CONTENT AND MEDIA FOR ASIA

ANNUAL REPORT FY2016

mm2 Asia Ltd.

CONTENTS

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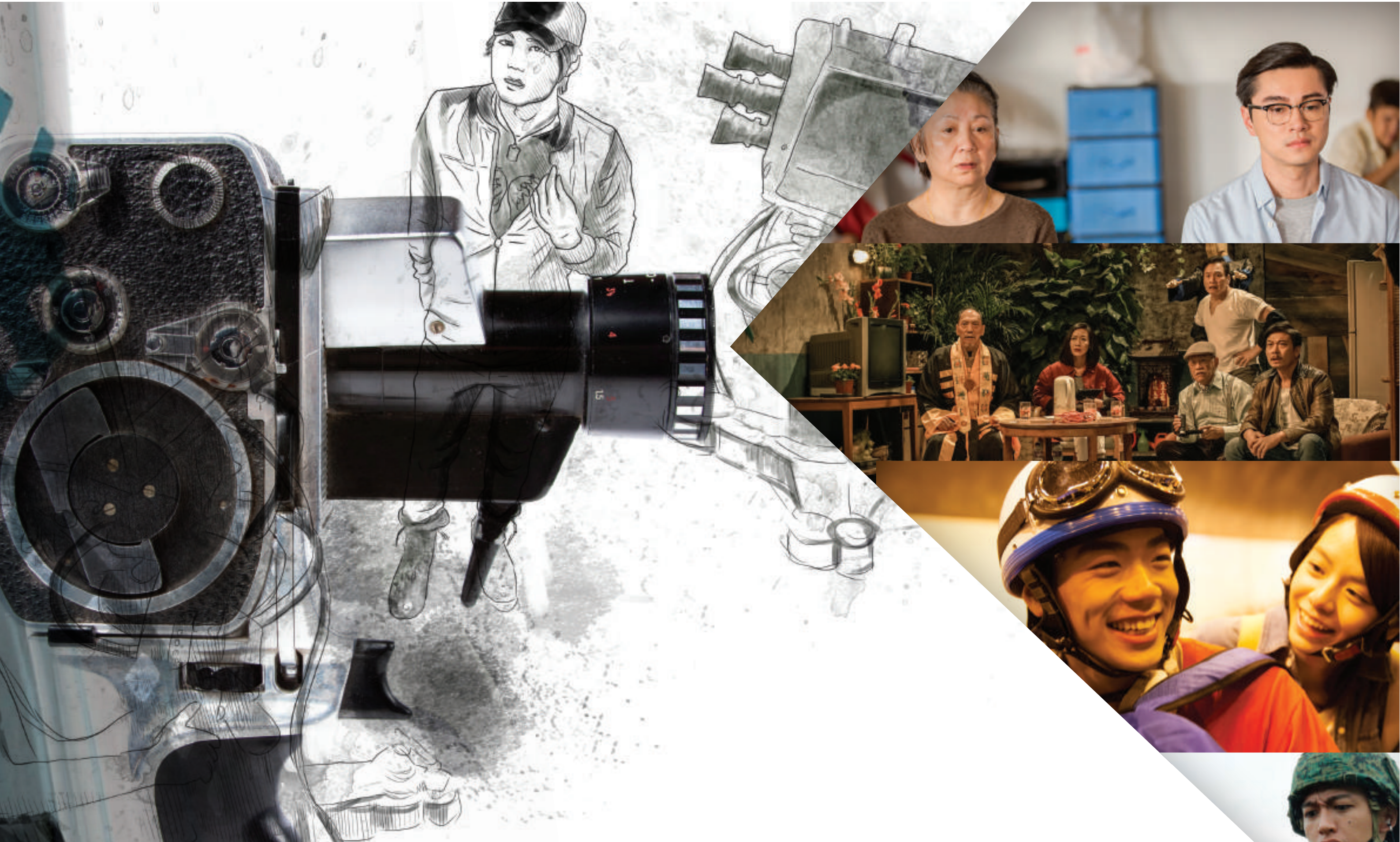


CORPORATE PROFILE

Founded in 2008, mm2 Asia Ltd. ("mm2 Asia", the "Company" or collectively with its subsidiaries, the "Group") is Asia's fastest-growing producer of films, TV and online content. Headquartered in Singapore, the Group has representative offices in Malaysia, Hong Kong, Taiwan and China through our Group companies and strategic working partnerships.

On 9 December 2014, mm2 Asia was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") (SGX Stock code: 43D). Since then, we have strengthened our competitive advantage through multiple acquisitions and expanded our recurring sources of income. The Group's three primary business activities are:

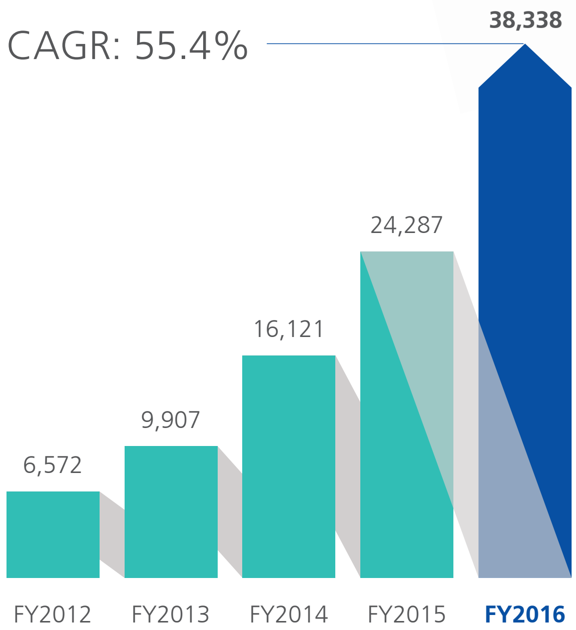
1) Content Production, Distribution and Sponsorship
2) Post-production
3) Cinema Operations.

For more information, please visit **www.mm2asia.com**.

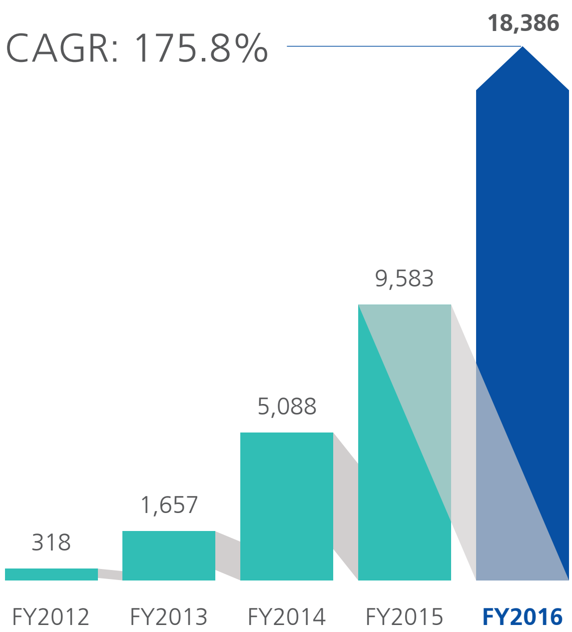
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 March 2016
("FY2016")

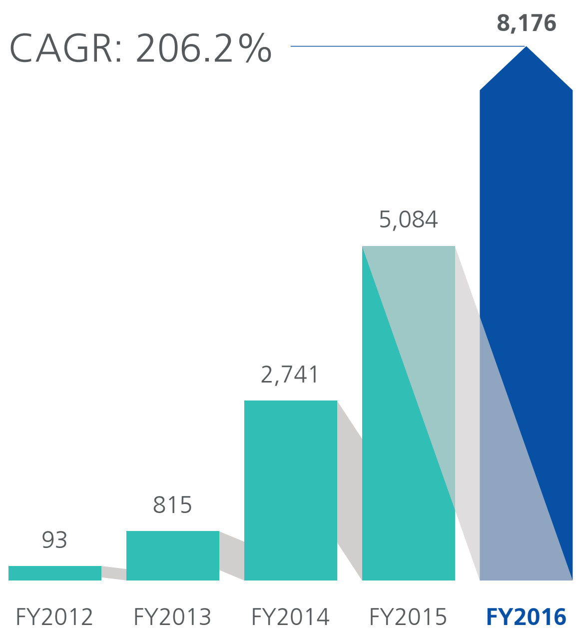
REVENUE (S$'000)



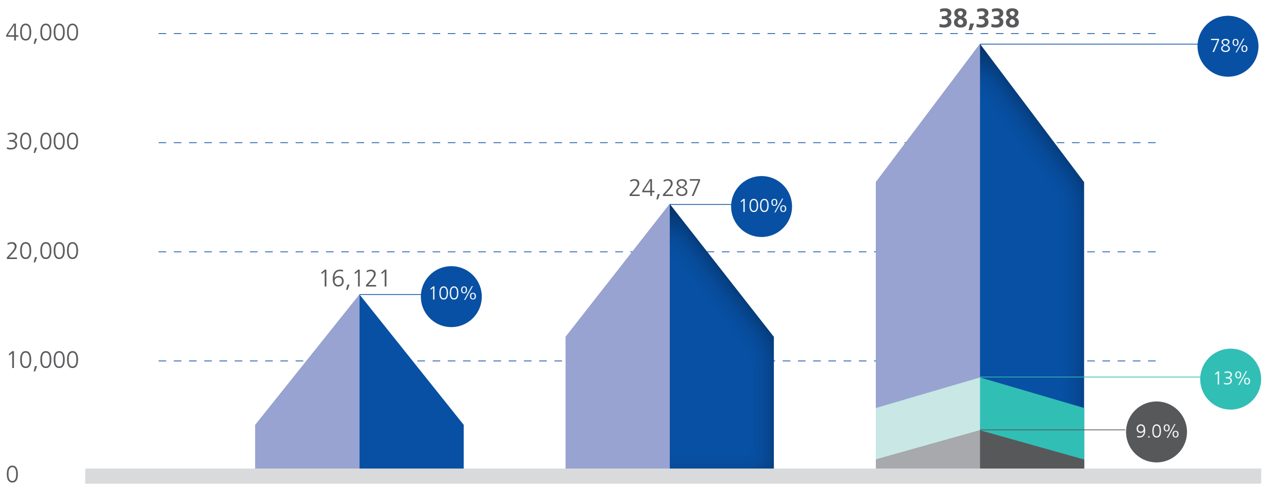
GROSS PROFIT (S$'000)



NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



REVENUE (S$'000)



	FY2014 S$'000	FY2014 %	FY2015 S$'000	FY2015 %	**FY2016** S$'000	**FY2016** %
Core Business[1]	16,121	100%	24,287	100%	29,840	78%
Post-production	-	-	-	-	3,617	9%
Cinema Operations	-	-	-	-	4,881	13%
Total	**16,121**	**100%**	**24,287**	**100%**	**38,338**	**100%**

GROSS PROFIT (S$'000)

	FY2014 S$'000	FY2014 %	FY2015 S$'000	FY2015 %	**FY2016** S$'000	**FY2016** %
Core Business[1]	5,088	100%	9,583	100%	13,048	71%
Post-production	-	-	-	-	2,503	14%
Cinema Operations	-	-	-	-	2,835	15%
Total	**5,088**	**100%**	**9,583**	**100%**	**18,386**	**100%**

GROSS PROFIT MARGIN

	FY2014 %	FY2015 %	**FY2016** %
Core Business[1]	32%	39%	44%
Post-production	-	-	69%
Cinema Operations	-	-	58%
Total	**32%**	**39%**	**48%**

[1]The Group's Core Business refers to Production, Distribution and Sponsorship Income.

OUR BUSINESS

CONTENT PRODUCTION, DISTRIBUTION AND SPONSORSHIP

As a leading content producer in Asia, mm2 Asia provides services over the entire filmmaking process through its wholly-owned subsidiaries – mm2 Entertainment Pte. Ltd. ("mm2 Singapore"), mm2 Entertainment Sdn Bhd ("mm2 Malaysia") and mm2 Entertainment Hong Kong Limited ("mm2 Hong Kong").

This one-stop shop approach allows us to provide services in relation to financing, production, securing sponsorship, and the marketing and distribution of films, TV and the online content. With our established multi-market presence, the Group has produced, co-produced and distributed over 80 films in five markets since 2008.

Production Income

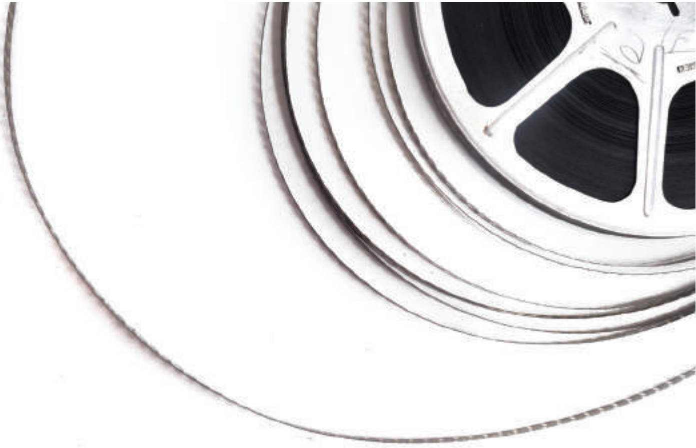
The Group derives income from all relevant stages of the filmmaking process, including income from securing production financing, consultancy and producer fees, producer bonuses, government subsidies, script development, pre-production, principal photography and other contributions.

Distribution Income

Through the distribution of content produced by the Group or third parties across various platforms – cinemas, Pay TV, Free TV, online, DVD, airlines and others, we are able to derive distribution income from distributor fees. For some films, we act as stakeholders and are entitled to a percentage of net receipts from the films' distribution across these platforms. Commissions also come from the licensing of scripts, as well as adaptation and sequel rights from our film library via licensing arrangements.

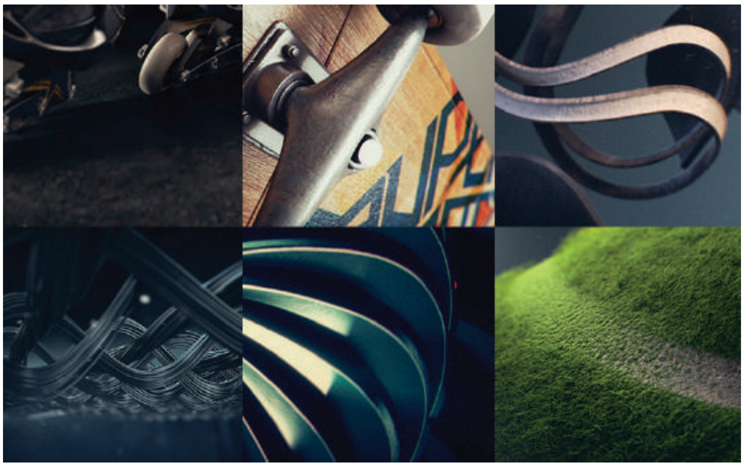
Sponsorship Income

With a strong sales and marketing team, we are able to secure sponsorship income from advertisers to promote their products and services in the content that we produce.



CINEMA OPERATIONS

The Group entered into the film exhibition business through the acquisition of two cinemas in Malaysia, now rebranded as mmCineplexes. Currently operating 30 screens in Johor Bahru and Kuala Lumpur, the Group is also targeting to complete the acquisition of another three cinemas in North Malaysia from Mega Cinemas Management Sdn Bhd ("Mega Cinemas") by the second quarter of FY2017.



POST-PRODUCTION

In April 2015, mm2 Asia completed its first acquisition with a majority stake in Vividthree Productions Pte. Ltd. ("Vividthree Productions"), a leading multi-award winning visual effects ("VFX"), 3D animation and computer-generated imagery ("CGI") studio in Singapore.

With a portfolio of works produced for the global market, Vividthree Productions provides a full-range of post-production services for film and television content.

A YEAR IN REVIEW

OPERATIONS REVIEW

FY2016 has seen mm2 Asia expanding its scope of business horizontally with multiple acquisitions, giving the Group new recurring sources of income.

The Group expanded outside the region through its core business of film, TV and online content production, distribution and sponsorship. Through the acquisition of an increased number of regional titles for distribution, and the significant increase in the number of productions, the Group's Core Business in FY2016 constituted 78% of the Group's revenue. With an increasing focus on North Asia, our productions in these markets also contributed to 22% of the Group's revenue in FY2016.

In FY2016, the Group also entered into the businesses of post-production and film exhibition through a majority stake in Vividthree Productions and the acquisition of two cinema businesses in Malaysia. These strategic moves have helped mm2 Asia strengthen its competitive advantage as a content producer, further growing its network of international film producers and distributors.

PRODUCED AND DISTRIBUTED 38 FILMS

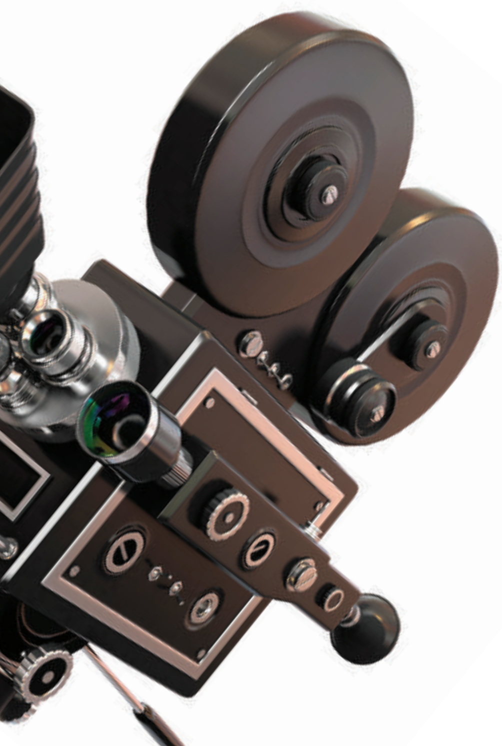
48% GROSS PROFIT MARGIN

S$17.2 MILLION VALUE OF MERGERS & ACQUISITIONS

S$14 MILLION INCREASE IN REVENUE

S$8.2 MILLION IN PROFIT ATTRIBUTABLE TO SHAREHOLDERS

CORPORATE MILESTONES



DATE	DESCRIPTION
December 2014	Listed on the SGX Catalist Board
January 2015	Rolled out mm2 Red Carpet Club exclusively for shareholders
April 2015	Completion of 51% stake acquisition in Vividthree Productions
June 2015	Issuance of S$2.875 million Convertible Bonds to Phillip Asia Pacific Opportunity Fund Ltd.
July 2015	Issuance of S$2.6 million with S$1.3 million greenshoe option Exchangeable Convertible Bonds to 3VS1 Asia Growth Fund 2 Ltd.
August 2015	Binding Term Sheet to acquire cinema businesses and assets from Mega Cinemas
November 2015	Completion of acquisition of 2 cinemas from Cathay Cineplexes Sdn Bhd
December 2015	Placement of S$5 million to three investors
	Completion of 70% stake acquisition in mm2view Pte Ltd[1]
January 2016	Non-binding Term Sheet to acquire 51% stake in UnUsUaL Group of Companies
February 2016	Completion of Share Split of 1 ordinary share to 2 ordinary shares
March 2016	Placement Agreement with StarHub Ltd ("StarHub") to acquire 9% in mm2 Asia for S$18 million
May 2016	Sale & Purchase Agreement to acquire 51% stake in UnUsUaL Pte Ltd ("UnUsUaL")
	Sale of Business Agreement to acquire businesses and assets from Mega Cinemas
June 2016	UnUsUaL Pte Ltd's proposed listing on the SGX Catalist

[1] mm2view Pte. Ltd. ("mm2view") was formerly known as Millinillion Pte. Ltd.

OPERATING FINANCIAL REVIEW

REVENUE

The Group's revenue increased by S$14.0 million or 57.6%, from S$24.3 million in FY2015, to approximately S$38.3 million in FY2016. The increase was mainly due to additional revenue generated from a newly acquired subsidiary during the year, which recorded post-production revenue of S$3.6 million, and additional revenue generated from a newly acquired cinema business during the year which recorded cinema operation revenue of S$4.9 million. On top of that, the Group's Core Business revenue increased by S$5.5 million or 22.6%, from S$24.3 million in FY2015, to approximately S$29.8 million in FY2016.

COST OF SALES

Cost of sales increased by S$5.2 million or 35.4%, from S$14.7 million in FY2015 to S$19.9 million in FY2016. The increase was mainly due to additional costs incurred by a newly acquired subsidiary during the year, which recorded post-production costs of S$1.1 million, and additional costs incurred by a newly acquired cinema business during the year which recorded cinema operation costs of S$2.1 million. On top of that, the cost of sales attributable to the Group's Core Business increased by S$2.0 million or 13.6%, from S$14.7 million in FY2015, to approximately S$16.7 million in FY2016. Amortisation of film rights increased by S$5.2 million from FY2015 to FY2016.

GROSS PROFIT

The Group's gross profit increased by S$8.8 million or 91.7%, from S$9.6 million in FY2015 to S$18.4 million in FY2016, which was partly contributed by a new subsidiary of S$2.5 million, and partly contributed by a new cinema business of S$2.8 million. On top of that, the gross profit of the Group's Core Business increased by S$3.5 million or 36.5%, from S$9.6 million in FY2015, to approximately S$13.1 million in FY2016.

OTHER GAINS – NET

The foreign currency exchange translation gain from the fluctuations of other currencies against the Singapore dollar resulted in a total increase in a net gain of S$194,000 from a gain of approximately S$23,000 in FY2015 to a gain of S$217,000 in FY2016. Other than that, the disposal of property, plant and equipment resulted in a net gain of S$19,000 in FY2016, compared to a loss in written off of property, plant and equipment of S$16,000 in FY2015.

GENERAL AND ADMINISTRATIVE EXPENSES

Employee Compensation Costs

Employee compensation costs increased by S$2.6 million or 144.4%. The increase was mainly attributed to an increase in employee compensation cost of S$1.5 million due to an increase in the number of senior management staff, as well as the number of other employees resulting from the expansion of the Group. Besides that, employee compensation cost also increased by S$0.7 million due to the acquisiton of a new subsidiary, and increased by S$0.4 million due to the acquisition of a cinema business in FY2016.

