

mcm entertainment group limited

melbourne

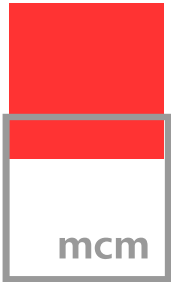
level 4
21-31 goodwood street
richmond victoria 3121
australia

phone +61 3 9635 6600
fax +61 3 9635 6611

sydney

level 1, building 210
the entertainment quarter
moore park nsw 2021
australia

phone +61 2 8333 8800
fax +61 2 8333 8811



**Appendix 4C
September 2008 Quarterly 4C**

Please find following the Appendix 4C announcement for the quarter ended 30 September 2008.

The Directors of mcm entertainment group limited (MEG) advise that it has the continued support of its bank and that MEG and its subsidiaries will be able to meet their debts as and when they fall due.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

mcm entertainment group limited

ABN

31 006 173 271

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	3,148	3,148
1.2 Payments for (a) staff costs	(1,900)	(1,900)
(b) advertising & marketing	(49)	(49)
(c) research & development	-	-
(d) leased assets	-	-
(e) other working capital	(1,999)	(1,999)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(28)	(28)
1.6 Income taxes refund/(paid)	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(828)	(828)

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(828)	(828)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	(75)	(75)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(34)	(34)
(e) intangible non-current assets	(71)	(71)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Refund of property, plant & equipment	-	-
Net investing cash flows	(180)	(180)
1.14 Total operating and investing cash flows	(1,008)	(1,008)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(94)	(94)
1.19 Dividends paid	-	-
1.20 Other:		
Payment of finance lease liabilities	(39)	(39)
Net financing cash flows	(133)	(133)
Net increase (decrease) in cash held	(1,141)	(1,141)
1.21 Cash at beginning of quarter/year to date	19	19
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	(1,122)	(1,122)

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	159
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

The above represents payments to executive and non-executive directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 1 September 2008, mcm entertainment group ltd (MEG) acquired the business of Igloo Design Pty Ltd for consideration of \$1,000,000. In exchange for cash and shares, MEG received fixed assets of \$5,000 and goodwill of \$995,000. For details, refer to item 5 of this announcement.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	2,850	1,667
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	114	218
4.2 Deposits at call	-	300
4.3 Bank overdraft	(1,236)	(499)
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	(1,122)	19

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Igloo Design Pty Ltd	n/a
5.2 Place of incorporation or registration	Victoria, Australia	
5.3 Consideration for acquisition or disposal	Cash - \$75,000; Shares - 3,809,524 @ \$0.21; Earnout - \$125,000; Total - \$1,000,000	
5.4 Total net assets	\$1,000,000	
5.5 Nature of business	Internet design and branding	

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here: 
 (Director)

Date: **28 October 2008**

Print name: **Tony McGinn**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.