January 2015	404,391,710	42,144	138,066,146	(2,890,213)	3,315,918	12,089,390	(27,257,430)	7,538,136	130,904,091
Loss for the year	-	-	-	-	-	-	(10,050,696)	(524,769)	(10,575,465)
Other comprehensive income:									
Foreign currency Translation adjustment	-	-	-	-	-	(343,742)	-	(223,507)	(567,249)
Total comprehensive loss for the year	-	-	-	-	-	(343,742)	(10,050,696)	(748,276)	(11,142,714)
Balance as of 31 December 2015	404,391,710	42,144	138,066,146	(2,890,213)	3,315,918	11,745,648	(37,308,126)	6,789,860	119,761,377

The accompanying notes are an integral part of these unaudited consolidated financial statements.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars)

	For the six - month period ended 30 June	
	2016	2015
Cash flow from operating activities		
Profit from continuing operations before income tax	1,758,435	1,700,239
Loss from discontinued operations before income tax	(9,931)	(456,677)
	1,748,504	1,243,562
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	361,512	321,457
Amortization of intangible assets and impairment charge	340,713	185,578
Provision for doubtful debts	-	391,539
Unrealised gain on quoted securities	(3,521,010)	(7,764,253)
Loss on disposal of property and equipment	-	1,505
Dividend income	(251,706)	(481,725)
Share of loss of associated company	178,180	43,503
Interest expense	247,339	179,219
Interest income	(177,699)	(553,583)
Net foreign exchange differences	(3,995,452)	5,565,428
	(6,818,123)	(2,111,332)
Changes in assets and liabilities:		
Decrease/(increase) in accounts receivables	1,533,677	(1,992,431)
Decrease in short-term investments	813,216	8,696,617
Increase in investment in associate company	-	(5,070,000)
Equity investment to other comprehensive income	-	(307,592)
Decrease in other assets	78,507	345,091
Increase in accounts payable, accrued liabilities and other payables	704,680	180,805
Interest received	177,699	553,583
Interest paid	(247,339)	(179,219)
Income taxes paid	(464,786)	(263,438)
Dividend received	251,706	481,725
	(2,222,259)	1,577,371
Net cash (used in) generated from operating activities	(2,222,259)	1,577,371
Cash flow from investing activities:		
Purchase of property, plant and equipment	(150,763)	(781,876)
Net cash used in investing activities	(150,763)	(781,876)
Cash flow from financing activities:		
Proceeds from bank borrowings	251,957	-
Repayment of bank loans	-	(225,491)
Net cash generated from (used in) financing activities	251,957	(225,491)
Effect of currency translation on cash and cash equivalents	(99,097)	53,897
Net (decrease)/increase in cash and cash equivalents	(2,220,162)	623,901
Cash and cash equivalents at beginning of period	10,911,281	19,224,315
Cash and cash equivalents at end of period	8,691,119	19,848,216

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

1. BASIS OF PRESENTATION OF HALF-YEAR FINANCIAL STATEMENTS

MNC Media Investment Ltd is a company incorporated in the Cayman Islands and this report meets requirements of the Cayman Islands regulations.

The accompanying consolidated financial statements for the interim half-year reporting period ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by MNC Media Investment Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The principal accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

2. CASH AND CASH EQUIVALENTS

	30 June 2016 \$	31 December 2015 \$
Cash	4,218,889	4,911,270
Time deposits with tenor < 90 days	<u>4,472,230</u>	<u>6,000,011</u>
Total	<u>8,691,119</u>	<u>10,911,281</u>

Interest income earned from the above cash and cash equivalents amounted to \$167,014 and \$235,187 for the six - month period ended 30 June 2016 and 2015, respectively.

3. SHORT-TERM INVESTMENTS

	30 June 2016 \$	31 December 2015 \$
Quoted securities, at market value	79,944,125	73,025,634
Time deposits with tenor > 90 days	<u>12,469,395</u>	<u>13,285,071</u>
Total	<u>92,413,520</u>	<u>86,310,705</u>

Net unrealized gain of \$3.5 million and \$7.8 million for the periods ended 30 June 2016 and 2015, respectively was recorded on the marked-to-market valuation of these held-for-trading quoted investment. Such amounts were recorded in other operating income.