Professional Fees

Other than employee compensation cost, the increase in general and administrative expenses was also due to the increase in total professional fees of S$1.0 million or 333.3%. Out of the total of S$1.0 million, the increase in professional fees in relation to existing business increased by S$0.4 million, while the increase of S$0.6 million was due to non-recurring events which took place in FY2016, and the breakdown is as follows:

PROFESSIONAL FEES	FY2016 S$'000	FY2015 S$'000
Professional fees - Core Business	669	344
Professional fees - New subsidiaries	31	-
Merger & acquisition	358	-
Financing facilities	240	-
	1,298	**344**

Depreciation Costs

Depreciation costs increased by S$0.5 million due to the increase of S$0.2 million resulting from the acquisition of a new subsidiary, and the increase of S$0.3 million resulting from the acquisition of a cinema business, which both have a high value of property, plant and equipment.

Rental Expenses

Rental expenses increased by S$1.0 million, which was mainly due to the increase of S$0.9 million resulting from the additional rental expenses incurred by a new cinema business, and the increase of S$0.1 million resulting from the additional rental expenses incurred by a new subsidiary. The rental expenses incurred by the Core Business in FY2016 remained consistent compared to FY2015.

Utilities Costs

Utilities costs increased by S$0.3 million which was mainly due to the additional utilities costs incurred by a new cinema business. The utilities costs incurred by the Core Business in FY2016 remained consistent compared to FY2015.

FINANCE COSTS

Finance costs increased by S$369,000, from S$18,000 in FY2015 to S$387,000 in FY2016. The increase is mainly due to additional interest expenses for new convertible notes of S$66,000, and interest expenses resulting from the deferred payment of purchase consideration of a new cinema business of S$138,000. The finance costs resulting from bank borrowings increased by S$18,000, due to additional bank borrowings and finance lease liabilities had been taken up during the year.

PROFIT BEFORE TAX

As a result of the above, we recorded an increase of S$3.4 million or 51.5% in profit before tax from S$6.6 million in FY2015 to S$10.0 million in FY2016.

FINANCIAL POSITION

As at 31 March 2016, the Group maintained a strong financial position. Total assets amounted to S$69.0 million, an increase of S$31.4 million from S$37.6 million as at 31 March 2015, while total liabilities increased to S$31.8 million as at 31 March 2016 from S$18.4 million as at 31 March 2015.

The Group's non-current assets increased by S$23.2 million or 356.9%, from S$6.5 million as at 31 March 2015 to S$29.7 million as at 31 March 2016, comprising the following:

- Film rights, film intangibles and film inventories increased by S$4.7 million or 73.4%, from S$6.4 million as at 31 March 2015 to S$11.1 million as at 31 March 2016.
- Goodwill increased by S$14.0 million, resulting from the acquisition of a new subsidiary of S$2.9 million, and the acquisition of a new cinema business of S$11.1 million as at 31 March 2016.
- Property, plant and equipment increased by S$3.6 million, mainly resulting from the acquisition of a new subsidiary of S$0.3 million, the purchase of a new cinema business of S$2.7 million, and the purchase of a new leasehold property of S$0.6 million.

The Group's current assets increased by S$8.1 million or 26.0% from S$31.1 million as at 31 March 2015 to S$39.2 million as at 31 March 2016, representing 56.8% of its total assets and comprised the following:

- Cash and cash equivalents decreased by S$1.0 million or 17.5%, from S$5.7 million as at 31 March 2015 to S$4.7 million as at 31 March 2016.
- Trade and other receivables increased by S$3.8 million or 18.4%, from S$20.6 million as at 31 March 2015 to S$24.4 million as at 31 March 2016. This was mainly due to the additional trade and other receivables from a new subsidiary of S$1.1 million, refundable deposits paid for cinema operations of S$0.5 million, and increase of S$2.2 million resulting from the increase in revenue.
- Capitalisation of all costs in relation to the production of the Group's movies (including all film products and films under production) prior to the release of the movies increased by S$5.0 million or 104.2%, from S$4.8 million as at 31 March 2015 to S$9.8 million as at 31 March 2016. This was mainly due to the increase in number of movies under production, which will be released to movie distributors and/or theatres in the next financial year

The Group's non-current liabilities increased by S$1.6 million or 80.0%, from S$2.0 million as at 31 March 2015 to S$3.6 million as at 31 March 2016. This was mainly due to the issuance of new convertible notes of S$2.2 million (liability component) and additional borrowings of S$0.6 million resulting from the purchase of a new leasehold property in Malaysia. This was also due to the decrease in deferred tax liabilities of S$1.2 million, together with the increase in deferred tax assets of S$0.5 million, resulting from the under provision of current year deferred tax of S$0.1 million and the over provision of prior years' deferred tax of S$1.8 million.

The Group's current liabilities increased by S$11.8 million or 72.0% from S$16.4 million as at 31 March 2015 to S$28.2 million as at 31 March 2016, representing 88.7% of its total liabilities and comprised the following:

- Trade and other payables increased by S$9.1 million or 61.9%, from S$14.7 million as at 31 March 2015 to S$23.8 million as at 31 March 2016. This is mainly due to the deferred consideration for the acquisition of a new subsidiary of S$2.4 million, deferred payment due to Cathay Cineplexes Sdn Bhd resulting from the acquisition of a new cinema business of S$6.7 million, additional trade and other payables from a new subsidiary of S$1.0 million, and decrease of S$1.2 million resulting from the settlement of payables during the financial year.
- Deferred income decreased by S$0.6 million or 50.0%, from S$0.1 million as at 31 March 2015 to S$0.6 million as at 31 March 2016. This was mainly due to lower licensing income to be earned when the movies are released in the next financial year.
- Borrowings slightly increased by S$11,000 or 5.0%, this was mainly due to additional borrowings from a new subsidiary of S$71,000 and repayment of borrowings of S$60,000 during the financial year.
- Current income tax liabilities increased by S$2.7 million or 900.0%, from S$0.3 million in FY2015 to S$3.0 million in FY2016. This was mainly due to the increase in profit before tax in FY2016.

CASH POSITION

As at 31 March 2016, the Group's cash and cash equivalents amounted to S$4.7 million as compared to cash and cash equivalents of S$5.7 million as at 31 March 2015.

NET CASH USED IN OPERATING ACTIVITIES

In FY2016, we generated a net cash inflow of S$19.0 million from operating activities before working capital changes of approximately S$22.6 million cash outflow.

The Group's net working capital outflow was mainly due to cash outflows of S$3.0 million from an increase in trade and other receivables, an increase of S$16.0 million from additional movies under production, an increase in film intangibles or film inventories of S$2.3 million, a decrease of S$1.1 million in trade and other payables, and a decrease in deferred income of approximately S$0.6 million. The Group's cash inflow was due to an increase in progress billing in excess of work-in-progress of S$0.4 million.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities amounted to approximately S$9.0 million mainly due to the purchase of available-for-sale investment for S$0.3 million. In addition, cash outflow of S$0.6 million was due to net cash paid for the acquisition of a new subsidiary, net cash paid for the acquisition of a new cinema business of S$7.0 million, and S$1.1 million due to acquisition of property, plant and equipment in FY2016.

NET CASH GENERATED FROM FINANCING ACTIVITIES

Net cash generated from financing activities of S$11.2 million was mainly due to the cash inflow of S$5.5 million from the issuance of convertible notes, and S$6.2 million from the placement of shares pursuant to (a) the exchange of S$1.2 million in principal amount of exchangeable notes, and (b) pursuant to the placement of shares of S$5.0 million principal. Meanwhile, the cash outflow was due to the repayment of borrowings, finance leases, interest payment amounting to S$0.6 million, and fixed deposit pledged to bank of S$0.4 million.

FUTURE OUTLOOK

The Group continues to harness its capability to provide services over the entire production and distribution process for movies and TV/Online content to address the demand for local content in Singapore and Malaysia. In addition, the Group has also continued its expansion outside the region through the acquisition of an increasing number of Asian distribution titles. There has been a significant increase in number of productions and co-productions in Singapore, Malaysia, Hong Kong, Taiwan and China. The Group's North Asia productions have contributed 22% of total revenue in FY2016, up from 20% in FY2015. The Group's productions in these markets to form a bigger part of its revenue in the coming financial year.

On 1 November 2015, the Group completed the acquisition of business and assets from Cathay Cineplexes Sdn Bhd. As at the end of FY2016, the Group has operated the two cinemas in Malaysia for five months and have gained vast experience from its entry into the film exhibition space. With the acquisition of three cinemas in Malaysia from Mega Cinemas targeted to be completed in 1H2017, mm2 Asia is poised to further strengthen its position as an established regional content producer.

In the past year, since the acquisition of a majority stake in Vividthree Productions, they have shown their capability to develop intellectual property (IP) that can be monetised over long periods across territories and various platforms. This has helped the Group to expand its library of content and strengthen its recurring sources of income.

The Group will also continue to aggressively expand in the area of new media content. With the majority stake in mm2view[1] and an over-the-top (OTT) content platform in development, the Group is in a position to produce, distribute and exhibit transmedia content and enter new market segments in the near future.

In FY2017, the Group will continue to expand its businesses, especially in areas that are complementary to the Group's core business of regional film production and distribution. The proposed acquisition of a majority stake in the UnUsUaL Group of Companies will unlock added revenue streams with the addition of an event and concert promotion arm. UnUsUaL's strong presence in Asia, along with their network of regional artistes whom they have worked with, will synergise with the Group's continuous growth in North Asia.

The Group will continue to seek opportunities to extend its business, both horizontally and vertically, to further strengthen its business performance.

[1]mm2view was formerly known as Millinillion Pte Ltd

TRACK RECORD

Since 2008, mm2 Asia has produced, co-produced and distributed over 80 films in five markets.

Ah Boys to Men
新兵正传
(2012)
Singapore's highest-grossing local film of 2012
S$6.21 million

Ah Boys to Men 2
新兵正传2
(2013)
Singapore's highest-grossing local film of all time
S$7.89 million

2015

Mr Unbelievable
Unbelievable
先生

7 Letters
七封信

The Vanished Murderer
消失的凶手

2016

Long Long Time Ago
我们的故事

Detective Chinatown
唐人街探案

The Priests
黑司祭们

2013

That Girl in Pinafore
我的朋友，我的同学，我爱过的一切

The Rooftop
天台

Imperfect
我们都不完美

2014

Café . Waiting . Love
等一个人 咖啡

The Lion Men
狮神决战

The Journey
一路有你

CHAIRMAN'S STATEMENT & CEO'S STATEMENT

CHAIRMAN'S STATEMENT

On behalf of the board of directors of mm2 Asia (the "Board"), I am pleased to present our annual report for FY2016. It has been an exciting journey for us since the Company's listing in December 2014, having achieved numerous corporate and commercial milestones.

We also welcome Mr Mock Pak Lum to the Board of mm2 Asia as a Non-Executive Director. Mr Mock's strong technology background will enhance the current Board's multidisciplinary composition and contribute significantly to our growth in this new digital age.

On behalf of the Group, I would like to thank all our valued shareholders, partners and business associates for their continued support. I would also like to thank my fellow Board members, management and all the staff for their dedication to the mm2 Group. With your support, FY2017 will be an even better year for the Group.

Tan Liang Pheng
Non-Executive Chairman and Independent Director

CEO'S STATEMENT

We are excited to be part of this rapidly evolving digital age in the media industry. With existing traditional media and new digital platforms competing in the market, demand for content will continue to grow, and we are well-positioned to be part of the exciting growth trends ahead.

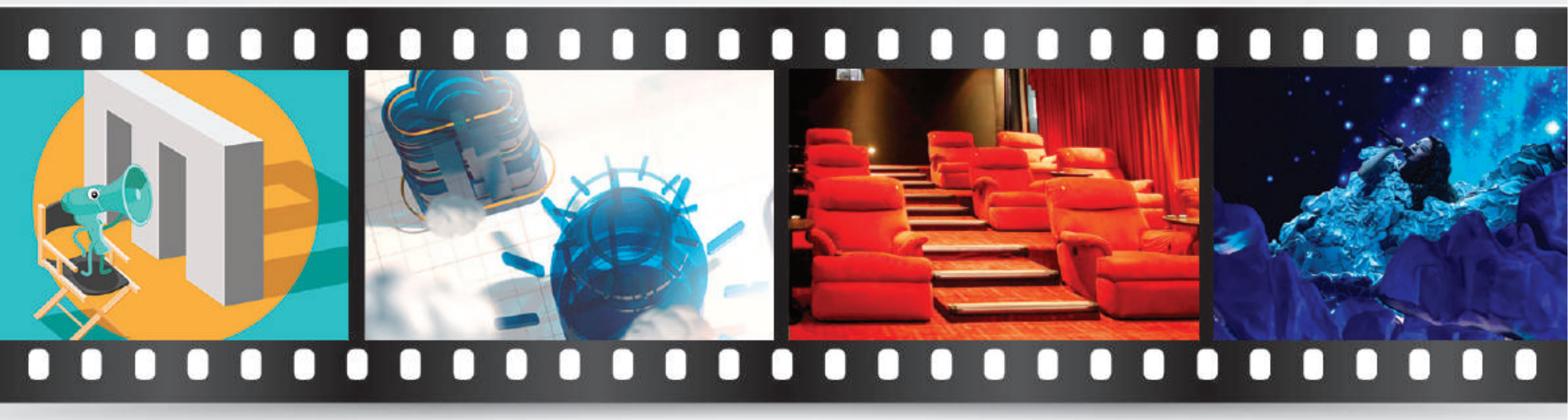
We will continue initiatives to nurture the next generation of content creators. These include the collaboration with Institute of Technical Education ("ITE") to work on nine feature films to train ITE students as future production talent, a three-year programme with the Media Development Authority of Singapore ("MDA") to develop local Chinese scriptwriters, as well as the second mm2 Movie Makers Awards, co-organised with FOX Network Group Asia and Cathay Organisation.

In addition to our core content creation business, we have also invested in other strategic businesses in the areas of 3D animation and VFX, cinema platforms and live production capabilities. Our acquisition of Vividthree Productions, mmCineplexes[1] and UnUsUaL[2] fit well into this strategy and strengthen our value chain in the media and entertainment industry regionally.

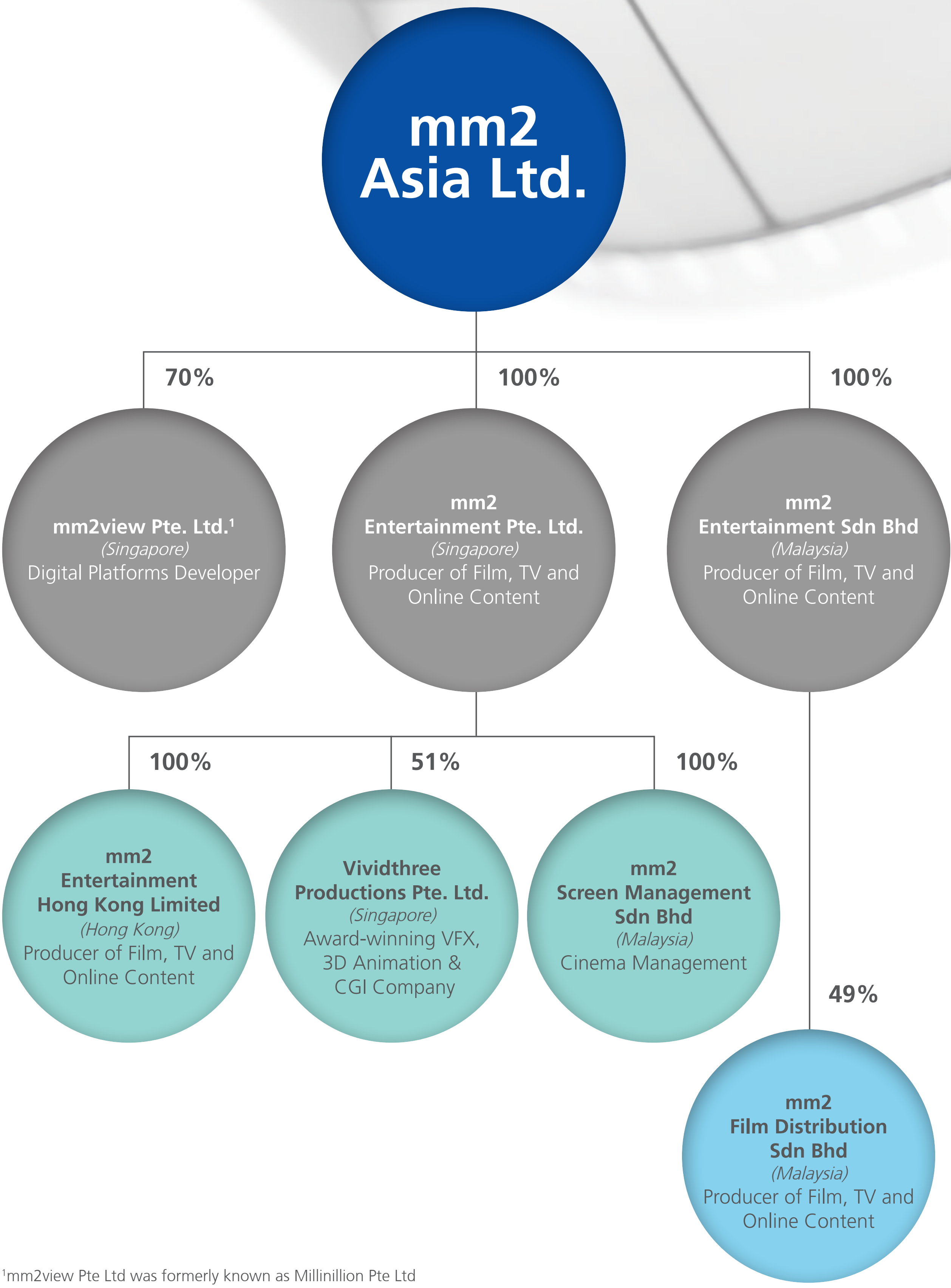
We are proud to celebrate our last financial performance and would like to thank all stakeholders who have made this possible. mm2 Asia is still in our early growth stage and we see huge opportunities in the years ahead.

Melvin Ang
Chief Executive Officer and Executive Director

[1] The two cinemas acquired from Cathay Cineplexes Sdn Bhd were rebranded to mmCineplexes in May 2016.
[2] mm2 Asia signed a Sale and Purchase Agreement to acquire 51% stake in UnUsUaL in May 2016.



GROUP STRUCTURE



[1] mm2view Pte Ltd was formerly known as Millinillion Pte Ltd

BOARD OF DIRECTORS

TAN LIANG PHENG
Non-Executive Chairman and Independent Director

Tan Liang Pheng is our Group's Non-Executive Chairman, Independent Director and Chairman of the Remuneration Committee. He worked for 35 years in two multinational corporations, responsible for their accounting, treasury and financial functions. He later sat on the Board of Directors of Tetra Pak Group of Companies in Singapore. In 2009, Mr Tan was appointed General Manager of Iviria Pte Ltd. and was subsequently promoted to Executive Director in 2010. Mr Tan served as Executive Director of Iviria Pte. Ltd. until November 2012.

Mr Tan was admitted as a Fellow member of the Association of Chartered Certified Accountants (UK) in 2003. He is a member of the Institute of Singapore Chartered Accountants.

MELVIN ANG
Chief Executive Officer and Executive Director

Melvin Ang is the Chief Executive Officer ("CEO") and Executive Director of mm2 Asia, responsible for overseeing and managing our productions, as well as sourcing new business opportunities for our Group. Mr Ang graduated from Macquarie University with a Master of Business Administration in 1996. In August 1997, he was employed by the Television Corporation of Singapore as Vice President, Business Development. Between March - October 2000, he was appointed as the Chief Business Development & Marketing Officer and Group Executive Vice President of novaSPRINT Pte Ltd. Mr Ang was subsequently employed by SPH MediaWorks Ltd as the Chief Operating Officer of its Media Business Group between November 2000 and April 2003.

Between July 2003 and March 2007, Mr Ang was employed as Managing Director of MediaCorp Studios. Before setting up mm2 Malaysia and mm2 Singapore in January 2009, he served as Media Prima Berhad's ("Media Prima") Executive Advisor between July 2007 and December 2008.

JACK CHIA
Independent Director

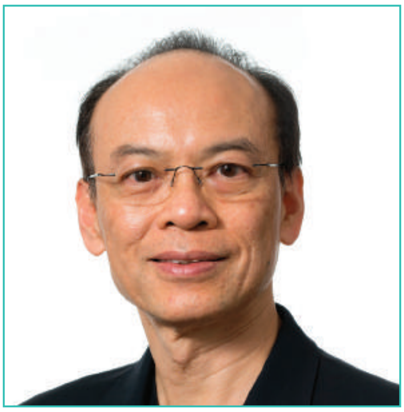
Jack Chia is an Independent Director and the Chairman of the Audit Committee. Mr Chia currently runs his own investment advisory firm, Jack Capital Solutions Pte Ltd, which he set up in June 2005, after spending twenty years in both the private and public sectors, substantially in Japan and China. Mr Chia was Senior Director, International Enterprise Singapore (the former Trade Development Board) covering China operations from Shanghai. He was also with Singapore Technologies, Government of Singapore Investment Corporation as well as Arthur Andersen in marketing, asset management and consulting capacities respectively.

Mr Chia graduated from the National University of Singapore with a degree in Accountancy and from the International University of Japan with a Master of Arts in International Relations. He is a Certified Public Accountant and also completed the General Manager Program at Harvard Business School.

THOMAS LEI
Independent Director

Thomas Lei is an Independent Director and the Chairman of the Nominating Committee. He was admitted to the Singapore Bar in 1989 and has been in active practice ever since, primarily advising on commercial law and litigation matters. Mr Lei is currently a director at Lawrence Chua Practice LLC, a law firm based in Singapore. Mr Lei started his career at Chor Pee & Co (later Chor Pee and Partners) and subsequently joined the firm of Engelin Teh & Partners in April 2000.

