



mm2 Asia Ltd. and its Subsidiaries

(Incorporated in the Republic of Singapore)

(Company Registration No. 201424372N)

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021**

CONTENTS	Page
A Condensed interim consolidated statement of profit or loss and other comprehensive income	1
B Condensed interim statements of financial position	2
C Condensed interim statements of changes of equity	3
D Condensed interim consolidated statement of cash flows	4 - 5
E Notes to condensed interim consolidated financial statements	6 - 18
F Other information required by Listing Rule Appendix 7.2	19 - 27

A CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021

	Note	Group		Change %
		Six months period ended		
		30 Sep 2021 1H FY2022 (Unaudited) S\$'000	30 Sep 2020 1H FY2021 (Unaudited) S\$'000	
Revenue	4	46,275	19,907	132.5%
Cost of sales		(36,905)	(19,777)	-86.6%
Gross profit		9,370	130	7107.7%
Other income				
- Interest		24	30	-20.0%
- Others		5,950	8,033	-25.9%
Other losses - net		(178)	(1,374)	87.0%
Administrative expenses		(21,809)	(22,453)	2.9%
Finance expenses		(6,862)	(9,610)	28.6%
Share of profits of associated companies and joint venture		539	234	130.3%
Loss before income tax	6.1	(12,966)	(25,010)	48.2%
Income tax expenses	7	(870)	(783)	N.M.
Net loss for the financial period		(13,836)	(25,793)	46.4%
Other comprehensive loss, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation				
- losses		(29)	(85)	65.9%
Total comprehensive loss for the financial period		(13,865)	(25,878)	46.4%
Loss attributable to:				
Equity holders of the Company		(11,417)	(22,415)	49.1%
Non-controlling interests		(2,419)	(3,378)	28.4%
		(13,836)	(25,793)	46.4%
Total comprehensive loss attributable to:				
Equity holders of the Company		(11,453)	(22,484)	49.1%
Non-controlling interests		(2,412)	(3,394)	28.9%
		(13,865)	(25,878)	46.4%
Loss per share attributable to owners of the Company				
Basic and diluted (in cents)	8	(0.51)	(1.93)	73.6%

N.M. - not meaningful

B CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	Group		Company	
		30 Sep 2021 (Unaudited) S\$'000	31 Mar 2021 (Audited) S\$'000	30 Sep 2021 (Unaudited) S\$'000	31 Mar 2021 (Audited) S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		7,393	12,117	35	96
Trade and other receivables	9	111,251	112,587	263,158	268,877
Inventories		1,796	1,830	-	-
Other current assets		70,969	75,914	-	-
Film products and films under production		1,566	1,079	-	-
Income tax recoverable		535	342	-	-
		<u>193,510</u>	<u>203,869</u>	<u>263,193</u>	<u>268,973</u>
Non-current assets					
Trade and other receivables	9	20,362	20,168	-	-
Financial assets, at fair value through profit or loss ("FVPL")	10	1,388	3,223	-	-
Investments in subsidiaries		-	-	70,226	70,226
Investments in associated companies		3,242	2,641	2,383	2,457
Investment in a joint venture		11	37	-	-
Property, plant and equipment	11	71,816	87,989	107	22
Intangible assets and goodwill	12	252,998	253,038	-	-
Film rights	13	40,662	33,364	-	-
Film intangibles and film inventories	14	23,330	19,484	-	-
Deferred income tax assets		26	-	-	-
		<u>413,835</u>	<u>419,944</u>	<u>72,716</u>	<u>72,705</u>
TOTAL ASSETS		<u>607,345</u>	<u>623,813</u>	<u>335,909</u>	<u>341,678</u>
LIABILITIES					
Current liabilities					
Trade and other payables		84,834	79,171	63,199	67,075
Contract liabilities		12,013	9,143	-	-
Borrowings	15	144,315	192,669	45,536	94,932
Lease liabilities		21,932	33,157	107	23
Derivative financial instruments		6,113	6,154	-	-
Current income tax liabilities		2,583	3,073	-	-
		<u>271,790</u>	<u>323,367</u>	<u>108,842</u>	<u>162,030</u>
Non-current liabilities					
Borrowings	15	71,346	72,963	50,253	51,714
Lease liabilities		40,110	42,393	-	-
Provisions		4,578	4,553	-	-
Deferred income tax liabilities		6,945	6,328	-	-
		<u>122,979</u>	<u>126,237</u>	<u>50,253</u>	<u>51,714</u>
TOTAL LIABILITIES		<u>394,769</u>	<u>449,604</u>	<u>159,095</u>	<u>213,744</u>
NET ASSETS		<u>212,576</u>	<u>174,209</u>	<u>176,814</u>	<u>127,934</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	16	205,102	152,870	205,102	152,870
Reserves		(14,336)	(14,300)	-	-
Accumulated losses		(23,112)	(11,695)	(28,288)	(24,936)
		<u>167,654</u>	<u>126,875</u>	<u>176,814</u>	<u>127,934</u>
Non-controlling interests		44,922	47,334	-	-
TOTAL EQUITY		<u>212,576</u>	<u>174,209</u>	<u>176,814</u>	<u>127,934</u>