Net unrealised foreign exchange difference on short-term investments amounted to gain \$3.4 million and a loss of \$5.2 million as at 30 June 2016 and 2015, respectively.

As of 30 June 2016 and 31 December 2015, all time deposits have original maturity terms more than three months and are due within one year.

4. ACCOUNTS RECEIVABLES, NET

	30 June 2016 \$	31 December 2015 \$
Accounts receivable	6,256,740	7,569,347
Less: Allowance for doubtful receivables	<u>(2,505,860)</u>	<u>(2,399,164)</u>
	<u>3,750,880</u>	<u>5,170,183</u>
Movement in allowance for doubtful receivables:		
Balance at beginning of period	(2,399,164)	(2,186,156)
Write back of provision	4,189	28,696
Additional provision	(160,291)	(156,454)
Translation difference	49,406	(85,250)
Balance at the end of period	<u>(2,505,860)</u>	<u>(2,399,164)</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

5. PROPERTY AND EQUIPMENT

Cost or valuation	<u>Buildings</u>	<u>Computer hardware and other equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Motor vehicles</u>	<u>Total</u>
Balance at 1 January 2016	9,320,124	5,179,959	1,026,894	970,164	49,921	16,547,062
Additions	-	124,945	2,633	-	23,185	150,763
Exchange translation differences	554,417	171,703	(27,871)	39,087	41,355	778,691
Disposals	-	(189,431)	(2,955)	-	-	(192,386)
Balance at 30 June 2016	<u>9,874,541</u>	<u>5,287,176</u>	<u>998,701</u>	<u>1,009,251</u>	<u>114,461</u>	<u>17,284,130</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

5. PROPERTY AND EQUIPMENT (Continued)

	<u>Buildings</u>	<u>Computer hardware and other equipment</u>	<u>Office Equipment</u>	<u>Leasehold improvements</u>	<u>Motor vehicles</u>	<u>Total</u>
Accumulated depreciation						
Balance at 1 January 2016	(1,149,349)	(3,610,782)	(906,414)	(970,164)	(40,567)	(6,677,276)
Depreciation	(85,610)	(267,593)	(3,652)	-	(4,657)	(361,512)
Exchange translation differences	(206,141)	(170,491)	26,316	(39,087)	(64,647)	(454,050)
Disposals	-	180,669	1,482	-	-	182,151
Balance at 30 June 2016	<u>(1,441,100)</u>	<u>(3,868,197)</u>	<u>(882,268)</u>	<u>(1,009,251)</u>	<u>(109,871)</u>	<u>(7,310,687)</u>
Net carrying amounts						
Balance at 31 December 2015	<u>8,170,775</u>	<u>1,569,177</u>	<u>120,480</u>	<u>-</u>	<u>9,354</u>	<u>9,869,786</u>
Balance at 30 June 2016	<u>8,433,441</u>	<u>1,418,979</u>	<u>116,433</u>	<u>-</u>	<u>4,590</u>	<u>9,973,443</u>

The Group incurred loss of \$310 and gain \$1,505 from disposal of property and equipment during the six - month period ended 30 June 2016 and 2015, respectively.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

6. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND OTHER PAYABLES

	30 June 2016 \$	31 December 2015 \$
Accounts payable	2,377,789	2,977,754
Accrued payroll and welfare benefits	6,104,343	4,937,138
Accrued professional and consulting fees	94,125	165,771
Accrued VAS content fees	1,569,948	2,238,637
Accrued expenses	4,785,355	1,559,344
Other payables	329,729	1,786,882
Total	<u>15,261,289</u>	<u>13,665,526</u>

7. RELATED PARTY TRANSACTIONS

Due from/(to) related parties include:

	30 June 2016 \$	As of 31 December 2015 \$
Due from related parties	<u>1,846,059</u>	<u>2,187,505</u>
Due to related parties	<u>(2,747,424)</u>	<u>(2,362,710)</u>

The Group and the following entities are under the common control:

- 1) Infokom
- 2) PT Rajawali Citra Televisi Indonesia ("RCTI")
- 3) Global TV
- 4) Sky Vision
- 5) PT Cipta Televisi Pendidikan Indonesia ("MNC TV")
- 6) PT Media Nusantara Citra Tbk ("MNC")

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

7. RELATED PARTY TRANSACTIONS (Continued)

- (i) In October 2009, PT Linktone entered into cooperation agreements with Infokom. Infokom is an Indonesia corporation and a subsidiary of PT Global Mediacom Tbk (“GMC”). Pursuant to this agreements, PT Linktone operated its VAS business in Indonesia through the VAS access numbers owned by Infokom.