Mr Lei read law at the National University of Singapore where he obtained a LL.B. and is a member of the Law Society of Singapore.



TERRY MAK
Non-Executive Director

Terry Mak is a Non-Executive Director. He is the founder and senior consultant of Media Station Ltd which provides consultancy services to broadcasting and satellite television clients. In 1991, he joined TVB International Ltd ("TVB") as Divisional Manager (Southeast Asia) and in 2001, was promoted to Assistant General Manager to develop its worldwide content distribution network. After working at TVB for 14 years, Mr Mak left TVB in 2005, to work for Celestial Pictures Ltd as its Executive Vice President, where he was responsible for managing Celestial's overseas movie distribution and movie channel business. Mr Mak held the position of Chief Operating Officer at MyChinaChannel Pte. Ltd. between 1 June 2012 and 31 July 2014.

He graduated from Hong Kong Baptist University with a Bachelor of Science in Chemistry in 1979 and from University of Connecticut in 1981 with a Master of Business Administration.

MOCK PAK LUM
Non-Executive Director

Mock Pak Lum is a Non-Executive Director appointed to the Board on 10 June 2016. Presently Chief Technology Officer of StarHub Ltd, Pak Lum started his career in Hewlett Packard from 1984. In 1989, he joined Pico Art International and later set up a joint venture company with Pico - GT Communications to offer computer animation and interactive kiosks services in large-scale public events.

In May 1997, Mr Mock moved on to head 1-Net Singapore to operate the backbone network for new broadband Internet services in Singapore. In July 2002, he was also appointed the CEO of the technology arm of MediaCorp where he oversaw the IT, engineering and transmission support functions. In 2010, he left the company to set up an IT software company that developed middleware for cloud computing. Mr Mock holds a Bachelor of Electrical / Electronic Engineering from the National University of Singapore and a Master of Business Administration from the University of California, Los Angeles.

KEY MANAGEMENT

CHONG HOW KIAT
Chief Financial Officer

With close to 20 years of financial experience in property management and development, construction and media industries, Chong How Kiat is responsible for all finance-related matters of the Group.

TOONG SOO WEI
General Manager, mm2 Singapore

Previously holding management positions at J Team Productions, Neo Studios and Homerun Asia, Toong Soo Wei has produced over 15 films since 2008 and is responsible for the overall operations of mm2 Singapore.

KENT CHAN
Senior Manager, Business and Content Development, mm2 Malaysia

With years of experience managing local and regional productions and artistes, Kent Chan is responsible for content development and managing mm2 Malaysia's projects.

NG SAY YONG
Chief Content Officer

Ng Say Yong previously held management positions at MediaCorp TV and has produced and directed numerous highly-successful TV dramas and films. He is responsible for the overall creative content development of the Group's productions.

ANGELIN ONG
Chief Operating Officer, mm2 Screen Management Sdn Bhd
General Manager, North Asia / mm2 Malaysia

Angelin Ong is vastly experienced in operations management, initiating new business ideas, brand management and content acquisition and distribution across various platforms. She is responsible for the overall operations of the Group's cinema business and operations in mm2 Malaysia and North Asia markets.

SUBSIDIARIES' SENIOR MANAGEMENT TEAM

LAI CHEAH YEE
Director, Business Development and Content / General Manager Designate, mm2 Malaysia

Having held management positions at Media Prima, Lai Cheah Yee is experienced in brand management, programming and content acquisition. She is responsible for developing content and business ideas for mm2 Malaysia.

HA YU
Executive Director, mm2 Hong Kong

A veteran actor with over 50 years of experience acting, directing and producing films, Ha Yu is responsible for the overall strategy of the mm2 Hong Kong office.

CHARLES YEO
Chief Executive Officer, Vividthree Productions

As CEO of Vividthree Productions, Charles Yeo is experienced in identifying new businesses and investments and is the overall-in-charge of the company's business strategy.

SKY LI
Chief Operating Officer, Vividthree Productions

With numerous Executive CG Producer credits on box office hit films, Sky Li is also experienced in operations and project management and is responsible for the overall operations of Vividthree Productions.

JAY HONG
Chief Technology Officer, Vividthree Productions

As an award-winning VFX/CGI Director with a portfolio of works across local and overseas commercial and film projects, Jay Hong is in charge of leading all aspects of technology development at Vividthree Productions.

CHUA TECK HIONG
Chief Executive Officer, mm2view

With over 10 years of experience managing digital media companies and digital solutions for both government and private clients, Chua Teck Hiong is the overall-in-charge of developing digital platforms and software for interactive digital media at mm2view[1].

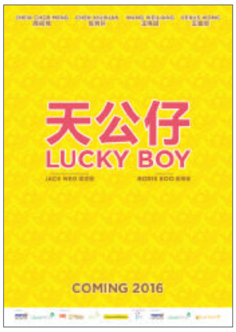
[1]mm2view was formerly known as Millinillion Pte Ltd

ORDER BOOK

UPCOMING FILM PRODUCTIONS/CO-PRODUCTIONS (TO BE RELEASED BY 31 MARCH 2017)

SIEW LUP
烧腊

4LOVE
爱在小红点



LUCKY BOY
天公仔

SHOW ME YOUR LOVE
大手牵小手

VAMPIRE CLEANUP DEPARTMENT
救僵清道夫

THE TENANTS DOWNSTAIRS
楼下的房客

TAKE 2
遇见贵人

TURN AROUND
老师，你会不会回来

IN DEVELOPMENT (PLANNED FOR RELEASE IN FY2018)

HELLO TAPIR!
嗨！神兽

BELOVED
我和我妈妈

BUYER BEWARE
吉屋

DON'T WANNA SAY GOODBYE
带我去月球

GHOST NET
鬼网

GOGGLE BOY
蛙镜男 の 恶作剧

IBU
鬼母

SHUTTLE LIFE
分贝人生

SELECTED LINE-UP OF TITLES WITH SHARED DISTRIBUTION RIGHTS

TRIVISA 树大招风 (HONG KONG)
Gordon Lam, Jordan Chan, Richie Jen

CALL OF HEROES 危城 (HONG KONG / CHINA)
Sean Lau, Louis Koo, Eddie Peng, Yuan Quan, Jiang Shuying

AT CAFÉ 6 六弄咖啡馆 (TAIWAN)
Dong Zijian, Cherry Ngan, Austin Lin, Ouyang Nini, Ireine Song, Michael Chang

OPERATION CHROMITE 인천상륙작전 (KOREA)
Lee Jung-jae, Lee Beom-soo, Liam Neeson, Jin Se-yeon

HAUNTING IN JAPAN (THAILAND)
Supassara Thanachat, Charlie Potjes, Chalermpon Thikampornteerawong

OPERATION MEKONG 湄公河行动 (HONG KONG / CHINA)
Zhang Hanyu, Eddie Peng, Joyce Feng, Jonathan Wu

THE LINE WALKER 使徒行者 (HONG KONG)
Louis Koo, Nick Cheung, Francis Ng, Charmaine Sheh

RAILROAD TIGERS 铁道飞虎 (CHINA)
Jackie Chan, Fan Xu, Hiroyuki Ikeuchi, Huang Zitao, Wang Kai, Lu Wang-da, Koji Yano

THE SWORD MASTER 三少爷的剑 (CHINA)
Kenny Lin Gengxin, Peter Ho, Jiang Yiyan, Jiang Mengjie

GOD OF WAR 战神戚继光 (HONG KONG / CHINA)
Sammo Hung, Vincent Zhao

FOR A FEW BULLETS 快手 枪手 快枪手 (CHINA)
Kenny Lin Gengxin, Zhang Jingchu, Tengri, Vivian Dawson

BATTLE OF MEMORIES 记忆大师 (CHINA)
Huang Bo, Xu Jinglei, Duan Yi Hong, Yang Zishan, Tiffany Tsu

CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of mm2 Asia Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") are firmly committed to set in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long-term sustainability of the Group's business and performance are met.

This report outlines the Group's main corporate governance structures and practices that were in place throughout and/ or during the financial year or which will be implemented and where appropriate, with specific reference made to the Code of Corporate Governance 2012 (the "**Code**") issued in May 2012 and the Disclosure Guide on Compliance with the Code developed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in January 2015, which forms part of the continuing obligations of the Listing Manual - Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"). The Company has provided explanations for deviation from the Code.

BOARD MATTERS

Board's Conduct Of Its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises management ("**Management**"). To fulfil this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

The principal functions of the Board, apart from its statutory responsibilities, include:

- providing entrepreneurial leadership and setting the overall strategy and direction of the Group;
- reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation;
- approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- overseeing the processes of risk management, financial reporting and compliance and evaluating the adequacy of internal controls;
- approving the release of the Group's half-year and full-year financial results, related party transactions of material nature and the submission of the relevant checklists to the SGX-ST;
- appointing directors and key management staff, including the review of performance and remuneration packages; and
- assuming the responsibilities for corporate governance.

All Directors objectively discharge their duties and responsibilities at all times and make objective decisions in the interests of the Company.

To assist in the execution of its responsibilities, the Board is supported by three Board Committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively "**Board Committees**"). These Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

In line with the recent changes of the Companies Act, Chapter 50, all references to the Memorandum and Articles of Association will be superseded with Constitution and Regulation.

The Board holds regular scheduled meetings to review the Group's key activities, business strategies, funding decisions, financial performance and to approve the release of the results of the Group. Ad-hoc meetings are convened when circumstances require. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction. Meetings via telephone or video conference are permitted by the Company's Constitution.

The number of meetings held and the attendance of each member at the Board's meetings and Board Committees' meetings for the financial year ended 31 March 2016 ("**FY2016**") are as follows:

	Board		**AC**		**NC**		**RC**	
	No. of meetings		**No. of meetings**		**No. of meetings**		**No. of meetings**	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr. Tan Liang Pheng	2	2	2	2	1	1	1	1
Mr. Ang Wee Chye ("**Melvin Ang**")	2	2	2	2*	1	1	1	1*
Mr. Chia Seng Hee, Jack ("**Jack Chia**")	2	2	2	2	1	1*	1	1*
Mr. Lei Chee Kong Thomas ("**Thomas Lei**")	2	2	2	2	1	1	1	1
Mr. Mak Chi Hoo ("**Terry Mak**")	2	2	2	2*	1	1*	1	1
Mr. Mock Pak Lum[(1)]	2	–	2	–	1	–	1	–

* By invitation.
[(1)] Mr. Mock Pak Lum was appointed as Non-Executive Director on 10 June 2016.

The Group has adopted a set of internal guidelines setting forth the financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

Matters requiring the Board's decision and approval include the following:

(1) Approval of the Group's major investments/divestments and funding decisions;

(2) Approval of the Group's half-yearly financial updates, half-year and full-year financial result announcements for release to the SGX-ST;

(3) Approval of any agreement which is not in the ordinary course of business;

(4) Approval of any major borrowings or corporate guarantees in relation to borrowings;

(5) Entering into any profit-sharing arrangement;

(6) Incorporation or dissolution of any subsidiary;

(7) Issuance of shares or declaration of dividends;

(8) Approval of the annual report and audited financial statements;

(9) Convening of general meetings;

(10) Approval of corporate strategies;

(11) Approval of material acquisitions and disposal of assets; and

(12) Approval of announcements or press releases concerning the Group for release via the SGXNET.

CORPORATE GOVERNANCE

The Directors are also updated regularly with changes to the SGX-ST Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or members of the Board Committees.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties.

The Company had arranged the training and updates to the Directors and the Management during FY2016 which included the following:

(1) Changes in Capital

(2) Interested Person Transactions; and Potential Conflicts of Interest

(3) Acquisitions and Disposals

(4) Disclosure of Changes in Substantial Shareholdings (by Directors / Substantial Shareholders / Company)

(5) Common Compliance and Disclosure Issues / Regulatory Concerns

(6) Prohibited Market Conduct including Insider Trading and Dealing in the Company's Securities

(7) Takeovers

Newly-appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. Directors will also be given opportunities to visit the Group's operational facilities and meet with the Management so as to gain a better understanding of the Group's business.

Formal letters of appointment were furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently, the Board comprises one Executive Director, one Non-Executive Director and three Independent Directors, as follows:

Name of Directors	Date of first Appointment	Date of Last Re-election	Board	AC	NC	RC
Mr. Tan Liang Pheng	4 November 2014	22 July 2015	Non-Executive Chairman and Independent Director	Member	Member	Chairman
Mr. Melvin Ang	20 August 2014	22 July 2015	Executive Director and Chief Executive Officer ("**CEO**")	–	Member	–
Mr. Jack Chia	4 November 2014	22 July 2015	Independent Director	Chairman	–	–
Mr. Thomas Lei	4 November 2014	22 July 2015	Independent Director	Member	Chairman	Member
Mr. Terry Mak	4 November 2014	22 July 2015	Non-Executive Director	–	–	Member
Mr. Mock Pak Lum	10 June 2016	N.A.	Non-Executive Director	–	–	–

Presently, there is a strong and independent element on the Board. Three out of six Directors of the Company are Independent Directors, of which their independence is reviewed by the NC.

Independent Directors

The NC considers an "independent" Director as one who has no relationship with the Company, its related corporations or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC has reviewed the independence of each Independent Director and is of the view that these Directors are independent.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

The NC has reviewed the size and composition of the Board. The NC is satisfied that the current size and composition of the Board is appropriate and provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company, which facilitates effective decision-making. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The Board is made up of Directors who are qualified and experienced in various fields including business administration, strategic planning, business management, legal, accounting and finance. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and manage the Group's businesses and operations.

The Non-Executive Directors and Independent Directors exercise no management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Directors and Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed, rigorously examined and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of their performance. The NC considers its Non-Executive Director and Independent Directors to be of sufficient calibre and size, and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

The Company co-ordinates informal meeting sessions for the Non-Executive Directors and Independent Directors to meet as needed without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

The profile of each Director is set out on pages 14 and 15 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company practices a clear division of responsibilities between the Chairman and CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The roles of the Chairman and CEO are separate. Mr. Tan Liang Pheng is the Non-Executive Chairman while Mr. Melvin Ang is the CEO of the Company. The Non-Executive Chairman and the CEO are not related.

The Non-Executive Chairman ensures effective and comprehensive Board discussion on matters brought to the Board including strategic issues as well as business planning and provides executive leadership and supervision to the Executive Directors and the Senior Management team of the Company and the Group.

The responsibilities of the Non-Executive Chairman include:

(1) Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;

(2) Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;

(3) Ensuring the Group's compliance with the Code; and

(4) Acting in the best interest of the Group and of the shareholders.

The Company Secretary may be called to assist the Non-Executive Chairman in any of the above.

The role of the CEO includes the execution of strategic business directions as well as the oversight of the operations and business development of the Group.

All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

The Non-Executive Chairman is an Independent Director and not part of the management team of the Company. Accordingly, the Company did not appoint an Independent Director to be the Lead Independent Director. The Independent Directors of the Company will meet among themselves without the presence of the other Directors where necessary, and will provide feedback to the Non-Executive Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC currently comprises of one Executive Director and two Independent Directors, a majority of whom are independent, including the NC Chairman.

Nominating Committee

Mr. Thomas Lei (Chairman)
Mr. Tan Liang Pheng
Mr. Melvin Ang

The NC has its terms of reference which sets out their duties and responsibilities. It includes the following:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regarded the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. All Directors should be required to submit themselves for re- nomination and re-election at regular intervals and at least every three years;

(b) to determine annually whether or not a Director is independent;

(c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such a director is able to and has been adequately carrying out his/her duties as director, with regards to the competing time commitments that are faced when serving on multiple boards;

(d) to review and approve any new employment of related persons and the proposed terms of their employment; and

(e) to decide how the Board's performance is to be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long term shareholder value. The Board will also implement a process to be proposed by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable).

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required as well as evaluate the profession, knowledge and experience of the candidate to enable the Board to fulfil its responsibilities.

The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration and/or approval.

The NC makes recommendations to the Board on re-appointment of Directors based on, among others, the Director's attendance record at meetings of the Board and Board Committees, participation at meetings and contributions to the Group's business and affairs.

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

Regulation 107 of the Company's Constitution requires one-third of the Board to retire by rotation at every Annual General Meeting ("**AGM**"). Each Director shall retire from office once every three years. Pursuant to Regulation 117 of the Company's Constitution, Directors of the Company who were newly-appointed by the Board since the last AGM will have to retire at the forthcoming AGM. A retiring Director shall be eligible for re-election at the meeting at which he retires. Each member of the NC shall abstain from voting on any resolutions with respect to his re-nomination as a Director.

The NC has recommended to the Board that Mr. Tan Liang Pheng, Mr. Terry Mak and Mr. Mock Pak Lum, be nominated for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation.

Mr. Tan Liang Pheng, being the member of the NC, who is retiring at the AGM abstained from voting on the resolution in respect of his re-nomination as a Director.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and able to exercise judgment on the corporate affairs of the Group independent of the Management.

Despite some Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

There are no alternate directors being appointed to the Board.

The key information regarding Directors, such as academic and professional qualifications, Board Committees served, directorships, chairmanships or as a member both present and past held over the preceding three years in other listed companies and other major appointments or its related corporations, whether the appointment is executive or non executive are set out in pages 40 and 41 of the Annual Report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

In line with the principles of good corporate governance, the Board has implemented a process to evaluate its performance as a whole. The performance criteria include financial targets, the contribution by Directors, their expertise, their independence and their industry knowledge. This encourages constructive feedback from the Board and leads to an enhancement of its performance over time. The Board has met to discuss the evaluation of the Board's performance and has adopted a formal evaluation process to assess the effectiveness of the Board as a whole.

The results of the evaluation exercise will be collated by the Company Secretary for the NC's review and consideration, which then makes recommendations to the Board on enhancements to improve the effectiveness of the Board as a whole. The NC, having reviewed the overall performance of the Board based on the evaluation criteria setting out in the formal evaluation form for the Board as a whole for FY2016, is of the view that the performance of the Board as a whole has been satisfactory. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. No external facilitator was used in the evaluation process.

The NC has recommended the adoption of the formal annual evaluation form for the Board Committees to further enhance the effectiveness of the Board Committees. The Board has accepted the NC's recommendation and the formal annual evaluation form for the Board Committees would be adopted with effect from financial year 2017.

Although the Directors are not evaluated individually, the performance of the Directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria includes short-term and long- term measures and cover financial and non-financial performance indicators such as the strength of his experience and stature and his contribution to the proper guidance of the Group and its businesses.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfil its responsibilities, the Management strives to provide Board members with adequate and timely information for Board and Board Committees' meetings on an on-going basis. The Board and Board Committees' papers are prepared for each meeting and are disseminated to the members before the meetings. The Board and Board Committees' papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees' meetings. Directors are given separate and independent access to the Group's Management and Company Secretary to address any enquiries.

The Directors have separate and independent access to the Company's Management and the Company Secretary at all times to address any enquiries. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the concurrence of the Chairman or the Chairmen of the Board Committees requiring such advice) will be appointed at the Company's expense.

The Company Secretary or her representative administers, attends and prepares minutes of all Board and Board Committees' meetings and assists the Chairman of the Board and/or the Board Committees in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively. The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Directors, either individually or as a group have the right to seek independent professional advice, if necessary, in furthering their duties. The costs of such services will be borne by the Company.

REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC currently comprises of one Non-Executive Director and two Independent Directors, a majority of whom are independent, including the RC Chairman.

Remuneration Committee

Mr. Tan Liang Pheng (Chairman)
Mr. Thomas Lei
Mr. Terry Mak

The RC has its terms of reference, setting out their duties and responsibilities, which include the following:

(a) to recommend to the Board a framework of remuneration for the Directors and Executive Officers, and to determine specific remuneration packages for each Executive Director and any Chief Executive Officer (or executive of equivalent rank) and key management personnel; if such Chief Executive Officer and key management personnel is not an Executive Director, such recommendations are to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;

(b) in the case of service contracts (if any) for any Director or Executive Officer, to consider what compensation commitments the Directors' or Executive Officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) in respect of any long-term incentive schemes, including share schemes, as may be implemented, to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

No Director will be involved in determining his own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. There were no remuneration consultants engaged by the Company in FY2016.

In reviewing the service agreements of the Company's Executive Directors and key management personnel, the RC will review the Company's obligations in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

BOARD PERFORMANCE

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The remuneration for the Executive Directors and certain key management personnel comprise a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and key management personnel.

The Company has adopted the mm2 Performance Share Plan ("**mm2 PSP**"). The Group's Executive Directors and Non-Executive Directors (including Independent Directors), controlling shareholders or associates of a controlling shareholder are eligible to participate in the mm2 PSP in accordance with the rules of the mm2PSP.

The Independent Directors and Non-Executive Director receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors and Non-Executive Director shall not be over-compensated to the extent that their independence may be compromised. There are no share-based compensation schemes in place for Independent Directors and Non-Executive Directors.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of a breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The details of the level and mix of remuneration of the Directors of the Group for the services rendered during FY2016 are as follows:

Remuneration Band and Name of Directors	Salary (%)	Bonus (%)	Other Benefits (%)	Share Options (%)	Directors' Fees (%)	Total (%)
Between S$750,000 and S$1,000,000						
Mr. Melvin Ang	30	70	-	-	-	100
Below S$250,000						
Mr. Tan Liang Pheng	-	-	-	-	100	100
Mr. Jack Chia	-	-	-	-	100	100
Mr. Thomas Lei	-	-	-	-	100	100
Mr. Terry Mak	-	-	-	-	100	100
Mr. Mock Pak Lum(1)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

(1) Appointed as Non-Executive Director on 10 June 2016.

The details of the remuneration of relevant key management personnel of the Group for services rendered during FY2016 are as follows:

Name of Key Management Personnel	Salary (%)	Bonus (%)	Other Benefits (%)	Share Options (%)	Total (%)
Below S$250,000					
Tay Joo Heng(1)	100	-	-	-	100
Chong How Kiat(2)	100	-	-	-	100
Angelin Ong	100	-	-	-	100
Ng Say Yong	100	-	-	-	100
Toong Soo Wei	100	-	-	-	100
Kent Chan	100	-	-	-	100

Notes:

(1) Ceased as the Chief Financial Officer ("**CFO**") on 1 October 2015.
(2) Appointed as the CFO on 1 October 2015.