**C CONDENSED INTERIM STATEMENTS OF CHANGES OF EQUITY
 FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021**

Group (Unaudited)

	Attributable to equity holders of the Company					Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Reserves S\$'000	(Accumulated losses)/ Retained profits S\$'000	Total S\$'000			
As at 1 April 2021	152,870	(14,300)	(11,695)	126,875	47,334	174,209	
Net loss for the financial period	-	-	(11,417)	(11,417)	(2,419)	(13,836)	
Other comprehensive (loss)/ income for the financial period	-	(36)	-	(36)	7	(29)	
Total comprehensive loss for the financial period	-	(36)	(11,417)	(11,453)	(2,412)	(13,865)	
Issuance of right shares	54,652	-	-	54,652	-	54,652	
Capitalised expenses pertaining to issuance of right shares	(2,420)	-	-	(2,420)	-	(2,420)	
As at 30 September 2021	205,102	(14,336)	(23,112)	167,654	44,922	212,576	
As at 1 April 2020	152,870	(14,435)	79,082	217,517	56,089	273,606	
Net loss for the financial period	-	-	(22,415)	(22,415)	(3,378)	(25,793)	
Other comprehensive loss for the financial period	-	(69)	-	(69)	(16)	(85)	
Total comprehensive loss for the financial period	-	(69)	(22,415)	(22,484)	(3,394)	(25,878)	
As at 30 September 2020	152,870	(14,504)	56,667	195,033	52,695	247,728	

Company (Unaudited)

	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
As at 1 April 2021	152,870	(24,936)	127,934
Net loss for the financial period	-	(3,352)	(3,352)
Issuance of right shares	54,652	-	54,652
Capitalised expenses pertaining to issuance of right shares	(2,420)	-	(2,420)
As at 30 September 2021	205,102	(28,288)	176,814
As at 1 April 2020	152,870	(15,952)	136,918
Net loss for the financial period	-	(4,694)	(4,694)
As at 30 September 2020	152,870	(20,646)	132,224

**D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Group	
	Six months period ended	
	30 Sep 2021 1H FY2022 (Unaudited) S\$'000	30 Sep 2020 1H FY2021 (Unaudited) S\$'000
Cash flows from operating activities		
Net loss	(13,836)	(25,793)
Adjustments for:		
- Income tax expenses	870	783
- Interest income	(24)	(30)
- Finance expenses	6,862	9,610
- Depreciation of property, plant and equipment	3,561	4,267
- Depreciation of right-of-use assets	9,782	11,277
- Amortisation of intangible assets	1,367	794
- Amortisation of film rights	2,809	4,684
- Amortisation of film intangibles and film inventories	498	608
- Inventories written off	54	-
- Reversal of expected credit loss on financial assets, net	-	(15)
- Gain arising from derecognition of leases	(191)	-
- Gain on fair value changes in derivative financial instruments, net	(40)	(54)
- Gain on fair value changes in financial assets, at FVPL, net	(19)	-
- Gain on disposal of financial assets, at FVPL	(19)	-
- Gain on disposal of property, plant and equipment	-	(15)
- Property, plant and equipment written off	674	554
- Rental concession income	(2,707)	-
- Share of profits of associated companies and joint venture	(539)	(234)
- (Gain)/Loss on unrealised foreign exchange	(136)	802
Operating cash flows before working capital changes	8,966	7,238
Changes in working capital:		
- Trade and other receivables	(142)	10,462
- Inventories	(21)	111
- Other current assets	(965)	(2,614)
- Film products and films under production	(488)	-
- Film intangible and film inventories	(3,392)	(10,680)
- Trade and other payables	7,998	(6,463)
- Contract liabilities	2,870	2,195
Cash generated from operations	14,826	249
Income tax paid	(733)	(1,877)
Income tax refund	7	-
Net cash generated from/(used in) operating activities	14,100	(1,628)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	16
Additions to property, plant and equipment	(75)	(6,033)
Additions of film rights	(5,282)	(776)
Government grants received for development of film rights	317	-
Proceeds from disposal of financial assets, at FVPL	1,874	-
Additions to intangible assets	(890)	(2,577)
Interest received	12	23
Net cash used in investing activities	(4,044)	(9,347)

**D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
 FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Group	
	Six months period ended	
	30 Sep 2021 1H FY2022 (Unaudited) S\$'000	30 Sep 2020 1H FY2021 (Unaudited) S\$'000
Cash flows from financing activities		
Interest paid	(5,868)	(6,551)
Proceeds from issuance of right shares	54,652	-
Expenses pertaining to issuance of right shares	(2,420)	-
Proceeds from issuance of convertible debt securities	1,000	-
Proceeds from borrowings	15,058	11,500
Repayments of borrowings	(68,304)	(7,449)
Repayments of lease liabilities	(8,698)	(4,726)
Net cash used in financing activities	(14,580)	(7,226)
Net changes in cash and cash equivalents	(4,524)	(18,201)
Cash and cash equivalents		
At beginning of financial period	10,824	28,087
Effects of currency translation on cash and cash equivalents	(43)	(122)
At end of financial period	6,257	9,764
Cash and cash equivalent comprise:		
Cash and bank balances	7,160	9,343
Fixed deposits	233	1,733
	7,393	11,076
Bank overdraft	(1,136)	(1,312)
Cash and cash equivalents as per consolidated statement of cash flows	6,257	9,764

E NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate Information

mm2 Asia Ltd. (the "Company") is listed on the Main Board 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.