For the six – month period ended 30 June 2016 and 2015, total revenue generated from the use of short codes owned by Infokom was \$0.03 million and \$0.1 million respectively. As of 30 June 2016 and 31 December 2015, amounts due from Infokom were \$100,398 and \$444,701.

- (ii) Short-term investments

In 2013, the Group purchased 140 million shares of PT MNC Land TBK, a related party of the Group. Net unrealized gain of \$3.5 million and \$7.8 million on the market-to-market valuation of these quoted investments were recorded as other operating income for the six - month period ended 30 June 2016 and 2015, respectively.

- (iii) Credit facility

In October 2010 and May 2011, a bank in Singapore extended a credit facility to the Group’s subsidiary, MNC InnoForm Pte Ltd (formerly known as Innoform Media Pte Ltd), with a total facility limit of \$7.4 million (S\$10 million) and a sub-limit of \$2.2 million (S\$3 million) for overdraft facility. The facilities are secured by a corporate guarantee from GMC. As of 30 June 2016 and 31 December 2015, the Group utilized \$7.3 million and \$7.0 million, respectively, of the credit facility on bank overdraft and revolving loans.

- (iv) Distribution of MNC content

In January 2012, Innoform International Ltd (“IIL”) entered into a distributorship agreement with MNC International Ltd (“MIL”) whereby MIL agreed to appoint IIL to be its non-exclusive distributor to distribute and market certain television programs and channels outside of Indonesia. MIL is an indirect subsidiary of GMC. As compensation, IIL is entitled to any income generated from the distribution of such programs and channels after paying certain fixed fees to MIL. For the six - month ended 30 June 2016 and 2015, IIL generated \$1.09 million and \$1.08 million in revenues from this distributorship agreement. As of 30 June 2016 and 31 December 2015, amount payable to MIL was \$1.47 million and \$1.5 million, respectively.

- (v) Loan from related party

In 2012, PT Linktone obtained a loan of \$0.5 million (IDR 5.0 billion) from MNC at interest rate of 8% per annum. As of 30 June 2016, this loan of \$0.4 million (IDR 5.0 billion) is still outstanding.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

8. SEGMENT INFORMATION

As at 30 June 2016 and 31 December 2015 and for the six - month period ended 30 June 2016 and 2015, the Group operates in four business segments - China VAS, mobile game; Indonesia Digital Media; Media content; and Investment, based on the different product operating segments. Pursuant to IFRS 8, the Group presents summarised statement of operations and net assets information by segment below, as used by the Group's chief operating decision maker ("CODM").

Statement of Operations Information:

	30 June 2016				
	China VAS, mobile game	Indonesia Digital Media	Media content	Investment	Total
Revenues	26,380,627	1,051,253	1,470,161	-	28,902,041
Segment cost of revenue	(21,098,597)	(440,489)	(1,040,064)	-	(22,579,150)
Segment gross profit	5,282,030	610,764	430,097	-	6,322,891
Segment operating expenses	(8,929,264)	(1,762,204)	(418,233)	(806,233)	(11,915,934)
Segment profit/(loss) from operations	(3,647,234)	(1,151,440)	11,864	(806,233)	(5,593,043)
Other (expenses)/income	127,851	166,599	141,759	6,946,575	7,382,784
Discontinued operations	(9,931)	-	-	-	(9,931)
Segment profit/(loss) from operations before taxes	<u>(3,529,314)</u>	<u>(984,841)</u>	<u>153,623</u>	<u>6,140,342</u>	<u>1,779,810</u>
	30 June 2015				
	China VAS, mobile game	Indonesia Digital Media	Media content	Investment	Total
Revenues	39,090,201	1,252,651	2,038,775	-	42,381,627
Segment cost of revenue	(29,774,614)	(316,568)	(1,562,099)	-	(31,653,281)
Segment gross profit	9,315,587	936,083	476,676	-	10,728,346
Segment operating expenses	(8,963,496)	(1,542,600)	(463,743)	(1,233,349)	(12,203,188)
Segment profit/(loss) from operations	352,091	(606,517)	12,933	(1,233,349)	(1,474,842)
Other (expenses)/income	222,162	(19,294)	(155,799)	3,127,977	3,175,046
Discontinued operations	(42,969)	-	(413,708)	-	(456,677)
Segment profit/(loss) from operations before taxes	<u>531,284</u>	<u>(625,811)</u>	<u>(556,574)</u>	<u>1,894,628</u>	<u>1,243,527</u>