For FY2016, the aggregate total remuneration paid to the relevant key management personnel (who are not a Director or the CEO) amounted to S$831,698.

(a) For FY2016, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period termination payment in lieu of service.

(b) There were no employees who were immediate family members of a Director or CEO whose remuneration exceeds S$50,000 in the Group's employment during the financial year under review.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors and key management personnel in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and half-yearly results are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

The Management understands its role to provide all members of the Board with a balanced and understandable assessment of the Group's performance, position and prospects. The Management provides the Board with appropriately detailed information on the Company's performance, position and prospects on a half-yearly basis and when deemed appropriate.

The Board will take adequate steps to ensure compliance with legislative and regulatory requirements. In line with the SGX-ST Catalist Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statement.

The Management is accountable to the Board and maintains regular contact and communication with the Board including preparation and circulation to the Board of half-year and full-year financial statements of the Group. These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Risk Management And Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges its responsibility for the governance of risk and ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets. However, the Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate risks of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, there are maintenance of proper accounting records, financial information is reliable, and assets are safeguarded.

The Management is responsible for designing, implementing and monitoring the risk management and internal control systems within the Group. The Management regularly reviews the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Any significant matters are highlighted to the Board and the AC for their deliberation. To further review the adequacy and effectiveness of internal controls, the AC is assisted by various independent professional service providers. The assistance of the internal auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year. Material non-compliance or weaknesses in internal controls or recommendations from the internal auditors and external auditors to further improve the internal controls were reported to the AC, including the Management action plans to be undertaken to address the recommendations.

The AC also follows up on the actions taken by the Management on the recommendations made by the internal auditors and external auditors arising from their work performed. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls are not satisfactory, based on the current size and nature of the Company's business.

To further enhance the risk management procedures in place, the Group is working with its internal auditors, BDO LLP, to establish a structured ERM framework which will provide documented guidance on the process for identifying and assessing risks, the adequacy of countermeasures and the manner in which risks are reported to the Board and the AC.

The pilot ERM programme will cover the following areas:

- ERM policies and procedures

  An overall framework for risk management has been documented in a manual to be disseminated to personnel responsible for oversight of risks and operations of risk countermeasures. This ERM manual includes the terms of reference of the various personnel and committee responsible for monitoring and managing risks in the Group. The ERM process will also require ongoing identification of key risks to the company and reporting these risks to the Board to better determine whether appropriate measures have been taken to address relevant risks. Risk workshops attended by key management personnel will be conducted to provide a structured approach of identification and assessment of risks.

- Risk Appetite of the company

  The risk appetite of the Group in managing risks will be discussed during the ERM project. Generally, the Group will rely on management to monitor day to day operations while subjecting key corporate decisions, such as investments or acquisitions of businesses to the approval of the Board. The Company's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

  The company has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place manage risks within impact such as transferring them to third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence. Internal audits will be regularly conducted to assess the ongoing compliance with the established controls to address key risk areas where applicable.

- Risk assessment and monitoring

  Based on the ERM framework, the nature and extent of risks to the company will be assessed regularly and risk reports covering top risks to the Group will be submitted periodically to the Board. A set of risk registers to document risks arising from this ERM exercise has been also been established to document all key risks and the corresponding countermeasures.

The Directors have received and considered the representation letters from the CEO and CFO in relation to the financial information for the year. Associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement. The CEO and the CFO have assured the Board that:

a. The financial records have been properly maintained and the financial statements for the FY2016 give a true and fair view in all material aspects, of the Group's operations and finances; and

b. The Group's risk management and internal control systems are operating effectively in all material aspects given its current business environment.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal auditors and external auditors, reviews performed by the Management and the controls and processes which are currently in place, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group for FY2016.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC currently comprises of three members, all of whom (including the Chairman of the AC) are Independent Directors.

<u>Audit Committee</u>

Mr. Jack Chia	(Chairman)
Mr. Tan Liang Pheng	
Mr. Thomas Lei	

The Board is of the view that the AC members possess experience in finance, legal and business management which are appropriately qualified, having the relevant accounting or related financial management expertise to discharge their responsibilities.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control. The AC has full access to and the co-operation of Management and the full discretion to invite any Director or Executive Officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The external auditors have unrestricted access to the AC.

The AC has its terms of reference, setting out their duties and responsibilities, which include the following:

a) review with the external auditors the audit plan, their evaluation of the internal controls system, their audit report, their management letter and our management's response;

b) review with the internal audit department the internal audit plan and evaluate the adequacy of our internal control and accounting system in our annual report;

c) review the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

d) review the internal control and procedures, ensure co-ordination between the external auditors and the management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

e) review any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

f) review, where applicable, the role and effectiveness of the internal audit procedures;

g) review and approve interested person transactions and review procedures thereof;

h) consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors and the head of the internal audit department;

i) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;

j) undertake such other reviews and projects as may be requested by the Board of Directors and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

k) review at least annually the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports of the Company or, where the findings are material, to announce such material findings immediately via SGXNET; and

l) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the AC is given the task of commissioning investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position, and to review its findings.

In July 2010, SGX-ST and ACRA launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" ("**Guidance**") which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC evaluated the performance of the external auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the Guidance.

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approving the remuneration of the external auditors. The AC has recommended to the Board the nomination of Nexia TS Public Accounting Corporation for re-appointment as external auditors of the Company at the forthcoming AGM. The Company confirms that Rule 712 and Rule 715 of the Catalist Rules have been complied with.

Annually, the AC conducts a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2016. The aggregate amount paid to the external auditors for audit and non-audit services for FY2016 are as follows:

	S$'000
Audit Fees	89
Non-audit Fees:	
- Tax services	14
- Due diligence services	47

The AC will meet with the external auditors and internal auditors without the presence of the Management, as and when necessary, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors.

Fraud and whistle blowing policy

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

(i) independent investigations are carried out in an appropriate and timely manner;

(ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

To date, there were no reports received through the whistle blowing mechanism.

The AC is updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is currently outsourced to BDO LLP, a member firm of the international BDO network of auditing firms, and they report directly to the AC on audit matters, and the CEO on administrative matters. BDO performs their work in accordance with the BDO Global Internal Audit Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing established by The Institute of Internal Auditors.

The annual internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In accordance with the internal audit plan, the IA conducts internal audit reviews over the effectiveness of internal controls over the key business processes in the Group including those that address applicable financial, operational and compliance risks. Findings and recommendations arising from the internal audits are agreed with the Management and presented to the AC. The IA also assists the AC in overseeing and monitoring the subsequent implementation of recommendations on internal control weaknesses identified.

The AC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. Following the review of BDO's internal audit plan and their evaluation of the internal controls system, the AC is satisfied that the internal audit is effective, adequately resourced and has appropriate standing within the Group.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

In line with the continuous obligations of the Company under the SGX-ST Catalist Rules and the relevant rules and regulations, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of the general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in and vote at the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through a proxy form sent in advance. The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies.

On 3 January 2016, the legislation was amended, among other things, to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its shareholders the relevant information on a timely basis through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

- Annual Reports that are prepared and sent to all shareholders. The Board ensures that the Annual Report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the relevant rules and regulations;

- Half-yearly announcements containing a summary of the financial information and affairs of the Group for that period;

- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGM**"). The notice of AGM and EGM are also advertised in a national newspaper; and

- News releases on major developments of the Company and the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has engaged an investor relations firm which focuses on facilitating communications with all stakeholders, shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in the newspapers within the mandatory period, which is held within four months after the end of the financial year.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, the Group's development plans and other factors as the Board may deem appropriate. As a growth company, the Group is preserving its funds for future expansions. Therefore, no dividends will be paid in respect of FY2016.

CONDUCT OF SHAREHOLDERS' MEETING

Principle 16: Companies should encourage greater shareholder participation at general meeting of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to be updated on the Group's strategies and goals. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the AGM.

Each item of special business included in the notice of the general meetings will be accompanied by an explanation of the effects of a proposed resolution. All resolutions at the general meetings are single item resolutions.

The Chairman of the Board Committees are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders.

The Company acknowledges that voting by poll in all its general meeting is integral to the enhancement of corporate governance. The Company adheres to the requirements of the Catalist Rules and the Code, all resolutions at the Company's general meetings held on or after 1 August 2015, if any, are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings.

RISK MANAGEMENT

The Company is continually reviewing and improving the business and operational activities to take risk management into account. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions. All the significant controls, policies and procedures and all significant matters are highlighted to the AC and the Board. The significant risk management policies are disclosed in the audited financial statements of this Annual Report.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of the Non-Executive Chairman, or any director or controlling shareholder subsisting at the end of the financial year.

INTERESTED PERSON TRANSACTIONS

The Company has established guidelines and review procedures for the ongoing and future interested person transactions ("**IPTs**"). The IPTs are subject to review by the AC to ensure that they are on normal commercial terms and on an arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the interested persons than if they were transacted with a third party and are not prejudicial to the interests of the Group or our minority shareholders in any way.

There were no IPTs between the Company and any of its interested persons (namely, Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for FY2016.

DEALINGS IN SECURITIES

The Company has adopted its own internal Code of Best Practices to provide guidance to all officers and employees of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1204 (19) of the Catalist Rules of the SGX-ST. The Company and its officers are prohibited from dealing in the Company's securities during the periods commencing one month before the announcement of the Company's half-year and full-year results and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or while they are in possession of unpublished price-sensitive information of the Group. They are not to deal in the Company's securities on short-term considerations.

CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime and the continuing sponsor of the Company is Hong Leong Finance Limited. (the "**Sponsor**"). In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor for FY2016.

USE OF PROCEEDS

a) Initial Public Offering ("IPO") Proceeds

Pursuant to the IPO, the status of the use of IPO proceeds as at the date of this report is as follows:

	Percentage Allocation as Disclosed in Offer Information Statement	Amount of Net Proceeds			
		In accordance with percentage allocation as disclosed	After the Reallocations and as at the date of the Annual Report		
			Reallocated	Transfer of unutilised of IPO	Unutilised
		S$'000	S$'000	S$'000	S$'000
Acquisition/ joint ventures/strategic alliances	30%	2,347	2,318[1]	(2,318)[3]	-
Investment in production/ acquisition of movie rights	22%	1,700	2,054	(2,054)[4]	-
General working capital	22%	1,700	1,775	(1,775)[5]	-
IPO expenses	26%	2,003	1,603[2]	(1,603)[6]	-
Total	**100%**	**7,750**	**7,750**	**(7,750)**	**-**

Notes:

1) The unutilised amount of S$29,000 had been reallocated to Investment in production/acquisition of movie rights.
2) Out of the unutilised amount of S$400,000, S$325,000 had been reallocated to Investment in production/ acquisition of movie rights, and S$75,000 had been reallocated to General working capital.
3) An aggregate amount of S$2.3 million had been used in merger and acquisition activities, which are the initial payment for the acquisition of a new subsidiary (Vividthree Productions Pte Ltd) of S$0.6 million, the acquisition of new business assets from Cathay Cineplexes Sdn Bhd of S$1.4 million and the acquisition of available-for-sale investment of S$0.3 million.

4) An aggregate amount of S$2.1 million had been used in investment in productions/acquisition of movie rights and details are set out below:

	The Group (S$'000)
Acquisition of film intangibles for distribution	73
Additions in film products	316
Additions in investment in movie productions - third party	138
Additions in films under production	1,527
	2,054

5) An aggregate amount of S$1.8 million had been used in funding the Group's general working capital (partly for capital expenditure), which are mainly for merger and acquisition professional fees of S$1.1 million, downpayment paid for the purchase of a new leasehold property in Malaysia of S$0.2 million and S$0.5 had been used for cinema deposits.

6) An aggregate amount of S$1.6 million had been used in IPO listing expenses.

b) Use of Proceeds from Exchangeable Notes and Convertible Notes

The Group refers to the aggregated gross proceeds amounting to S$6.675 million raised from the issuance of convertible notes and exchangeable notes pursuant to the Convertible Note Subscription Agreement with Phillip Asia Pacific Opportunity Fund Ltd. on 27 June 2015 and Exchangeable Note Subscription Agreement with 3VS1 Asia Growth Fund 2 Ltd on 10 July 2015.

The status of the use of proceeds from exchangeable notes and convertible notes are as follows:

	Convertible Note[(1)]	Exchangeable Note[(2)]	Exchangeable Note (Greenshoe)[(2)]	Total	Utilised	Unutilised
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Acquisition/joint ventures/strategic alliances	2,790	2,582	194	5,566	(5,566)[(3)]	-
Investment in production/ acquisition of movie rights	-	-	1,006	1,006	(1,006)[(4)]	-
General working capital	85	18	-	103	(103)[(5)]	-
	2,875	2,600	1,200	6,675	(6,675)	-

Notes:

1) As per the announcement on 29 June 2015, the Group intended to use 100% of the net proceeds of the issuance of convertible notes for investment or acquisition purposes.

2) As per the announcement on 10 July 2015, the Group intended to use the net proceeds to grow its existing business activities which are principally that of movie production, development, creation and distribution, which shall include cinema operations.

3) An amount of S$5.6 million had been used in merger and acquisition activities, which is 100% for the acquisition of new business assets from Cathay Cineplexes Sdn Bhd.

4) An aggregate amount of S$1.0 million had been used in investment in productions/acquisition of movie rights and details are set out below:

	The Group (S$'000)
Acquisition of film intangibles for distribution	315
Additions in film products	139
Additions in investment in movie productions - third party	320
Additions in films under production	232
	1,006

5) An amount of S$0.1 million had been used for professional fees and expenses in relation to the issuance of the convertible notes and exchangeable notes above.

c) Use of Proceeds from Placement of Shares

The Group refers to the aggregated gross proceeds amounting to S$5.0 million raised from the placement of shares pursuant to the share placement agreements with each of Hesheng Media Co., Ltd., Apex Capital Group Pte Ltd, and Maxi-Harvest Group Pte. Ltd on 4 December 2015.

The status of the use of proceeds from placement of shares are as follows:

	Hesheng Media Co., Ltd.[(1)]	Maxi-Harvest Group Pte. Ltd.[(1)]	Apex Capital Group Pte Ltd [(1)]	Total	Utilised	Unutilised
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Investment in production/ acquisition of movie rights	1,000	2,000	1,960	4,960	(4,960)[(2)]	-
General working capital	-	-	40	40	(40)[(3)]	-
	1,000	2,000	2,000	5,000	(5,000)	-

Notes:

1) As per the announcement on 8 December 2015, the Group intended to use 100% of the net proceeds of the placements of shares for general working capital purposes, where investment in production/acquisition of movie rights also form part of the general working capital of the Group.

2) An aggregate amount of S$4.96 million had been used in investment in productions/acquisition of movie rights and details are set out below:

	The Group (S$'000)
Acquisition of film intangibles for distribution	577
Additions in film products	799
Additions in investment in movie productions - third party	547
Additions in films under production	3,037
	4,960

3) An amount of S$40,000 had been used for professional fees and expenses in relation to the placement of shares above.

d) Use of Proceeds from Convertible Notes

The Group refers to the aggregated gross proceeds amounting to S$5.0 million raised from the issuance of convertible notes pursuant to the Convertible Note Subscription Agreement with Orientivity Capital Pte. Ltd on 24 February 2016.

	Convertible Note(1)	Exchangeable Note (Greenshoe)(1)	Total	Utilised	Unutilised
	S$'000	S$'000	S$'000	S$'000	S$'000
Investment in production/ acquisition of movie rights	4,960	2,500	7,400	(2,660)(2)	4,800
General working capital	40	-	40	(40)(3)	-
	5,000	2,500	7,500	(2,700)	4,800

1) As per the announcement on 24 February 2016, the Group intended to use 100% of the net proceeds of the placement of shares for general working capital purposes, where investment in production/ acquisition of movie rights also form part of the general working capital of the Group.

2) An aggregate amount of S$2.7 million had been used in investment in productions/acquisition of movie rights and details are set out below:

	The Group (S$'000)
Acquisition of film intangibles for distribution	339
Additions in film products	162
Additions in investment in movie productions - third party	212
Additions in films under production	1,947
	2,660

3) An amount of S$40,000 had been used for professional fees and expenses in relation to the issuance of convertible notes above.

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE 2012

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Mr. Tan Liang Pheng	A member of the Institute of Singapore Chartered Accountants	Non-Executive Chairman and Independent Director	Board Chairman, Chairman of RC and Member of AC and NC	4 November 2014	22 July 2015	–	–	–
Mr. Melvin Ang	Master of Business Administration from Macquarie University	Executive Director and Chief Executive Officer	Board Member and member of NC	20 August 2014	22 July 2015	–	–	–
Mr. Jack Chia	Degree in Accountancy from National University of Singapore and Master of Arts in International Relations from International University of Japan and he is a fellow member of the Institute of Certified Public Accountants. He also completed a General Manager Program at Harvard Business School	Independent Director	Board Member and Chairman of AC	4 November 2014	22 July 2015	• China Hongcheng International Holdings Limited • Combine Will International Holdings Limited • Debao Property Development Limited • Dukang Distillers Holdings Ltd • Shanghai Turbo Enterprises Limited	• Sunray Holdings Limited	–

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Mr. Thomas Lei	Bachelor of Laws from National University of Singapore and he is a member of the Law Society of Singapore	Independent Director	Board Member, Chairman of NC and Member of AC and RC	4 November 2014	22 July 2015	–	–	–
Mr. Terry Mak	Master of Business Administration from University of Connecticut and Bachelor of Science in Chemistry from Hong Kong Baptist University	Non-Executive Director	Board Member and Member of RC	4 November 2014	22 July 2015	• Media Station Ltd • Land Plus Ltd • FM Telemedia Ltd	• Celestial Pictures Ltd	–
Mr. Mock Pak Lum	Bachelor of Electrical/ Electronic Engineering from the National University of Singapore and Master of Business Administration from the University of California, Los Angeles	Non-Executive Director	Board Member	10 June 2016	N.A.	–	–	–

FINANCIAL REPORT

For the financial year ended 31 March 2016

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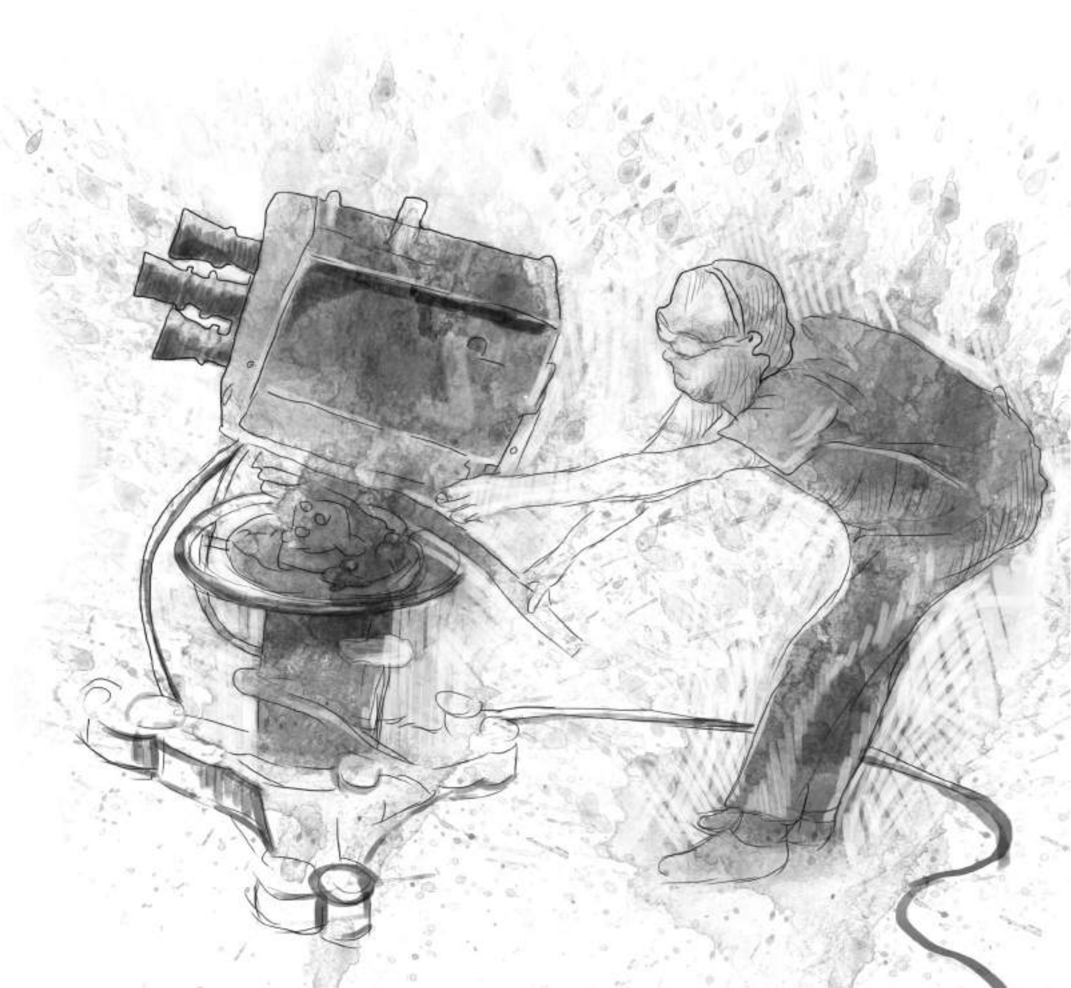

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2016 and the balance sheet of the Company as at 31 March 2016.

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 48 to 115 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2016, and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Tan Liang Pheng
Ang Wee Chye
Chia Seng Hee, Jack
Lei Chee Kong Thomas
Mak Chi Hoo
Mock Pak Lum (Appointed on 10 June 2016)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Performance share plan" in this statement.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee			Holdings in which director is deemed to have an interest		
	At 21.04.2016	At 31.03.2016	At 01.04.2015	At 21.04.2016	At 31.03.2016	At 01.04.2015
Company						
(No. of ordinary shares)						
Ang Wee Chye	195,322,000	185,322,000	130,605,000	40,600,000	40,600,000	-

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Performance share plan

The Company has implemented a performance share plan known as the "Plan" which was approved and adopted by the shareholders at an Extraordinary General Meeting held on 4 November 2014 which provides for the award of fully paid-up ordinary shares in the share capital of the Company free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Full-time Group Executives who have attained the age of 21 years as of the award date and hold such rank as may be designated by the Committee from time to time are eligible to participate in the Plan. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in the Plan. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditor.

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in the Plan provided that the participation of and the terms of each grant and the actual number of awards granted under the Plan to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in a separate resolutions for each person subject to the following:

(a) the aggregate number of shares comprised in awards granted to controlling shareholders or associates of a controlling shareholder under the Plan shall not exceed 25% of the aggregate number of shares (comprised in awards) which may be granted under the Plan; and

(b) the number of shares available to the each controlling shareholder or associate of a controlling shareholder shall not exceed 10% of the shares available under the Plan.

The Plan is a share incentive scheme which will allow the Company, inter alia, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the Plan will help to achieve the following positive objectives:

(a) foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of shareholders;

(b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and

(c) make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

The Plan is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Tan Liang Pheng, Mak Chi Hoo and Lei Chee Kong Thomas.

The Plan shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under the Plan by way of:

(i) issuance of new shares;

(ii) delivery of existing shares purchased from the market or shares held in treasury; and/or

(iii) cash in lieu of shares, based on the aggregate market value of such shares.

The total number of new shares which may be issued pursuant to awards granted under the Plan, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company's post-placement as well as on the day preceding the relevant date of award. The aggregate number of shares available under the Plan shall not exceed 15% of the total issued share capital of the Company post-placement and from time to time.

No performance shares have been awarded pursuant to the Plan.

Audit committee

The members of the Audit committee (the "AC") at the end of the financial year were as follows:

Chia Seng Hee, Jack	Independent director, Chairman
Tan Liang Pheng	Independent director
Lei Chee Kong Thomas	Independent director

The AC perform the functions in accordance with Section 201B(5) of the Singapore Companies Act, (the "Act"), the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance. In performing those functions, the AC:

- Review the audit plans of the internal and independent auditor of the Company and the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the internal and independent auditors;

- Review the annual financial statements and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;

- Review the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

- Meet with the independent auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Review the independence and objectivity of the independent auditor;

- Review the nature and extent of non-audit services (if any) provided by the independent auditor;

- Recommend to the Board of Directors the nomination of independent auditor and reviews and approves the terms of engagement including remuneration and scope of audit;

- Review the results of the audit performed by the independent auditor;

- Report actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and

- Review interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual (Section B: Rules of Catalist).

DIRECTORS' STATEMENT

Audit committee (continued)

The AC confirmed that they have undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor.

The AC has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ang Wee Chye
Director

Tan Liang Pheng
Director

30 June 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of mm2 Asia Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of mm2 Asia Ltd. (the "Company") and its subsidiary corporations (the "Group") set out on pages 48 to 115, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2016, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Philip Tan Jing Choon

Appointed since financial year ended 31 March 2016

Singapore
30 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000
Revenue	4	38,338	24,287
Cost of sales		(19,952)	(14,704)
Gross profit		18,386	9,583
Other income	7	50	3
Other gains - net	8	236	7
Expenses			
- Administrative		(8,295)	(2,995)
- Finance	9	(387)	(18)
		(8,682)	(3,013)
Share of (loss)/profit of associated company	19	(*)	*
Profit before income tax		9,990	6,580
Income tax expense	10	(1,095)	(1,496)
Net profit		8,895	5,084
Other comprehensive loss, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - losses	28(ii)	(545)	(53)
Total comprehensive income		8,350	5,031
Profit attributable to:			
Equity holders of the Company		8,176	5,084
Non-controlling interests		719	-
		8,895	5,084
Total comprehensive income attributable to:			
Equity holders of the Company		7,631	5,031
Non-controlling interests		719	-
		8,350	5,031
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic	11(a)	1.85	1.23
Diluted	11(b)	1.81	1.23

* Less than $1,000

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS
As at 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	4,743	5,755	343	3,987
Trade and other receivables	13	24,416	20,582	21,966	6,555
Inventories and work-in-progress	14	264	-	-	-
Film products and films under production	15	9,831	4,773	-	-
		39,254	31,110	22,309	10,542
Non-current assets					
Property, plant and equipment	16	3,648	99	-	-
Intangible assets	17	25,283	6,349	-	-
Investments in subsidiary corporations	18	-	-	38,328	37,498
Investment in associated company	19	-	*	-	-
Available-for-sale financial assets	20	250	-	-	-
Deferred income tax assets	26	550	14	-	-
		29,731	6,462	38,328	37,498
Total assets		68,985	37,572	60,637	48,040
LIABILITIES					
Current liabilities					
Trade and other payables	21	23,805	14,704	1,656	639
Current income tax liabilities		3,051	312	-	-
Deferred income	22	557	1,146	-	-
Progress billing in excess of work-in-progress	14	604	-	-	-
Borrowings	23	232	221	-	-
		28,249	16,383	1,656	639
Non-current liabilities					
Borrowings	23	2,817	85	2,154	-
Deferred income tax liabilities	26	754	1,923	-	-
		3,571	2,008	2,154	-
Total liabilities		31,820	18,391	3,810	639
NET ASSETS		37,165	19,181	56,827	47,401
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	27	56,982	47,884	56,982	47,884
Other reserves	28	(37,655)	(37,387)	446	-
Retained profits/(accumulated losses)	29	16,860	8,684	(601)	(483)
		36,187	19,181	56,827	47,401
Non-controlling interests	18	978	-	-	-
Total equity		37,165	19,181	56,827	47,401

* Less than $1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016

	Note	Share capital $'000	Other reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to equity holders of the Company →					
2016							
Beginning of financial year		47,884	(37,387)	8,684	19,181	-	19,181
Profit for the year		-	-	8,176	8,176	719	8,895
Other comprehensive loss for the year		-	(545)	-	(545)	-	(545)
Total comprehensive income for the year		-	(545)	8,176	7,631	719	8,350
		47,884	(37,932)	16,860	26,812	719	27,531
Convertible bond - equity component	28	-	446	-	446	-	446
Net asset retained by non-controlling interests upon acquisition of a subsidiary corporation[(a)]	28	-	(169)	-	(169)	-	(169)
Non-controlling interests arising from acquisition of subsidiary corporations		-	-	-	-	259	259
Issuance of new shares pursuant to the conversion of exchangeable notes	27	1,208	-	-	1,208	-	1,208
Issuance of new shares pursuant to the conversion of convertible notes	27	2,890	-	-	2,890	-	2,890
Issuance of new shares pursuant to placement agreements	27	5,000	-	-	5,000	-	5,000
End of financial year		56,982	(37,655)	16,860	36,187	978	37,165

[(a)] These amounts were retained by non-controlling interests in respect of certain assets and liabilities not included in the acquisition of a subsidiary corporation as disclosed in Note 28 to the financial statements.

The accompanying notes form an integral part of these financial statements.

		← Attributable to equity holders of the Company →					
	Note	**Share capital $'000**	**Other reserves $'000**	**Retained profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2015							
Beginning of financial year		83	4	3,559	3,646	126	3,772
Profit for the year		-	-	5,084	5,084	-	5,084
Other comprehensive loss for the year		-	(53)	-	(53)	-	(53)
Total comprehensive income for the year		-	(53)	5,084	5,031	-	5,031
		83	(49)	8,643	8,677	126	8,803
Issue of shares at date of incorporation	27	*	-	-	*	-	*
Share swap pursuant to the restructuring exercise		(83)	(37,338)	41	(37,380)	(126)	(37,506)
Issuance of new shares pursuant to the restructuring exercise	27	37,498	-	-	37,498	-	37,498
Issuance of new shares pursuant to the conversion of convertible notes	27	4,000	-	-	4,000	-	4,000
Issuance of new shares pursuant to the initial public offering	27	7,750	-	-	7,750	-	7,750
Placement and listing expenses	27	(1,364)	-	-	(1,364)	-	(1,364)
End of financial year		47,884	(37,387)	8,684	19,181	-	19,181

* Less than $1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000
Cash flows from operating activities			
Net profit		8,895	5,084
Adjustments for:			
- Income tax expense	10	1,095	1,496
- Depreciation of property, plant and equipment	5	530	45
- Interest income	7	(11)	(3)
- Interest expense	9	387	18
- Amortisation of film rights	5	8,438	3,248
- Amortisation of film inventories	5	15	-
- Share of loss/(profit) of associated company	19	*	(*)
- Write down of film products	5	-	126
- Placement and listing expenses	5	-	240
- Gain on disposal of property, plant and equipment	8	(19)	-
- Write off of property, plant and equipment	8	-	16
- Allowance for impairment of trade receivables	5	143	-
- Unrealised currency translation gains		(445)	(94)
		19,028	10,176
Change in working capital, net of effects from acquisition of subsidiary corporations:			
- Film products and films under production		(15,985)	(8,466)
- Intangible assets		(2,256)	-
- Inventories and work-in-progress		340	-
- Trade and other receivables		(2,953)	(8,019)
- Trade and other payables		(1,130)	3,569
- Deferred income		(589)	908
Cash used in operations		(3,545)	(1,832)
Interest received		-	3
Income tax paid		(86)	(73)
Net cash used in operating activities		(3,631)	(1,902)
Cash flows from investing activities			
Acquisition of a subsidiary corporation, net of cash acquired	34	(600)	-
Deposit to acquire film rights		-	(1,200)
Additions to intangible assets		(3)	(743)
Additions to property, plant and equipment		(1,079)	(32)
Proceeds from disposal of property, plant and equipment		25	-
Deposit for purchase of business assets	35(d)	(76)	-
Purchase of business assets	34(b)(i)	(7,034)	-
Purchase of available-for-sale financial assets		(250)	-
Interest received		11	-
Net cash used in investing activities		(9,006)	(1,975)

The accompanying notes form an integral part of these financial statements.

	Note	Group 2016 $'000	Group 2015 $'000
Cash flows from financing activities			
Fixed deposit pledged to bank		(439)	-
Proceeds from issuance of shares		6,223	7,750
Placement and listing expenses paid	27	-	(1,604)
Proceeds from issuance of convertible bonds		5,475	3,300
Proceeds from borrowings		482	125
Repayment of borrowings		(279)	(481)
Repayment of lease liabilities		(53)	(27)
Interest paid		(240)	(18)
Net cash provided by financing activities		11,169	9,045
Net (decrease)/increase in cash and cash equivalents		(1,468)	5,168
Cash and cash equivalents			
Beginning of financial year		5,674	506
Effects of currency translation on cash and cash equivalents		(73)	*
End of financial year	12	4,133	5,674

* Less than $1,000

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

The Company

mm2 Asia Ltd. (the "Company") is listed on Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered and principal place of business is located at 1002 Jalan Bukit Merah #07-11 Singapore 159456. The consolidated financial statements are presented in Singapore Dollar and all values are rounded to the nearest thousand ($'000) except otherwise indicated.

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporations and associated company are described in Note 18 and Note 19 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 April 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax ("GST"), rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

2.2.1 Core business

Core business segment refers to the Group's production and distribution of motion picture, video and television programme and sponsorship.

(a) *Production income*

(i) *Sale of rights*

Revenue is recognised immediately at the point of time the contract has been entered into with unconditional delivery when all rights are transferred to the customer with no action of recourse and the arrangement of consideration is fixed or determinable and reasonably assured where the Group has no remaining obligation to perform.

(ii) *Producer fee income and consultancy income*

Producer fee income from production of movies, entertainment events and Television ("TV") programmes and consultancy income are recognised in the period in which the relevant services are rendered.

(b) *Distribution income*

(i) *Revenue from distribution of films*

Distribution of films to movie distributors and/or theatres and circuits are recognised when the films are exhibited. After the payment of taxes, other charges and deductions by movie distributors and/or theatres and circuits of their respective share of the box office sales, the net proceeds (the "Distributable Amount") are remitted to the Group. Revenue is recognised from distribution of film during the period when the movie is released.

(ii) *Licence income*

Licence income earned from films licensed for a fixed fee under a non-cancellable contract, where an assignment is granted to the licensee which permits the licensee to exploit those film rights freely over the period of time and/or in any designated territory and where the Group has no remaining obligations to perform and when the film materials have been delivered to licensees. Revenue is recognised when the services are rendered to the licensee and where the Group has no remaining obligation to perform.

(c) *Sponsorship income*

The Group derives revenue from sponsorships associated with the production of films. Sponsorship fees relate to a one-time event. Revenue from a one-time event is recognised if (i) pervasive evidence of an arrangement exists; (ii) the event has occurred; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured. Sponsorship advances are deferred until earned pursuant to the sponsorship agreement and are presented as "Deferred income" on the balance sheet. Revenue is recognised when the services are rendered and when the Group has no remaining obligation to perform.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

2.2.2 Post-production

Post-production segment refers to the Group's newly acquired subsidiary corporation which specialising in 3D stereoscopic animation, 3D animation and visual effects for feature films and commercials.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria are met as follows:

(i) Rendering of service – post-productions services

Revenue from post-productions and advertisement services are recognised in the period in which the relevant services are rendered.

(ii) Income from film rights

Income from film rights are recognised when the films are exhibited. After the payment of taxes, other charges and deductions by movie distributors and/or theatres and circuits of their respective share of the box office sales, the net proceeds (the "Distributable Amount") are remitted to the Group.

2.2.3 Cinema operation

Cinemas operating segments relating to sales of cinemas exhibitions, confectionery and others.

(i) Exhibition

Income from box office takings is recognised on the date of the showing of the film it relates to.

(ii) Confectionery

Income from confectionery sales is recognised on the point of sales.

(iii) Others

Others consist of income from hall rental, screen advertising and ticket booking fee. Other revenue is recognised in the period to it relates to.

2.2.4 Interest income

Interest income is recognised using the effective interest method.

2.2.5 Other income

The income from post editing services, talent fee, formatting fee and management fee is recognised when services are rendered and the amount of income and cost incurred or to be incurred in respect of the transaction can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary corporations is taken to merger reserve.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiary corporations and associated companies" for the accounting policy on investment in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Motor vehicles	5 years
Furniture and fittings	10 years
Office equipment and computers	2½ - 5 years
Tools and equipment	3 - 10 years
Theatre equipment	8 years
Kitchen equipment	8 years
Renovation	3 - 5 years
Leasehold property	92 years (remaining lease term)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/losses - net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiary corporations and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiary corporations is recognised separately as intangible assets and carried out at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations and associated companies include the carrying amount of goodwill relating to the entity sold. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) Film rights

Film rights are stated at cost less accumulated amortisation and accumulated impairment losses. Film rights, less estimated residual value and accumulated impairment losses, are amortised in proportion to the estimated projected revenues over their economic beneficial period subject to a maximum of five (5) years. Additional amortisation and/or impairment loss is made if future estimated projected revenues are adversely different from the previous estimation. Estimated projected revenues are reviewed at regular intervals.

(c) Film intangibles and film inventories

Film intangibles and film inventories comprise of rights and films in development acquired by the Group. It is amortised over the economic beneficial period subject to the maximum of the licence period when the film is released.

(d) Development of software

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations and associated companies

Investments in subsidiary corporations and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Property, plant and equipment*
Intangible assets
Investments in subsidiary corporations and associated companies

Property, plant and equipment, intangible assets and investment in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at the initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

At the end of financial year, the Group does not hold any of the financial assets except for loans and receivables and available-for-sales financial assets.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 13) and "Cash and cash equivalents" (Note 12) on the balance sheets.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the embedded equity conversion option (equity component), which is presented in equity net of any deferred tax effect. The embedded option is recognised initially at its fair value and subsequently carried at fair value. Any change to the fair value of the embedded option is recognised in profit or loss. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amounts of the liability and equity components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leases

When the Group is the lessee:

The Group leases motor vehicles and office equipment under finance leases from non-related parties and office space and apartments under operating leases from related and non-related parties.

(i) Lessee – Finance lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.15 Film products and films under production

Film products are stated at cost less accumulated impairment losses. Film products pending theatrical release are included in current assets. Upon first theatrical release, these film products are reclassified as film rights and are included in non-current assets. Cost of film products, accounted for on a film-by-film basis includes production costs, costs of services, direct labour costs and facilities in the creation of a film.

Films under production include production costs, costs of services, direct labour costs and facilities in the creation of films. Upon completion, these films under production are reclassified as film products. Films under production are accounted for on a film-by-film basis and are stated at cost less any accumulated impairment losses.

An impairment loss is made if there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

2.16 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Cost include all costs of purchase and other costs incurred in bringing inventories to the present location. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Work-in-progress

Work-in-progress is measured at cost to date less progress billings and recognised losses. Cost includes all direct material and labour costs, equipment and sub-contracting services, together with appropriate overhead expenses. Provision for forseeable losses on uncompleted contracts is made in the year in which such losses are determined.

Work-in-progress is included in current assets in the balance sheet for all contract in which costs incurred exceed progress billings. If progress billings exceed costs incurred, then the difference is presented as "progress billings in excess of work-in-progress" and is included in current liabilities in the balance sheet.

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences, arising on investment in subsidiary corporations and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, Employee Provident Fund in Malaysia and Mandatory Provident Fund in Hong Kong on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(c) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("SGD"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains-net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker whose members are responsible for allocating resources and assessing performance of the operating segments.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

3.1 Critical accounting estimates and assumptions

(a) Amortisation of film rights

The costs of film rights less residual values, are amortised in proportion to the estimated projected revenues over the economic beneficial period subject to a maximum of five (5) years. Additional amortisation is made if estimated projected revenues are materially different from the previous estimation.

Management bases its estimates of total projected revenues of each film on the historical performance of similar films, incorporating factors such as the past box office record of the leading actors and actresses, the genre of the film, anticipated performance in the home entertainment, television and other ancillary markets, and agreements for future sales and exploitations.

These estimated projected revenues can change significantly due to a variety of factors. Based on information available on the actual results of films, management reviews and revises, when necessary, the estimated projected revenues at regular intervals. Such change in revenue projections or estimations may result in a change in the rate of amortisation of the assets. This could have an impact on the Group's results of operations. The carrying amounts film rights as at 31 March 2016 are disclosed in Note 17 to the financial statements.

If the estimated projected revenues differ by 10% from management's estimates, the carrying amount of the film rights would have been lower by $843,800 (2015:$324,800) as at 31 March 2016.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

3.1 Critical accounting estimates and assumptions (continued)

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the media and information communication industry market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows had been lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been higher by $1,944,500 (2015: $1,789,400) respectively.

(c) Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

The recoverable amount of these assets and where applicable, CGU have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

If the management's estimated growth rate used in the value-in-use calculation for this CGU had declined by 24.95% (2015: Nil), or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised by 24.29% (2015: Nil), the recoverable amount of the CGU would equal to the carrying amount.

4 REVENUE

	Group 2016 $'000	Group 2015 $'000
Core business		
- Production	21,700	14,955
- Distribution	6,027	8,272
- Sponsorship	2,113	1,060
	29,840	24,287
Post-production	3,617	-
Cinema operation		
- Exhibition	3,734	-
- Confectionery	905	-
- Others[a]	242	-
	4,881	-
	38,338	24,287

[a] Others consist of hall rental, screen advertising, ticket booking fee, blanket and pillow rental and virtual printing fee.

5 EXPENSES BY NATURE

	Group 2016 $'000	Group 2015 $'000
Amortisation of film rights (Note 17(b))	8,438	3,248
Write down of film products (Note 15(a))	-	126
Production and distribution of film costs[a]	9,125	11,329
Employee compensation (Note 6)	4,359	1,764
Depreciation of property, plant and equipment (Note 16)	530	45
Placement and listing expenses (Note 27(j))	-	240
Travelling and transportation	181	227
Film rental expenses	1,811	-
Rental expense on operating leases	1,224	171
Professional fees	1,298	344
Utilities	288	15
Allowance for impairment of trade receivables (Note 31(b)(ii))	143	-
Cleaning services	111	6
Upkeep of property, plant and equipment	242	31
Amortisation of film inventories (Note 17(c))	15	-
Other	482	153
Total cost of sales and administrative expenses	28,247	17,699

* Less than $1,000

[a] Production and distribution of film costs include subcontracting costs, artiste fee, copyright fees, transport, rental of equipment, share of the net receipts from the exploitation of the films and overhead costs.

6 EMPLOYEE COMPENSATION

	Group	
	2016	2015
	$'000	$'000
Wages and salaries	3,879	1,573
Employer's contribution to defined contribution plans	330	148
Other short-term benefits	150	43
	4,359	1,764

7 OTHER INCOME

	Group	
	2016	2015
	$'000	$'000
Interest income from bank deposits	11	3
M-assist grant[(a)]	39	-
	50	3

(a) M-assist grant pertains to marketing assistance to defray the cost of expense relating to travel, as well as marketing and promotion of content at approved events by Media Development Authority of Singapore ("MDA").

8 OTHER GAINS - NET

	Group	
	2016	2015
	$'000	$'000
Currency exchange gains – net	217	23
Property, plant and equipment written off	-	(16)
Gain on disposal of property, plant and equipment	19	-
	236	7

9 FINANCE EXPENSES

	Group	
	2016	2015
	$'000	$'000
Interest expense on:		
- Bank overdrafts	2	*
- Bank borrowings	30	13
- Convertible bonds	66	-
- Finance lease liabilities	4	5
- Amount owing to non-related parties	138	-
- Unwinding of discount on deferred consideration (Note 21)	147	-
	387	18

* Less than $1,000

10 INCOME TAXES

	Group 2016 $'000	Group 2015 $'000
Tax expense attributable to profit is made up of:		
- Profit for the financial year		
Current income tax - Singapore	1,503	-
Current income tax - Foreign	13	370
Deferred income tax	43	1,117
	1,559	1,487
- (Over)/under provision in prior financial years:		
Current income tax - Singapore	1,287	9
Current income tax - Foreign	10	-
Deferred income tax	(1,761)	-
	(464)	9
	1,095	1,496

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2016 $'000	Group 2015 $'000
Profit before tax	9,990	6,580
Tax calculated at tax rate of 17% (2015:17%)	1,698	1,119
Effects of:		
- Different tax rates in other countries	8	147
- Expenses not deductible for tax purposes	117	204
- Income not subject to tax	(17)	-
- Enhanced allowance	(125)	(11)
- Tax incentives and rebates	(132)	-
- Over provision of deferred tax in prior financial years	(1,761)	-
- Under provision of income tax in prior financial years	1,297	9
- Others	10	28
Tax charge	1,095	1,496

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	**2015**
Net profit attributable to equity holders of the Company ($'000)	8,176	5,084
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	442,265	413,458[1]
Basic (cents per share)	1.85	1.23

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: convertible bonds.