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

8. SEGMENT INFORMATION (Continued)

Statement of Financial Position Information:

	30 June 2016				
	China VAS, mobile game	Indonesia Digital Media	Media content	Investment	Total
Current assets	18,655,480	1,681,273	2,111,358	89,587,981	112,036,092
Non-current assets	7,409,731	7,567,967	8,623,718	14,914,586	38,516,002
Total assets	26,065,211	9,249,240	10,735,076	104,502,567	150,552,094
Current liabilities	(12,543,705)	(4,370,159)	(9,983,326)	(1,127,288)	(28,024,478)
Non-current liabilities	(333,733)	(1,355,013)	(3,912)	-	(1,692,658)
Total liabilities	(12,877,438)	(5,725,172)	(9,987,238)	(1,127,288)	(29,717,136)
Net assets	13,187,773	3,524,068	747,838	103,375,279	120,834,958

	31 December 2015				
	China VAS, mobile game	Indonesia Digital Media	Media content	Investment	Total
Current assets	25,949,659	1,874,675	1,132,240	80,732,688	109,689,262
Non-current assets	6,872,118	17,034,477	9,242,809	5,377,591	38,526,995
Total assets	32,821,777	18,909,152	10,375,049	86,110,279	148,216,257
Current liabilities	(11,568,782)	(4,157,690)	(9,883,316)	(1,209,238)	(26,819,026)
Non-current liabilities	-	(1,390,326)	(245,528)	-	(1,635,854)
Total liabilities	(11,568,782)	(5,548,016)	(10,128,844)	(1,209,238)	(28,454,880)
Net assets	21,252,995	13,361,136	246,205	84,901,041	119,761,377

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

9. OTHER OPERATING INCOME

	30 June 2016 \$	30 June 2015 \$
Unrealised gain on Investment in Marketable Securities	3,269,304	7,764,253
Dividend income from short-term investments	251,706	481,725
	<u>3,521,010</u>	<u>8,245,978</u>

10. DISCONTINUED OPERATIONS

The assets and liabilities related to the 4 product lines of Karaoke, Music Box, 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 unaudited consolidated statement of comprehensive income as "Discontinued operations". The Group ceased DVD and PC games product lines in FY2014 and Karaoke and Music Box in FY2015.

The results of the discontinued operations for the six - month period ended 30 June 2016 and 2015 are as follows:

	For the six - month ended	
	30 June 2016 \$	30 June 2015 \$
Revenue	-	880,813
Cost of revenue	-	(479,137)
Gross profit	-	401,676
Total operating expenses	(9,931)	(632,249)
Operating loss	(9,931)	(230,573)
Finance loss - net	-	(142,669)
Gain/(loss) on foreign exchange - net	-	(187,631)
Other gain - net	-	105,680
Loss from discontinued operations before income tax	(9,931)	(455,193)
Income tax expense	-	(1,484)
Net loss	<u>(9,931)</u>	<u>(456,677)</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, unless otherwise stated)

10. DISCONTINUED OPERATIONS (Continued)

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

	30 June 2016 \$	31 December 2015 \$
Cash and cash equivalents	2,941	-
Accounts receivable, net	716	159,076
Tax refund receivable	-	74,664
Deposits and other current assets	160	65,532
	3,817	299,272
Property and equipment, net	10,235	-
Total Assets	14,052	299,272
Accounts payable, accrued liabilities and other payables	-	871,122
Deferred revenue	-	3,755
Total Liabilities	-	874,877

The accompanying notes are an integral part of these unaudited consolidated financial statements.