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense less the tax effect.

	Group	
	2016	**2015**
Net profit attributable to equity holders of the Company ($'000)	8,176	5,084
Interest expense on convertible bonds, net of tax ($'000)	35	-
Net profit used to determine diluted earnings per share ($'000)	8,211	5,084
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	442,265	413,458[1]
Adjustments for convertible bonds ('000)	9,518	-
	451,783	413,458
Diluted (cents per share)	1.81	1.23

[1] The number of ordinary shares outstanding was retrospectively adjusted for the effect of the share split. The number of shares outstanding is adjusted as if the share split was computed on the first day of the prior year.

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at bank and on hand	4,223	5,674	343	3,987
Short-term bank deposits	520	81	-	-
	4,743	5,755	343	3,987

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2016 $'000	2015 $'000
Cash and bank balances (as above)	4,743	5,755
Less: Bank deposits pledged	(520)	(81)
Less: Bank overdrafts (Note 23)	(90)	-
Cash and cash equivalents per consolidated statement of cash flows	4,133	5,674

Bank deposits are pledged in relation to the security granted for certain borrowings (Note 23).

Please refer to Note 34 for the effects of acquisitions of subsidiary corporations on the cash flows of the Group.

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables				
- Non-related parties	19,588	17,294	-	-
- Associated company	1,363	600	-	-
	20,951	17,894	-	-
Less: Allowance for impairment of receivables				
- Non-related parties (Note 31(b)(ii))	(143)	-	-	-
Trade receivables - net	20,808	17,894	-	-
Other receivables				
- Non-related parties	376	878	*	-
- Associated company	94	-	-	-
- Subsidiary corporations	-	-	21,945	6,489
	470	878	21,945	6,489
Deposits[a]	1,956	1,274	6	6
Prepayments[b]	1,182	536	15	60
	24,416	20,582	21,966	6,555

The non-trade amounts due from subsidiary corporations and associated company are unsecured, interest-free and repayable on demand.

* Less than $1,000
[a] Deposit mainly pertains to a refundable deposit to acquire the script rights of a film and rental deposit for cinema.
[b] Prepayment pertains to payment made in advances for production.

14 INVENTORIES AND WORK-IN-PROGRESS

	Group 2016 $'000	Group 2015 $'000
Work-in-progress	217	-
Trading goods[(a)]	47	-
	264	-

[(a)] Trading goods include inventories for cinema food and beverage operations.

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $235,000 (2015: $Nil).

	Group 2016 $'000	Group 2015 $'000
Work-in-progress		
Aggregate costs incurred	755	-
Less: Progress billing	(1,142)	-
	(387)	-
Presented as:		
Work-in-progress	217	-
Progress billing in excess of work-in-progress	(604)	-
	(387)	-

15 FILM PRODUCTS AND FILMS UNDER PRODUCTION

	Group 2016 $'000	Group 2015 $'000
Film products (Note 15(a))	-	-
Films under production (Note 15(b))	9,831	4,773
	9,831	4,773

The movement for film products and films under production as are follows:

	Group 2016 $'000	Group 2015 $'000
(a) *Film products*		
Beginning of financial year	-	562
Write down (Note 5)	-	(126)
Transfer from films under production (Note 15(b))	10,927	4,622
Transfer to film rights (Note 17(b))	(10,927)	(5,058)
End of financial year	-	-
(b) *Films under production*		
Beginning of financial year	4,773	929
Additions	15,985	8,466
Transfer to film products (Note 15 (a))	(10,927)	(4,622)
End of financial year	9,831	4,773

16 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles $'000	Furniture and fittings $'000	Office equipment and computers $'000	Tools and equipment $'000	Theatre equipment $'000	Kitchen equipment $'000	Renovation $'000	Leasehold property $'000	Total $'000
Group									
2016									
Cost									
Beginning of financial year	91	57	114	12	-	-	-	-	274
Currency translation differences	(6)	(5)	(7)	(1)	-	-	-	-	(19)
Acquisition of subsidiary corporation (Note 34(a)(iii))	-	15	286	-	-	-	19	-	320
Purchase of business assets (Note 34(b)(ii))	-	573	42	-	1,960	80	-	-	2,655
Additions	15	16	346	9	-	-	77	649	1,112
Disposal	(63)	-	-	-	-	-	-	-	(63)
End of financial year	37	656	781	20	1,960	80	96	649	4,279
Accumulated depreciation									
Beginning of financial year	70	24	76	5	-	-	-	-	175
Currency translation differences	(5)	(3)	(10)	1	*	*	*	-	(17)
Depreciation charge for the year (Note 5)	13	67	227	1	204	8	10	-	530
Disposal	(57)	-	-	-	-	-	-	-	(57)
End of financial year	21	88	293	7	204	8	10	-	631
Net book value									
End of financial year	16	568	488	13	1,756	72	86	649	3,648

16 PROPERTY, PLANT AND EQUIPMENT (continued)

	Motor vehicles $'000	Furniture and fittings $'000	Office equipment and computers $'000	Tools and equipment $'000	Theatre equipment $'000	Kitchen equipment $'000	Renovation $'000	Leasehold property $'000	Total $'000
Group									
2015									
Cost									
Beginning of financial year	95	59	74	12	-	-	-	-	240
Currency translation differences	(4)	(2)	(3)	-	-	-	-	-	(9)
Additions	-	18	43	-	-	-	-	-	61
Write off	-	(18)	-	-	-	-	-	-	(18)
End of financial year	91	57	114	12	-	-	-	-	274
Accumulated depreciation									
Beginning of financial year	54	19	62	5	-	-	-	-	140
Currency translation differences	(3)	(1)	(3)	(1)	-	-	-	-	(8)
Depreciation charge for the year (Note 5)	19	8	17	1	-	-	-	-	45
Write off	-	(2)	-	-	-	-	-	-	(2)
End of financial year	70	24	76	5	-	-	-	-	175
Net book value									
End of financial year	21	33	38	7	-	-	-	-	99

(a) Included within additions in the consolidated financial statements are office equipment acquired under finance leases amounting to $32,500 (2015:$29,000) and leasehold property acquired under borrowings amounting to $454,000.

The carrying amounts of office equipment and motor vehicle held under finance leases are $35,000 (2015: $9,100) and $2,000 (2015:$22,000) respectively at the balance sheet date.

(b) Bank borrowings are secured on leasehold property of the Group with carrying amounts of $649,000 (2015:$Nil).

17 INTANGIBLE ASSETS

	Group 2016 $'000	Group 2015 $'000
Composition:		
Goodwill arising on consolidation (Note 17(a))	13,989	-
Film rights (Note 17(b))	8,811	6,349
Film intangibles and film inventories (Note 17(c))	2,281	-
Software development (Note 17(d))	202	-
	25,283	6,349

(a) Goodwill arising on consolidation

	Group 2016 $'000	Group 2015 $'000
Cost		
Beginning of financial year	-	-
Acquisition of subsidiary corporation (Note 34(a)(iii))	2,852(i)	-
Purchase of business assets (Note 34(b)(ii))	11,137(ii)	-
End of financial year	13,989	-
Net book value		
End of financial year	13,989	-

(i) The goodwill of $2,851,917 is allocated to the post-production segment where the operations are held in Singapore.

(ii) The acquisition of the purchase of business assets was completed during the financial year. The goodwill relating to this acquisition is provisional as the fair value of the identifiable assets are provisionally determined (Note 34(b)(iv)). The initial purchase price allocation to intangible assets (excluding goodwill), property, plant and equipment and goodwill is being assessed and expected to be finalised within 12 months from date of acquisition hence the goodwill has not been allocated to the relevant cash-generating unit ("CGU"). The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed. Furthermore, there is no internal and external triggering events that warrant an impairment assessment, as these business assets are generating revenue and profits.

Impairment test for goodwill

In assessing whether an impairment is required, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount of the CGU was determined based on value-in-use. The value-in-use is determined based on financial budgets approved by management covering a five-year period using the growth rates stated below. Cash flows beyond the five-year period were extrapolated with assumption of zero growth. These cash flows were discounted using a pre-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

17 INTANGIBLE ASSETS (continued)

(a) Goodwill arising on consolidation (continued)

The key assumption for the value-in-use are those regarding the discount rate and growth rate during the period. The management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on past performance and expectations on market development.

Key assumptions used for value-in-use calculations:

	Post Production %
2016	
Growth Rate	5[1]
Discount Rate	14[2]

[1] Revenue growth rate used for extrapolation of future revenue for the five-year period
[2] Pre-tax discount rate applied to pre-tax cash flow projection

If the management's estimated growth rate used in the value-in-use calculation for this CGU had declined by 24.95% (2015: Nil), or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised by 24.29% (2015: Nil), the recoverable amount of the CGU would equal to the carrying amount.

(b) Film rights

	Group	
	2016 $'000	**2015 $'000**
Cost		
Beginning of financial year	13,605	7,807
Currency translation differences	(98)	(3)
Additions	-	743
Transfer from film products (Note 15(a))	10,927	5,058
End of financial year	24,434	13,605
Accumulated amortisation		
Beginning of financial year	7,256	4,045
Currency translation differences	(71)	(37)
Amortisation charge (Note 5)	8,438	3,248
End of financial year	15,623	7,256
Net book value		
End of financial year	8,811	6,349

17 INTANGIBLE ASSETS (continued)

(c) Film intangibles and film inventories

	Group 2016 $'000	Group 2015 $'000
Cost		
Beginning of financial year	-	-
Acquisition of subsidiary corporation (Note 34 (a)(iii))	40	-
Additions	2,256	-
End of financial year	2,296	-
Accumulated amortisation		
Beginning of financial year	-	-
Amortisation charge (Note 5)	15	-
End of financial year	15	-
Net book value		
End of financial year	2,281	-

(d) Software development

	Group 2016 $'000	Group 2015 $'000
Cost		
Beginning of financial year	-	-
Additions	202	-
End of financial year	202	-
Net book value	-	-
End of financial year	202	-

No amortisation charge during the financial year as the development of the software is still under development as at balance sheet date.

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company 2016 $'000	Company 2015 $'000
Equity investments at cost		
Beginning of financial year	37,498	-
Additions	830	37,498
End of financial year	38,328	37,498

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (continued)

The Group had the following subsidiary corporations as at 31 March 2015 and 2016:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
Held by Company								
mm2 Entertainment Pte. Ltd.[(a)]	Motion picture, video and television programme and production activities	Singapore	100	100	100	100	-	-
mm2 Entertainment Sdn Bhd[(b) (d)]	Motion picture, video and television programme and production activities	Malaysia	100	100	100	100	-	-
mm2view Pte. Ltd. (formerly known as Millinillion Pte. Ltd.)[(a)]	Development of software for interactive digital media	Singapore	70	-	70	-	30	-
Held by mm2 Entertainment Pte. Ltd.								
mm2 Entertainment Hong Kong Limited[(c) (d)]	Motion picture, video and television programme and production activities	Hong Kong	100	100	-	-	-	-
Vividthree Productions Pte. Ltd.[(a)]	Motion picture, video and television programme post-production activities	Singapore	51	-	-	-	49	-
mm2 Screen Management Sdn Bhd[(b) (d)]	Cinema management and operation activities	Malaysia	100	-	-	-	-	-

(a) Audited by Nexia TS Public Accounting Corporation.

(b) Audited by C. C. Lee & Associates (Malaysia) for local statutory purposes. For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Nexia TS Public Accounting Corporation.

(c) Audited by K. P. Law & Company (Hong Kong). For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Nexia TS Public Accounting Corporation.

(d) In accordance to Rule 716 of the SGX-ST Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Company.

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (continued)

Carrying value of non-controlling interests

	2016 $'000	2015 $'000
Vividthree Productions Pte. Ltd.	778	-
mm2view Pte. Ltd.(formerly know as Millinillion Pte. Ltd.)	200	-
	978	-

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for a subsidiary corporations that have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 March 2016.

Summarised balance sheets

	Vividthree Productions Pte. Ltd. As at 31 March 2016 $'000	mm2view Pte. Ltd. (formerly known as Millinillion Pte. Ltd.) As at 31 March 2016 $'000
Current		
Assets	2,383	390
Liabilities	(1,741)	(68)
Total current net assets	642	322
Non-current		
Assets	1,320	203
Liabilities	(310)	-
Total non-current net assets	1,010	203
Net assets	1,652	525

Summarised income statement

	Vividthree Productions Pte. Ltd. For the financial year ended 31 March 2016 $'000	mm2view Pte. Ltd. (formerly known as Millinillion Pte. Ltd.) For the financial period ended 31 March 2016 $'000
Revenue	4,027	33
Profit/(loss) before income tax	1,579	(25)
Income tax expense	(111)	-
Total comprehensive income/(loss),representing net profit/(loss)	1,468	(25)
Total comprehensive income allocated to non-controlling interests	719	-

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (continued)

Summarised cash flows

	Vividthree Productions Pte. Ltd. For the financial year ended 31 March 2016	mm2view Pte. Ltd. (formerly known as Millinillion Pte. Ltd.) For the financial period ended 31 March 2016
	$'000	$'000
Net cash provided by/(used in) operating activities	746	(543)
Net cash used in investing activities	(280)	-
Net cash (used in)/provided by financing activities	(723)	550
Net (decrease)/increase in cash and cash equivalents	(257)	7
Cash and cash equivalents at date of acquisition	760	-
Cash and cash equivalents at end of the year/period	503	7

19 INVESTMENT IN ASSOCIATED COMPANY

	Group	
	2016	2015
	$'000	$'000
Equity investment		
Beginning of financial year	*	-
Acquisition of shares	-	*
Share of (loss)/profit of associated company	(*)	*
End of financial year	-	*

* Less than $1,000

The Group has not recognised the remaining share of losses of the associated company, mm2 Film Distribution Sdn Bhd amounting to $36,214 (2015: $Nil) as the Group's cumulative share of losses exceeded its interest in that entity and the Group has no obligation in respect of those losses.

The Group had the following associated company as at 31 March 2015 and 2016:

Name of company	Principal activities	Country of business/ incorporation	2016	2015
			%	%
Held by mm2 Entertainment Sdn. Bhd.				
mm2 Film Distribution Sdn Bhd[(a)]	Distribution and production of motion picture, video and television programme	Malaysia	49	49

[(a)] Audited by C. C. Lee & Associates (Malaysia) for local statutory purposes.

19 INVESTMENT IN ASSOCIATED COMPANY (continued)

There are no contingent liabilities relating to the Group's interest in the associated company.

The unaudited financial information about the Group's investment in the associated company is as follows:

Summarised statement of comprehensive income

	2016 $'000	2015 $'000
Revenue	2,484	5
Expenses include: - Depreciation	(8)	(*)
Total comprehensive (loss)/income, representing net (loss)/profit	(74)	2

Summarised balance sheet

	2016 $'000	2015 $'000
Current assets	1,392	617
Includes: - Cash and cash equivalents	44	1
Current liabilities	(1,581)	(680)
Includes: - Financial liabilities (excluding trade payables)	(104)	-
Non-current assets	47	2
Net liabilities	(142)	(61)

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

The directors are of the opinion as at 31 March 2015 and 2016 that the associated company is not material to the Group.

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2016	2015
	$'000	$'000
Beginning of financial year	-	-
Additions	250	-
End of financial year	250	-

Available-for-sale financial assets are analysed as follows:

	Group	
	2016	2015
	$'000	$'000
Unquoted equity securities – Singapore	250	-

The fair value of unquoted equity securities is approximate cost (Note 31(e)).

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade payables				
- Non-related parties	10,185	13,756	18	-
- Associated company	561	67	-	-
	10,746	13,823	18	-
Other payables				
- Non-related parties[(a)]	7,149	231	20	13
- Dividend and other payable due to non-controlling interests	687	1	-	-
- Subsidiary corporations	-	-	886	203
	7,836	232	906	216
Accruals	1,547	644	732	423
Customer deposits[(b)]	1,205	-	-	-
Withholding tax	11	5	-	-
Deferred consideration				
- Acquisition of subsidiary corporations[(c)]	2,313	-	-	-
- Unwinding of discount on deferred consideration (Note 9)	147	-	-	-
	2,460	-	-	-
	23,805	14,704	1,656	639

The non-trade amounts due to subsidiary corporations are unsecured, interest-free and repayable on demand.

(a) Included in amount owing to non-related parties pertains to the balance of $6,758,080 arising from the purchase of business assets (Note 34(b)(i)).

(b) Customer deposits pertains to refundable deposits received from customers to purchase sales of rights on the Group's core business.

(c) Deferred consideration pertains to remaining amount arising from the acquisition of a subsidiary corporation (Note 34(a)(i)).

22 DEFERRED INCOME

	2016 $'000	2015 $'000
Deferred income[a]	557	1,146

[a] Deferred income is an advance payment received from customers for project services that have not rendered or delivered. Upon the project services rendered and delivered, the deferred income is being recognised to profit or loss.

23 BORROWINGS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Bank overdrafts (Note 12)	90	-	-	-
Term loan 1	-	16	-	-
Term loan 2	-	43	-	-
Term loan 3	16	15	-	-
Term loan 4	10	-	-	-
Term loan 5	46	-	-	-
Term loan 6	25	-	-	-
Borrowings – non-related parties	28	125	-	-
Finance lease liabilities (Note 25)	17	22	-	-
	232	221	-	-
Non-current				
Term loan 1	-	16	-	-
Term loan 2	-	-	-	-
Term loan 3	5	22	-	-
Term loan 4	440	-	-	-
Term loan 5	142	-	-	-
Term loan 6	43	-	-	-
Convertible bonds (Note 24)	2,154	-	2,154	-
Finance lease liabilities (Note 25)	33	47	-	-
	2,817	85	2,154	-
Total borrowings	3,049	306	2,154	-

Bank overdrafts and Term Loan 1

Bank overdrafts and Term loan 1 are secured by fixed deposit against a fresh Letter of Set-off over first party fixed deposit pledged of $68,960 (equivalent to MYR200,000). Interest earned from short-term bank deposit shall be capitalised as additional security and guarantee against joint and several guarantee for $172,400 (equivalent to MYR500,000) by Angelin Ong Pei Sian[1] and Chan Teck Kian[1] and a personal guarantee of $172,400 (in USD equivalent to MYR500,000) by Ang Wee Chye[2].

[1] Directors of subsidiary corporation, mm2 Entertainment Sdn Bhd
[2] Director of the Company.

23 BORROWINGS (continued)

Term Loan 2

Term loan 2 is secured by joint and several guarantee for $120,680 (equivalent to MYR350,000) signed by Angelin Ong Pei Sian and Ang Wee Chye.

Term Loan 3

Term Loan 3 is secured by Deed of guarantee and indemnity for all monies from Ang Wee Chye and a non-related party.

Term Loan 4

Term Loan 4 is secured by a Facility Agreement for the sum of $453,757 (equivalent to MYR1,316,000) as principal instrument, a registered open all monies third party charge stamped nominally over the property and deed of assignment of rental proceeds as subsidiary instrument.

Term Loan 5 and 6

Term Loan 5 and 6 are secured by Deed of guarantee and indemnity for all monies from Lee Hoon Hwee[3], Hong Wei Chien[3] and Yeo Eng Pu Charles[3].

(3) Directors of subsidiary corporation, Vividthree Productions Pte. Ltd.

Borrowings – non-related parties

On 3 April 2015, the Group has entered into an agreement with Shaw Renters (Singapore) Pte Limited ("Shaw"), whereby Shaw agreed to fund a production film with a return of 1% on the borrowing of $28,000. The borrowing is repayable by 29 July 2016.

On 17 February 2015, the Group has entered into an agreement with Ascension Picture Pte Ltd ("Ascension"), whereby Ascension agreed to fund a production film with a return of 5% on the borrowing of $125,000. The borrowing was fully repaid on by 29 January 2016.

Finance lease liabilities

Finance lease liabilities of the Group are effectively secured over the motor vehicles and office equipment (Note 16), as the legal titles is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2016 $'000	2015 $'000
6 months or less	174	46
6 – 12 months	58	175
1 – 5 years	2,421	82
Over 5 years	396	3
	3,049	306

23 BORROWINGS (continued)

Fair value of non-current borrowings

The fair values of non-current borrowings approximate their carrying amounts.

The fair values are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2016	**2015**
	%	**%**
Term loans	5.35	5.35
Borrowings – non-related parties	5.35	5.35
Convertible bonds	13.00	5.38
Finance lease liabilities	5.41	4.17

The fair values are within Level 2 of the fair value hierarchy.

24 CONVERTIBLE BONDS

(i) The Group's subsidiary corporation, mm2 Entertainment Pte. Ltd. had on 10 July 2015, entered into an exchangeable note subscription agreement with 3VS1 Asia Growth Fund 2 Ltd. (the "Subscriber"), issued redeemable convertible bonds denominated in Singapore Dollar with a nominal value of $2,600,000 in aggregate principal amount of exchangeable notes, and up to an additional 50% of the subscription amount, $1,300,000 in aggregate principal amount of exchangeable notes if the Greenshoe Option is exercised by a notice in writing sent by the Subscriber to the Issuer within 30 calendar days of the subscription date, and such additional subscription amount shall be in integer multiples of $200,000.

The exchangeable notes shall be issued in registered form in the denomination of $200,000 each with maturity date falling two years after the Subscription Date. The issue price of the exchangeable notes is 100% of the principal amount and will bear interest at the rate of 2.5% per annum on the principal amount of the exchangeable notes.

The exchangeable notes are converted into the ordinary shares of the Company subsequent to the financial year end as disclosed in Note 35(b) to the financial statements.

(ii) The Company had on 27 June 2015 entered into a convertible note subscription agreement with Phillip Asia Pacific Opportunity Fund Ltd. ("PAPOF" or the "Subscriber"), being proposed to issue up to $2,875,000 in aggregate principal amount of convertible notes with maturity date on 30 June 2017.

The convertible notes shall be issued in registered form in the denomination of $125,000 each. The issue price of the convertible notes is 100% of the principal amount and will bear interest at the rate of 1.50% per annum on the principal amount of the convertible notes.

On 1 December 2015, all convertible notes were converted into 5,908,822 conversion of ordinary shares pursuant to the terms and conditions of the convertible notes. (Note 27)

The convertible bonds are regarded as a hybrid instrument consisting of an embedded derivative, the economic characteristics and risks of which are not closely related to that of the host instrument, the bonds. The conversion options under the terms of the convertible bonds collectively formed a single compound embedded derivative in the convertible bonds. The management assessed the fair value of the single compound embedded derivative at the inception of the convertible bonds and at the balance sheet date and considered it as not significant, hence this single compound embedded derivative was not recognised.

The fair value of the liability component, included in non-current borrowings, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component of approximately $446,000, is included in shareholders' equity in other reserves (Note 28), net of deferred income taxes.

25 FINANCE LEASE LIABILITIES

The Group leases motor vehicles and office equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2016	**2015**
	$'000	**$'000**
Minimum lease payments due		
- Not later than one year	17	26
- Between one and five years	38	49
- Later than five years	-	3
	55	78
Less: Future finance charges	(5)	(9)
Present value of finance lease liabilities	50	69

The present values of finance lease liabilities are analysed as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Not later than one year (Note 23)	17	22
Later than one year (Note 23)		
- Between one and five years	33	44
- Later than five years	-	3
	33	47
Total	50	69

26 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Deferred income tax liabilities		
- To be settled within one year	12	307
- To be settled after one year	742	1,616
	754	1,923
Deferred income tax assets		
To be recovered after one year	(550)	(14)
	(550)	(14)

26 DEFERRED INCOME TAXES (continued)

Movement in deferred income tax account is as follows:

	Group 2016 $'000	Group 2015 $'000
Beginning of financial year	1,909	798
Currency translation differences	(12)	(6)
Acquisition of subsidiary corporation (Note 34(a)(iii))	25	-
Tax (credited)/charged to profit or loss (Note 10)	(1,718)	1,117
End of financial year	204	1,909

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation /amortisation $'000	Other $'000	Total $'000
2016			
Beginning of financial year	1,918	5	1,923
Currency translation differences	(10)	-	(10)
Acquisition of subsidiary corporation	-	25	25
Credited to profit or loss	(1,179)	(5)	(1,184)
End of financial year	729	25	754
2015			
Beginning of financial year	927	8	935
Currency translation differences	(3)	(3)	(6)
Charged to profit or loss	994	-	994
End of financial year	1,918	5	1,923

Deferred income tax assets

	Tax losses $'000	Total $'000
2016		
Beginning of financial year	(14)	(14)
Currency translation differences	(2)	(2)
Tax credited to profit or loss	(534)	(534)
End of financial year	(550)	(550)
2015		
Beginning of financial year	(137)	(137)
Currency translation differences	-	-
Tax charged to profit or loss	123	123
End of financial year	(14)	(14)

27 SHARE CAPITAL

	Group and Company	
	No. of ordinary shares '000	Amount $'000
2016		
Balance at the beginning of financial year	206,729	47,884
Issuance of new shares pursuant to the conversion of exchangeable notes[a]	2,143	1,208
Issuance of new shares pursuant to the conversion of convertible notes[b]	5,909	2,890
Issuance of new shares pursuant to the placement agreements[c]	6,352	5,000
Issuance of new shares pursuant to the completion share split[d]	221,132	-
End of financial year	442,265	56,982

	Group		Company	
	No. of ordinary shares '000	Amount $'000	No. of ordinary shares '000	Amount $'000
2015				
Balance at the beginning of financial year	83	83	-	-
Issue of shares at date of incorporation of the Company[e]	*	*	*	*
Sub-division of shares pursuant to the restructuring exercise[f]	7	*	7	*
	90	83	7	*
Issuance of new shares pursuant to the restructuring exercise[g]	149,993	37,498	149,993	37,498
Share swap pursuant to the restructuring exercise	(83)	(83)	-	-
Issuance of new shares pursuant to the conversion of convertible notes[h]	25,729	4,000	25,729	4,000
Pre-placement issued and paid-up share capital	175,729	41,498	175,729	41,498
Issuance of new shares pursuant to the initial public offering[i]	31,000	7,750	31,000	7,750
Placement and listing expenses[j]	-	(1,364)	-	(1,364)
End of financial year	206,729	47,884	206,729	47,884

*Less than $1,000 and/or 1,000

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) On 12 November 2015, 17 December 2015 and 18 December 2015, an aggregate amount of 2,142,965 ordinary shares were issued pursuant to the conversion of $1,207,560 in aggregate principal amount of exchangeable notes.

(b) On 1 December 2015, all convertible notes were converted into 5,908,822 conversion shares pursuant to the terms and conditions of the convertible notes, amounting to $2,890,595 in aggregate principal amount of convertible notes.

(c) On 1 February 2016, 4 February 2016 and 25 February 2016, an aggregate amount of 6,351,625 ordinary shares were issued pursuant to the placement of shares to Hesheng Media Co., Ltd., Maxi-Harvest Group Pte. Ltd. and Apex Capital Group Pte. Ltd., amounting to $4,999,999 in aggregate principal amount of the placement shares.

(d) 221,132,444 ordinary shares were issued pursuant to the completion of share split on 1 March 2016.

27 SHARE CAPITAL (continued)

(e) The Company was incorporated on 20 August 2014 with a paid-up capital of $1 comprising of one (1) ordinary shares at the date of incorporation.

(f) The sub-division of shares in the issued share capital of the Company, of which one (1) issued and fully-paid share has been subdivided into 7,500 shares.

(g) 149,992,500 ordinary shares were issued pursuant to the restructuring exercise to acquire mm2 Entertainment Pte. Ltd. for an aggregate consideration of $37,498,125.

(h) On 20 November 2014, all convertible notes were converted into 25,729,032 conversion shares pursuant to the terms and conditions of the convertible notes.

(i) The Company issued 31,000,000 new shares at $0.25 per share as placement in connection with the listing and raised gross proceeds of $7,750,000. The net proceeds received from the listing amounted to $6,146,000, after deducting placement and listing expenses of the Company of $1,604,000 paid during financial year end 31 March 2015.

(j) During the last financial year ended 31 March 2015, placement and listing expenses incurred amounted to $1,604,000. Included in the placement and listing expenses were professional fees paid to the independent reporting auditors of the Company amounting to approximately $234,000 in respect to the professional services rendered in connection with the Company's listing.

Placement and listing expenses of $1,364,000 which were directly attributed to the issuance of new shares were deducted against the share capital of the Company. The remaining balance of $240,000 was charged to profit or loss (Note 5).

Performance Share Plan

The Company has implemented a performance share plan known as the "Plan" which was approved and adopted by the shareholders at an Extraordinary General Meeting held on 4 November 2014 which provides for the award of fully paid-up ordinary shares in the share capital of the Company free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Full-time Group Executives who have attained the age of 21 years as of the award date and hold such rank as may be designated by the Committee from time to time are eligible to participate in the Plan. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in the Plan. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditor.

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in the Plan provided that the participation of and the terms of each grant and the actual number of awards granted under the Plan to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in a separate resolutions for each person subject to the following:

(a) the aggregate number of shares comprised in awards granted to controlling shareholders or associates of a controlling shareholder under the Plan shall not exceed 25% of the aggregate number of shares (comprised in awards) which may be granted under the Plan; and

(b) the number of shares available to the each controlling shareholder or associate of a controlling shareholder shall not exceed 10% of the shares available under the Plan.

The Plan is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the Plan will help to achieve the following positive objectives:

(a) foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of shareholders;

27 SHARE CAPITAL (continued)

Performance Share Plan (continued)

(b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and

(c) make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

The Plan is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Tan Liang Pheng, Mak Chi Hoo and Lei Chee Kong Thomas.

The Plan shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under the Plans by way of:

(i) issuance of new shares;

(ii) delivery of existing shares purchased from the market or shares held in treasury; and/or

(iii) cash in lieu of shares, based on the aggregate market value of such shares.

The total number of new shares which may be issued pursuant to awards granted under the Plan, when added to (i) the number of new shares issued and issuable in respect of all Awards granted thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company's post-placement as well as on the day preceding the relevant date of award. The aggregate number of shares available under the Plan shall not exceed 15% of the total issued share capital of the Company post-Placement and from time to time.

No performance shares have been awarded pursuant to the Plan.

28 OTHER RESERVES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Composition:				
Convertible bond - equity component	446	-	446	-
Merger reserve[a]	(37,338)	(37,338)	-	-
Currency translation reserve	(594)	(49)	-	-
Net asset retained by non-controlling interests upon acquisition of a subsidiary corporation[b]	(169)	-	-	-
	(37,655)	(37,387)	446	-

[a] Merger reserve represents the difference between the consideration paid and the share capital of the subsidiary corporations acquired under common control.

[b] The amounts were retained by non-controlling interests in respect of certain assets and liabilities not included in the acquisition of a subsidiary corporation.

28 OTHER RESERVES (continued)

The movement of merger and currency translation reserves are as follows:

	Group	
	2016	2015
	$'000	$'000
(i) Merger reserve		
Beginning of financial year	(37,338)	-
Net difference between consideration paid and the share capital of the subsidiary corporations acquired	-	(37,338)
End of financial year	(37,338)	(37,338)
(ii) Currency translation reserve		
Beginning of financial year	(49)	4
Net currency translation differences of financial statements of foreign subsidiary corporations and associated company	(545)	(53)
End of financial year	(594)	(49)

Other reserves are non-distributable.

29 RETAINED PROFITS/(ACCUMULATED LOSSES)

Retained profits of the Group and the Company are distributable.

Movement in accumulated losses of the Company is as follows:

	Company	
	2016	2015
	$'000	$'000
Beginning of financial year	(483)	-
Net loss	(118)	(483)
End of financial year	(601)	(483)

30 COMMITMENTS

Operating lease commitments – where the Group is a lessee

The Group leases office space and apartments from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2016	2015
	$'000	$'000
Not later than one year	1,550	204
Between one and five years	938	110
	2,488	314

31 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group do not use financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposure.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set by the Board of Directors. The finance personnel identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Board of Directors. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Malaysian Ringgit ("MYR"), United States Dollar ("USD"), Chinese Renminbi ("CNY") and Hong Kong Dollar ("HKD").

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations in Malaysia.

31 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	MYR $'000	USD $'000	CNY $'000	HKD $'000	Total $'000
At 31 March 2016						
Financial assets						
Cash and cash equivalents	3,240	1,433	-	-	70	4,743
Available-for-sale financial assets	250	-	-	-	-	250
Trade and other receivables	18,858	3,277	364	292	443	23,234
Receivable from subsidiary corporations	27,041	1,547	3	-	237	28,828
	49,389	6,257	367	292	750	57,055
Financial liabilities						
Trade and other payables	(12,767)	(10,379)	(288)	(270)	(101)	(23,805)
Borrowings	(2,492)	(557)	-	-	-	(3,049)
Payable to subsidiary corporations	(27,041)	(1,547)	(3)	-	(237)	(28,828)
	(42,300)	(12,483)	(291)	(270)	(338)	(55,682)
Net financial assets/ (liabilities)	7,089	(6,226)	76	22	412	1,373
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(4,045)	(1,907)	76	22	235	(5,619)

31 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	MYR $'000	USD $'000	CNY $'000	HKD $'000	Total $'000
At 31 March 2015						
Financial assets						
Cash and cash equivalents	4,745	1,006	-	-	4	5,755
Trade and other receivables	14,589	3,296	360	844	957	20,046
Receivable from subsidiary corporations	7,544	-	-	-	-	7,544
	26,878	4,302	360	844	961	33,345
Financial liabilities						
Trade and other payables	(9,953)	(3,890)	(110)	(354)	(397)	(14,704)
Borrowings	(162)	(144)	-	-	-	(306)
Payable to subsidiary corporations	(7,544)	-	-	-	-	(7,544)
	(17,659)	(4,034)	(110)	(354)	(397)	(22,554)
Net financial assets	9,219	268	250	490	564	10,791
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	462	(496)	250	490	564	1,270

31 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the MYR, USD, CNY and HKD change against the SGD by 10% (2015: 3%), 2% (2015: 10%), 6% (2015: 10%), and 2% (2015: 10%) respectively with all other variables including tax rate being held constant, the effects arising from the next financial liabilities/assets position will be as follows:

	Increase/(Decrease) in net profit	
	2016	**2015**
	$'000	**$'000**
Group		
MYR against SGD		
- Strengthened	(158)	(14)
- Weakened	158	14
USD against SGD		
- Strengthened	1	21
- Weakened	(1)	(21)
CNY against SGD		
- Strengthened	1	41
- Weakened	(1)	(41)
HKD against SGD		
- Strengthened	4	47
- Weakened	(4)	(47)

The Company does not have significant exposure to currency risk.

(ii) Price risk

The Group does not have significant exposure to the equity price risk of the unquoted equity securities. Any change in the variables will not have a material impact on the Group's financial statements.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group does not have any significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from borrowings at floating interest rate. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's borrowings are at variable rates which no hedges have been entered into as the loans are denominated in the respective operating entities' functional currencies and there are natural hedges as the Group's collections are mainly in its respective operating entities' functional currencies. If the interest rates had increased/decreased by 0.5% (2015: 0.5%) with all other variables including tax rate being held constant, management had assessed and determined the impact to profit after tax as a result of higher/lower interest expense on these borrowings is not significant.

31 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history and obtaining sufficient collateral. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to individual counterparty is restricted by credit limits that are approved by the Board of Directors based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the Group level by the Board of Directors.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables are largely corporate companies and comprise 2 debtors (2015: 5 debtors) that individually represented 11% - 21% (2015: 3% - 21%) of trade receivables.

The credit risk of trade receivables based on the information provided to key management is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
By geographical areas		
Singapore	13,865	11,655
Malaysia	2,502	2,528
China	2,855	1,046
Taiwan	1,155	1,002
Hong Kong	417	1,663
Others	14	-
	20,808	17,894
By types of customers		
Related parties	1,363	600
Non-related parties		
- Individual	70	142
- Companies	19,375	17,152
	20,808	17,894

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and are not re-negotiated.

31 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Past due less than 3 months	11,662	11,606
Past due over 3 months	7,783	5,688
	19,445	17,294

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Past due less than 3 months	-	-
Past due over 3 months	143	-
	143	-
Less: Allowance for impairment (Note 5)	(143)	-
	-	-

	Group	
	2016	**2015**
	$'000	**$'000**
Beginning of financial year	-	-
Allowance made	143	-
End of financial year (Note 13)	143	-

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (Note 23). At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and cash equivalents as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility) and cash and cash equivalents (Note 12) of the Group and the Company on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Board of Directors. These limits vary by location to take into account the liquidity of the market in which the entity operates.

31 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Group					
At 31 March 2016					
Trade and other payables	23,805	-	-	-	23,805
Borrowings	340	2,775	212	610	3,937
	24,145	2,775	212	610	27,742
At 31 March 2015					
Trade and other payables	14,704	-	-	-	14,704
Borrowings	234	50	40	3	327
	14,938	50	40	3	15,031
Company					
At 31 March 2016					
Trade and other payables	1,656	-	-	-	1,656
Borrowings	-	2,623	-	-	2,623
	1,656	2,623	-	-	4,279
At 31 March 2015					
Trade and other payables	639	-	-	-	639

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio which the Board of Directors monitors on a periodic basis. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus and trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt/(assets).

31 FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Net debt/(assets)	22,111	9,255	3,467	(3,348)
Total equity	37,165	19,181	56,827	47,401
Total capital	59,276	28,436	60,294	44,053
Gearing ratio	**37%**	**33%**	**6%**	**N.M**

N.M.: Not meaningful

(e) Fair value measurements

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within level 1 that are observable or the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

See Note 20 for disclosure of the available-for-sale financial assets that are measured at fair value.

The following table presents assets that measured at fair value at 31 March:

	Level 1	Level 2	Level 3
	$'000	$'000	$'000
2016	-	-	250
2015	-	-	-

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

31 FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

Level 3 fair value measurement

As at 31 March 2016, the available-for-sale financial assets represent unquoted equity securities. The valuation technique, Adjusted Net Asset Value was used to determine the fair value of these financial assets. The unobservable inputs used in the valuation total assets and total liabilities of the equity security includes liquidity discount.

A 5% increase/(decrease) in the liquidity discount at the balance sheet date to the significant unobservable inputs, holding other inputs constant, would have a net effect to the fair value that is negligible.

The carrying amount of other financial assets and liabilities approximates to their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets, except for the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	27,977	25,801	22,294	10,482
Financial liabilities at amortised cost	26,854	15,010	3,810	639

(g) Offsetting financial assets and financial liabilities

The Group has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

	Gross amounts of recognised financial assets/ (liabilities) $'000	**Gross amounts of recognised financial liabilities set off in the balance sheet $'000**	**Net amounts of financial assets presented in the balance sheet $'000**
Group			
31 March 2016			
Trade receivables	14,931	(7,742)	7,189
Trade payables	(7,742)	7,742	-
31 March 2015			
Trade receivables	-	-	-
Trade payables	-	-	-

The Company does not have any financial instruments subject to enforceable master netting arrangements or similar agreement for financial year ended 31 March 2015 and 2016.

31 FINANCIAL RISK MANAGEMENT (continued)

(g) Offsetting financial assets and financial liabilities (continued)

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and their respective counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

32 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2016	**2015**
	$'000	**$'000**
Sales of goods and/or services to		
Associated company	684	-
Other related parties	859	499
Purchase of material from		
Associated company	71	-
Other related parties	-	10
Payments made on behalf and reimbursed by associated company	542	7

Outstanding balances as at 31 March 2015 and 2016, arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 13 and 21 to the financial statements respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Directors		
Wages and salaries	961	154
Employer's contribution to defined contribution plans	14	10
	975	164
Key management personnel		
Wages and salaries	754	413
Employer's contribution to defined contribution plans	78	70
	832	483
	1,807	647

33 SEGMENT INFORMATION

The Group's chief operating decision-maker ("CODM") comprises of the Chief Executive Officer, the Chief Financial Officer, and the heads of each business within the operating segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

At 31 March 2016, the Group was organised into three (2015: one) operating segments, which is relating to motion pictures, videos, television programmes, production activities, post-production and cinema operation This is based on the Group's internal organisation and management structure and the primary way in which the CODM is provided with the financial information.

The three operating segments are mainly:-

(a) Core business

Core business segment refers to the Group's production and distribution of motion picture, video and television programme and sponsorship.

(i) Production income

Income is mainly related to sale of rights, producer fee income and consultancy fee income.

(ii) Distribution income

Income is mainly related to the box office receipts of the movies released and exploitation of the script and sequel rights of the movie via licensing agreements.

(iii) Sponsorship income

Income is mainly related to sponsorships associated with the production of films.

(b) Post-production

Post-production segment refers to the Group's newly acquired subsidiary corporation which specialising in 3D stereoscopic animation, 3D animation and visual effects for feature films and commercials. They are mainly related to motion picture, video and television programme post-production activities.

(c) Cinema operation

Cinema operation segment refer to the Group's newly acquired subsidiary corporation which is relating to sales of cinema ticket and concession, hall renting and screen advertising.

(i) Exhibition

Income is mainly related to selling of movie tickets.

(ii) Confectionery

Income is mainly related to selling of food and beverage such as popcorn, soft drinks and snacks.

(iii) Others

Income consists of hall rental, screen advertising, ticket booking fee, blanket and pillow rental and virtual printing fee.

33 SEGMENT INFORMATION (continued)

(c) Cinema Operation (continued)

There are no operating segments that have been aggregated to form the above reportable operating segments.

The segment information provided to the CODM for the reportable segments are as follows:

	Core business $'000	Post-production $'000	Cinema operation $'000	Total $'000
2016				
Total segment sales	30,126	4,027	4,885	39,038
Inter-segment sales	(286)	(410)	(4)	(700)
Sales to external parties	29,840	3,617	4,881	38,338
Adjusted earnings before interest, tax, depreciation and amortisation, ("EBITDA")	17,351	1,436	573	19,360
Depreciation	(39)	(215)	(276)	(530)
Amortisation	(8,438)	(15)	-	(8,453)
Interest expense	(227)	(22)	(138)	(387)
Profit before income tax	8,647	1,184	159	9,990
Income tax expense	(944)	(111)	(40)	(1,095)
Net profit	7,703	1,073	119	8,895
2015				
Total segment sales	24,287	-	-	24,287
Inter-segment sales	-	-	-	-
Sales to external parties	24,287	-	-	24,287
Adjusted EBITDA	9,891	-	-	9,891
Depreciation	(45)	-	-	(45)
Amortisation	(3,248)	-	-	(3,248)
Interest expense	(18)	-	-	(18)
Profit before income tax	6,580	-	-	6,580
Income tax expense	(1,496)	-	-	(1,496)
Net profit	5,084	-	-	5,084

Disclosure on the measures of total assets and total liabilities for each reportable segments was not presented as the CODM is of the opinion that it is not meaningful and impracticable as they do not use them for operating decision-making on allocation of resources and performance assessment.

Sales between segments are carried out at agreed terms. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

33 SEGMENT INFORMATION (continued)

Geographical information

In presenting the geographical location, revenue is based on the geographical locations of the customers which the revenue is derived from:

	2016 $'000	2015 $'000
Singapore	22,404	17,493
Malaysia	7,369	3,326
People's Republic of China	5,692	1,353
Taiwan	1,679	617
Hong Kong	1,161	1,498
Others	33	-
	38,338	24,287

The following is an analysis of the Group's carrying amount of non-current assets analysed by the geographical areas:

	2016 $'000	2015 $'000
Singapore	14,010	5,998
Malaysia	15,719	464
Hong Kong	2	-
	29,731	6,462

Information of major customer

Revenue of approximately $4,200,000 (2015: $3,900,000) is derived from a single external customer for the financial year ended 31 March 2016. These revenues are attributable to the Singapore core business segment.

34 BUSINESS COMBINATIONS

(a) Vividthree Productions Pte. Ltd. ("Vividthree")

On 8 April 2015, the Group through its wholly-owned subsidiary corporation, mm2 Entertainment Pte. Ltd. ("MEPL") entered into a sale and purchase agreement with Yeo Eng Pu, Charles, Hong Wei Chien and Lee Hoon Hwee (collectively known as non-controlling interests "NCI") for the acquisition of 51% of the issued and paid-up ordinary shares of Vividthree. Vividthree is based in Singapore and is a leading player in Singapore's three-dimensional ("3D") animation on field, specialising in 3D stereoscopic animation on 3D animation and visual effects for feature films and commercials.

Details of the consideration paid and the assets acquired and liabilities assumed, and the non-controlling interests recognised and the effects on the cash flow on the Group, at the acquisition date, are as follows:

(i) Purchase consideration

	$'000
Cash paid	600
Deferred consideration (Note 34(a)(v))	2,313
Total purchase consideration	2,913

(ii) Effect on cash flows of the Group

	$'000
Cash paid (as above)	(600)
Less: cash and cash equivalents of subsidiary corporation acquired	760
Add: other payable due to NCI	(760)
Cash outflow on acquisition	(600)

(iii) Identifiable assets acquired and liabilities assumed

	At fair value $'000
Property, plant and equipment (Note 16)	320
Film inventories (Note 17(c))	40
Cash and cash equivalents	760
Trade and other receivables	1,106
Total assets	2,226
Trade and other payables	(415)
Dividend and other payable due to NCI (Note 34(a)(vi))	(1,344)
Borrowings	(323)
Deferred income tax liabilities (Note 25)	(25)
Total liabilities	(2,107)
Total identifiable net assets	119
Less: Non-controlling interests proportion of the net fair value of identifiable net assets	(58)
Add: Goodwill (Note 17(a))	2,852
Total purchase consideration	2,913

34 BUSINESS COMBINATIONS (continued)

(a) Vividthree Productions Pte. Ltd. ("Vividthree") (continued)

(iv) Acquisition-related costs

Acquisition-related costs of $86,765 are included in "administrative expenses" in the consolidated statement of comprehensive income and included as part of the operating cash flows in the consolidated statement of cash flows.

(v) Deferred consideration

Based on the sales and purchase agreement ("SPA"), in the event of Vividthree's net profit for the period from 1 April 2015 to 31 May 2016 is equal or exceeds S$2,000,000, the fair value of the deferred consideration is approximately $2,313,000 as at acquisition date.

The deferred consideration as at 31 March 2016 increased by $147,000 to $2,460,000 due to unwinding of discount.

(vi) Dividend and other payable due to NCI

Dividend and other payable consists of cash and cash equivalent, accounts receivables and accounts payables identified at date of acquisition. In accordance to the SPA, these items are payable to the NCI.

(vii) Goodwill

The goodwill of $2,851,917 arising from the acquisition is attributable to the synergies such as Vividthree's complementary business areas within the film production value chain and Vividthree's 3D animation services as an enhancement to MEPL's competitive edge.

(viii) Revenue and profit contribution

The acquired business contributed revenue of $4,026,949 and net profit of $1,467,712 to the Group from the period from 1 April 2015 to 31 March 2016.

(b) Cathay Cineplexes Sdn Bhd ("CCSB")

On 14 August 2015, the Group through its wholly-owned Malaysia incorporated subsidiary corporation, mm2 Screen Management Sdn Bhd entered into a sale and purchase agreement (the "SPA") with CCSB for the purchase of the business assets carried on at the following locations:

- Cathay Cineplex Damansara, e@Curve, No. 2A Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Cathay Cineplex Damansara"); and
- Cathay Cineplex City Square, Johor Bahru City Square, 106-108 Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim, Malaysia ("Cathay Cineplex City Square").

34 BUSINESS COMBINATIONS (continued)

(b) Cathay Cineplexes Sdn Bhd ("CCSB") (continued)

Details of the consideration paid and the assets acquired at the acquisition date, are as follows:

(i) Purchase consideration

	$'000
Cash paid	7,034
Balance amount payable in cash	6,758
Total purchase consideration	13,792

(ii) Identifiable assets acquired

	At fair value $'000
Identifiable assets acquired:	
Property, plant and equipment (Note 16) and (Note 34(b)(iv))	2,655
Add: Goodwill (Note 17(a)) and (Note 34(b)(v))	11,137
Total purchase consideration	13,792

(iii) Acquisition-related costs

Acquisition-related costs of $482,876 are included in "administrative expenses" in the consolidated statement of comprehensive income and included as part of the operating cash flows in the consolidated statement of cash flows.

(iv) Property, plant and equipment

The fair values of the acquired identifiable property, plant and equipment of $2,654,960 has been provisionally determined pending receipt of the final valuation reports from the independent valuer.

(v) Goodwill

The goodwill relating to this acquisition is provisional as the fair value of the identified assets of the identified assets are provisionally determined (Note 34(b)(iv)). The purchase price allocation to goodwill, intangibles (excluding goodwill) and property, plant and equipment is being assessed and expected to be finalised within 12 months from date of acquisition hence the goodwill has not been allocated to the respective cash-generating unit. If new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustment to the above amounts, or any additional provision and allowances that existed at the acquisition date, the accounting for the acquisition will be adjusted retrospectively.

(vi) Revenue and profit contribution

The acquired business contributed revenue of $4,885,278 and net profit of $91,965 to the Group from the period from 1 November 2015 to 31 March 2016. The disclosure of revenue and profit contribution had the acquisition occurred at the beginning of the financial year is impracticable as the information was not accessible by reason of the acquisition being made on the purchase of the business assets, not an acquisition of a legal entity.

34 BUSINESS COMBINATIONS (continued)

(c) mm2view Pte. Ltd. (formerly known as Millinillion Pte. Ltd.) ("mm2view")

On 17 December 2015, the Group has signed an investment and shareholder agreement for the issue and allotment of 466,667 ordinary shares of mm2view with subscription monies of $350,000. The shares subscription represents 70% of the enlarged share capital of mm2view. This amount remains payable as at 31 March 2016.

mm2view is incorporated in Singapore, a company specialising in developing Business to Consumer (B2C) mobile applications and digital interactive solutions for clients.

Revenue and profit contribution to the Group from the acquisition of mm2view from 1 April 2015 to 31 March 2016 is of negligible value as operations of mm2view has not commenced.

35 EVENTS OCCURRING AFTER BALANCE SHEET DATE

(a) On 22 March 2016, the Company has entered into a share placement agreement with StarHub Ltd, to issue 44,000,000 new ordinary shares ("Placement Shares") for a consideration of $18,040,000. On this date, StarHub Ltd does not hold any shares in the capital of the Company.

StarHub Ltd is a public company limited by shares incorporated in Singapore and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). It is a fully-integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets.

Each Placement Share is valued at $0.41 ("Placement Price"). The Placement Price represents a discount of approximately 19.2% to the volume weighted average price of $0.5077 for trades done on the SGX-ST on 22 March 2016, being the full market day preceding the date of the share placement agreement.

The Placement Share has been approved in the extraordinary general meeting of the Company on 2 June 2016. The shares were issued subsequently on 10 June 2016.

(b) On 10 April 2016, the exchangeable notes held by 3VS1 Asia Growth Fund 2 Ltd, aggregating to a principal amount of $2,600,000 had been mandatorily converted into 9,442,172 of new ordinary shares. The conversion exercise was held on 19 April 2016.

(c) On 11 April 2016, the Company has issued convertible notes amounting to $5,000,000 with a Greenshoe Option amounting to $2,500,000 to Orientivity Capital Pte. Ltd. ("Orientivity"). The Greenshoe Option has been exercised on 11 May 2016.

Orientivity has partially redeemed the convertible notes of principal amounting to $1,500,000 into 723,446 of new ordinary shares and 2,891,883 new shares on 22 April 2016 and 19 May 2016 respectively.

(d) On 6 May 2016, the Group through its wholly owned subsidiary corporation, mm2 Screen Management Sdn. Bhd. has also entered into a sale of business agreement with Mega Cinemas Management Sdn. Bhd. ("Mega") to vary, inter alia the purchase consideration of MYR22,000,000 (equivalent to approximately $7,446,000) for the acquisition from Mega. The Group has made an initial deposit of MYR220,000 (equivalent to approximately $76,000) as of balance sheet date.

Mega is involved in the business of cinema management and operations with authorised capital of MYR5,000,000 (equivalent to approximately $1,695,000) divided into 5,000,000 ordinary shares of MYR1.00 each, out of which 1,500,000 ordinary shares have been issued and fully paid-up. It currently operates three cinemas located at Perai, Bertam and Langkawi in Malaysia.

35 EVENTS OCCURRING AFTER BALANCE SHEET DATE (continued)

(e) On 12 May 2016, the Group has entered into a sale and purchase agreement (the "SPA") with Ong Chin Soon and Ong Chin Leong (collectively the "Vendors") in relation to the acquisition of the Vendors' respective interest in the issued share capital of the following companies:

(i) UnUsUaL Productions Pte Ltd ("Company 1");
(ii) UnUsUaL Entertainment Pte. Ltd. ("Company 2");
(iii) UnUsUaL Development Pte Ltd ("Company 3");
(iv) UnUsUaL Entertainment International Limited ("Company 4");
(v) UnUsUaL Productions Sdn Bhd ("Company 5");

(collectively, the "UnUsUaL Group Companies")

UnUsUaL Group Companies are engaged in the business of event and concert production and promotion, and are known for their ability to deliver a total technical production that has enabled them to organise various world-class events and to successfully be involved in the arts and drama scene.

Company 1 and Company 5 provide the audio, staging and lighting design and technical solutions for a diverse range of events, such as concerts, product launches, exhibitions and festivals. Company 2 and Company 4 market, promote and organise the concerts of Asian and Western artistes held in the region while Company 3 manages The MAX Pavilion at Singapore Expo, a venue at which many concerts and events are held.

The consideration for the sale of the shares in the UnUsUaL Group Companies shall be an aggregate amount of up to $26,000,000.

Pursuant to the SPA, the Vendors shall undertake a restructuring of its UnUsUaL Group Companies by incorporating a new company to be named UnUsUaL Pte. Ltd. ("Holding Company") for the purpose of holding all the shares in the UnUsUaL Group Companies. Pursuant to the restructuring, the Vendors will transfer, or procure the transfer of all their shares in the UnUsUaL Group Companies, collectively representing 100% of the entire issued share capital of each of its UnUsUaL Group Companies, so that the Holding Company shall become the sole shareholder of each of its UnUsUaL Group Companies. This acquisition is on a zero current asset and zero current liabilities basis of each on the UnUsUaL Group Companies.

On 9 June 2016, the Group announced that the UnUsUaL Group Companies has intention to list on the Catalist Board of the SGX-ST. The Company ("mm2 Asia Ltd."), has appointed a team of professionals to aid in the preparation of the listing.

(f) On 21 June 2016, the Board of Directors of mm2 Asia Ltd. announced that its 70% owned subsidiary corporation, Millinillion Pte Ltd. has changed its name to mm2view Pte. Ltd..

36 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2016 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2016
- Amendments to FRS 1: Disclosure Initiative
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 110, FRS 112 and FRS 28:Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants

Improvements to FRSs (November 2014)
- FRS 107 Financial Instruments: Disclosures
- FRS 19 Employee Benefits

Effective for annual periods beginning on or after 1 January 2017
- Amendments to FRS 7: Disclosure Initiative
- Amendments for FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018
- FRS 109: Financial Instruments
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers

Effective date: to be determined*
- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

37 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of mm2 Asia Ltd. on 30 June 2016.

STATISTICS OF SHAREHOLDINGS
(As at 13 June 2016)

SHARE CAPITAL

Class of Shares	:	Ordinary share
Number of Shares (excluding treasure shares)	:	499,322,389
Voting Rights	:	One vote per share
No. of treasury shares and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1-99	-	-	-	-
100 - 1,000	25	4.69	15,400	0.00
1,001 – 10,000	204	38.28	1,349,600	0.27
10,001 – 1,000,000	272	51.03	23,421,200	4.69
1,000,001 and above	32	6.00	474,536,189	95.04
TOTAL	**533**	**100.00**	**499,322,389**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	Melvin Ang Wee Chye	190,322,000	38.12
2	StarHub Ltd	44,000,000	8.81
3	Citibank Nominees Singapore Pte Ltd	25,859,100	5.18
4	Hong Leong Finance Nominees Pte Ltd	20,600,000	4.13
5	KGI Fraser Securities Pte Ltd	20,100,000	4.03
6	Maybank Kim Eng Securities Pte Ltd	19,742,218	3.95
7	HSBC (Singapore) Nominees Pte Ltd	14,322,200	2.87
8	RHB Securities Singapore Pte Ltd	14,024,600	2.81
9	Choo Meileen	13,538,000	2.71
10	CIMB Securities (Singapore) Pte Ltd	13,472,080	2.70
11	Yeo Khee Seng Benny	12,504,600	2.50
12	BNP Paribas Nominees Singapore Pte Ltd	12,408,200	2.48
13	DBSN Services Pte Ltd	11,233,600	2.25
14	Apex Capital Group Pte Ltd	10,388,300	2.08
15	Phillip Asia Pacific Opportunity Fund Ltd	7,350,608	1.47
16	Optimus Capital International Limited	6,000,000	1.20
17	HL Bank Nominees (S) Pte Ltd	5,600,000	1.12
18	Phillip Securities Pte Ltd	4,876,100	0.98
19	OCBC Securities Private Ltd	3,690,000	0.74
20	Lee Sau Leung	3,500,083	0.70
	TOTAL	**453,531,689**	**90.83**

SUBSTANTIAL SHAREHOLDERS AS AT 13 JUNE 2016

(As recorded in Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Melvin Ang Wee Chye[1]	190,322,000	38.12	45,600,000	9.13
StarHub Ltd	44,000,000	8.81	-	-
Asia Mobile Holdings Pte. Ltd.[2]	-	-	44,000,000	8.81
Asia Mobile Holdings Company Pte. Ltd.[3]	-	-	44,000,000	8.81
STT Communications Ltd[4]	-	-	44,000,000	8.81
Sinagpore Technologies Telemedia Pte Ltd[5]	-	-	44,000,000	8.81
Temasek Holdings (Private) Limited[6]	-	-	44,000,000	8.81
Ooredoo Investment Holding S.P.C. [7]	-	-	44,000,000	8.81
Ooredoo QSC[7]	-	-	44,000,000	8.81
Yeo Khee Seng Benny[8]	12,504,600	2.50	22,896,500	4.59

Note:

1. Mr Melvin Ang Wee Chye is deemed interested in 5,000,000 ordinary shares held under the name of Maybank Kim Eng Securities Pte Ltd, 20,000,000 ordinary shares held under the name of KGI Fraser Securities Pte Ltd, and 20,600,000 ordinary shares held under the name of Hong Leong Finance Nominees Pte Ltd.

2. Asia Mobile Holdings Pte. Ltd. ("**AMH**") holds a direct interest of approximately 55.81% in StarHub Ltd ("**StarHub**"), AMH is deemed interested in all the shares held by StarHub in the Company.

3. Asia Mobile Holdings Company Pte. Ltd. ("**AMHC**") holds a direct interest of approximately 75% in AMH, which in turn holds a direct interest of approximately 55.81% in StarHub, AMHC is deemed interested in all the shares held by StarHub in the Company.

4. STT Communications Ltd ("**STTC**") holds a direct interest in the entire issued share capital of AMHC, which holds a direct interest of approximately 75% in AMH, which in turn holds a direct interest of approximately 55.81% in StarHub, STTC is deemed interested in all the shares held by StarHub in the Company.

5. Singapore Technologies Telemedia Pte Ltd ("**STT**") holds a direct interest in the entire issued share capital of STTC, which holds a direct interest in the entire issued share capital of AMHC, which in turn holds a direct interest of approximately 75% in AMH, which in turn holds direct interest of approximately 55.81% in StarHub, STT is deemed interested in all the shares held by StarHub in the Company.

6. StarHub is an indirect subsidiary of STT which in turn is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Temasek is deemed interested in all the shares held by StarHub in the Company.

7. Ooredoo Investment Holdings S.P.C. ("**OIH**") holds a direct interest of approximately 25% in AMH, which in turn holds a direct interest of approximately 55.81% in StarHub, OIH is deemed interested in all the shares held by StarHub in the Company. OIH is a 100% subsidiary of Ooredoo QSC.

8. Mr. Yeo Khee Seng Benny ("**Mr. Yeo**") is deemed interested in 12,408,200 shares held by Beyond Sea Investment Limited ("**BSI**") by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**") as he owns 50% of the shareholdings of BSI. Mr. Yeo is also deemed interested in 10,488,300 shares held by Apex Capital Group Pte Ltd ("**Apex Capital**") by virtue of Section 4 of the SFA as he owns 70% of the shareholdings of Apex Capital.

PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC'S HANDS

As at 13 June 2016, 36.83% of the Company's shares are held in the hand of public. Accordingly, the Company complied with Rule 723 of the Listing Manual – Section B: Rules of Catalist of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hand of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of mm2 Asia Ltd. (the "**Company**") will be held at Six Battery Road #10-01, Singapore 049909 on Wednesday, 20 July 2016 at 5.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Independent Auditors' Report thereon.
   Resolution 1

2. To approve the payment of Directors' fees of S$130,000 for the financial year ending 31 March 2017, to be paid quarterly in arrears.
   Resolution 2

3. To re-elect the following Directors retiring pursuant to Regulation 107 and Regulation 117 of the Constitution of the Company:

Mr. Tan Liang Pheng	(Retiring under Regulation 107)	**Resolution 3**
Mr. Mak Chi Hoo	(Retiring under Regulation 107)	**Resolution 4**
Mr. Mock Pak Lum	(Retiring under Regulation 117)	**Resolution 5**

   [See Explanatory Note (i)]

4. To re-appoint Nexia TS Public Accounting Corporation, as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration.
   Resolution 6

5. To transact any other ordinary business which may properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules")**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

    (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

    (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

Resolution 7

7. **Authority to issue shares under the mm2 Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the mm2 Performance Share Plan (the "**mm2 PSP**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the mm2 PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15.0%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

Resolution 8

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 5 July 2016

Explanatory Notes:

(i) Mr. Tan Liang Pheng will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman, the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr. Mak Chi Hoo will, upon re-election as a Director of the Company, remain as the Non-Executive Director and a member of the Remuneration Committee and will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) Resolution 8 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the vesting of share awards under the mm2 PSP provided that the aggregate additional shares to be allotted and issued pursuant to the mm2 PSP do not exceeding in total (for the entire duration of the mm2 PSP) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 1002 Jalan Bukit Merah #07-11 Singapore 159456 not less than forty-eight (48) hours before the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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MM2 ASIA LTD.
(Company Registration No. 201424372N)
(Incorporated In Singapore)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) NRIC / Passport No. ______________

of ____ (Address)

being *a member/members of **MM2 ASIA LTD**. (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No of Shares	%

as my/our proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Six Battery Road #10-01, Singapore 049909 on Wednesday, 20 July 2016 at 5.00 p.m. and at any adjournment thereof. I/We* direct my/our proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

No.	Resolutions relating to:	No. of Votes 'For'*	No. of Votes 'Against'*
Ordinary Business			
1	Audited Financial Statements for the financial year ended 31 March 2016		
2	Approval of Directors' fees amounting to S$130,000 for the financial year ending 31 March 2017, to be paid quarterly in arrears		
3	Re-election of Mr. Tan Liang Pheng as a Director		
4	Re-election of Mr. Mak Chi Hoo as a Director		
5	Re-election of Mr. Mock Pak Lum as a Director		
6	Re-appointment of Nexia TS Public Accounting Corporation, as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration		
Special Business			
7	Authority to allot and issue new shares		
8	Authority to issue shares under the mm2 Performance Share Plan		

**If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______ day of ______________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Member
or, Common Seal of Corporate Shareholder
* Delete where inapplicable

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1002 Jalan Bukit Merah #07-11 Singapore 159456 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 July 2016.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Liang Pheng
(Non-Executive Chairman and Independent Director)
Melvin Ang *(CEO and Executive Director)*
Jack Chia *(Independent Director)*
Thomas Lei *(Independent Director)*
Terry Mak *(Non-Executive Director)*
Mock Pak Lum *(Non-Executive Director)*

AUDIT COMMITTEE

Jack Chia *(Chairman)*
Tan Liang Pheng
Thomas Lei

REMUNERATION COMMITTEE

Tan Liang Pheng *(Chairman)*
Terry Mak
Thomas Lei

NOMINATING COMMITTEE

Thomas Lei *(Chairman)*
Melvin Ang
Tan Liang Pheng

COMPANY SECRETARY

Shirley Tan Sey Liy *(ACIS)*

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1002 Jalan Bukit Merah
#07-11 Redhill Industrial Estate
Singapore 159456

PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

B-06-03, Menara Bata PJ Trade Centre,
No. 8 Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya, Selangor, Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 14, 5/F
19 Wang Hoi Road
Kenning Industrial Building
Kowloon Bay, Hong Kong

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

EXTERNAL AUDITORS

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-in-charge
Philip Tan Jing Choon
(Appointed since financial year ended 31 March 2016)

PRINCIPAL BANKER

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

CONTINUING SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#01-05 Hong Leong Building
Singapore 048581

COMPANY WEBSITE

www.mm2asia.com

STOCK CODE

43D

mm2 entertainment

mm2 Asia Ltd.

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