These condensed interim consolidated financial statements as at and for the half year ended 30 September 2021 ("**1H FY2022**") relate to the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 4 to the Condensed Interim Consolidated Financial Statements.

2 Basis of Preparation

The condensed interim financial statements for the half year ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2021. The condensed interim consolidated financial statements should be read in conjunction with the accompanying explanatory notes attached to the condensed interim consolidated financial statements and the audited consolidated financial statements of the Group for the year ended 31 March 2021.

The accounting policies adopted are consistent with the most recent audited consolidated financial statements for the financial year ended 31 March 2021 which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

As mentioned in our review of Financial Performances under Section F(2) and our commentary for Section F(4) of this interim condensed financial statements, the overall Group's performance from all its businesses are improving as the economy in the territories where the Group operates in, are gradually recovering from the COVID-19 with more relaxation of governments' restrictions as well as the high vaccination rates. The directors are optimistic over the Group's performances in the upcoming months as more projects to be delivered, reopening of cinemas and live entertainment in the territories and the demand for online streaming contents shown by consumers in recent months. Besides, the recent corporate actions, as disclosed in our recent annual report dated 12 July 2021, the Group has completed and started various measures to address the challenging environment as well as other corporate measures as announced by the Group. One of the corporate measures includes the initial public offering (IPO) or the proposed sale of mm Connect Pte. Ltd. The Group is also in negotiation to refinance the borrowings (including convertible debt securities due on 31 December 2021) and/or fresh borrowings with our lenders and other financial institutions, which are still in progress as of this date of announcement.

Accordingly, the Directors' are of the opinion that the use of the going concern assumption in the preparation of the condensed interim financial statements for the financial period ended 30 September 2021 is appropriate.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency, and all values in the tables are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group has adopted the new and revised SFRS(I)s and SFRS(I) INTs which are relevant to the Group's operations and become effective for annual periods beginning on or after 1 April 2021. The adoption of these new and revised SFRS(I)s and SFRS(I) INTs does not result in changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current and/or prior financial period.

E NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Basis of Preparation (Continued)

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.

Estimates and underlying assumptions were reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

(a) Valuation of film rights, film intangibles and film inventories

The costs of film rights, less estimated residual values and accumulated impairment, are amortised in proportion to the estimated projected revenues over the economic beneficial period, whereas for film intangibles and film inventories, it will be amortised over the economic beneficial period subject to the maximum of the license period when the films are released. The amortisation period and method for these films will be reviewed annually and it will be subject to impairment assessment whenever there is any indication that it may be impaired. Additional amortisation and/or impairment are made if estimated projected revenues are materially different from the previous estimation.

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.

There is no additional impairment provided as at financial period ended 30 September 2021. The carrying amounts of the film rights, film intangibles and film inventories are disclosed in Note 13 and Note 14 to the Condensed Interim Financial Statements.

(b) Impairment of trade and other receivables

Expected credit losses ("ECL") on trade and other receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group had used simplified approach (lifetime expected credit loss) for its trade receivables and general approach (12 months expected credit losses) for its other receivables.

In determining the ECL, the Group uses the relevant historical information to determine the probability of default of the instruments and incorporated forward looking information, including assessing the potential impact on the outbreak of COVID-19.

Notwithstanding the above, the Group evaluates the ECL on trade and other receivables in financial difficulties separately.

There is no additional of ECL provided as at financial period 30 September 2021. The carrying amounts of the trade and other receivables are disclosed in Note 9 to the Condensed Interim Financial Statements.

(c) Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. This requires an estimation of the recoverable amount of the CGU to which the goodwill are allocated, through the valuation method of fair value less cost to disposal or value-in-use.

As disclosed in Note 12 to the Condensed Interim Financial Statements, there is no further impairment is necessary as at 30 September 2021.

E NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period except for the Cinema business segment where its business will be driven by the timing of the release of movies, holidays and festival season.

4 Segment and revenue information

The Group is organised into the following main business segments:

(a) Core business

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

(b) Post production and digital content production ("Post-productions")

Post production and digital content production segment refers to the services in visual effects and immersive media works for feature films and commercials and production of location-based entertainment with immersive experience.

(c) Cinema operations

Cinema operations segment refers to sales of cinema ticket and concession, hall rental and screen advertising.

(d) Concert and event

Concert and event segment refers to sales on events production, concerts promotion and renting of stage sound system and equipment.

Other segments include food & beverage, social media advertising activities and development of software for interactive digital media, brand consulting services, streaming digital films and short-form content. These are not included within the reportable operating segment. The results of these operations are included in the "other segments" column.

The Group's chief operating decision-maker ("CODM") comprises the Executive Chairman, 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.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Segment and revenue information

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

	Group						Total S\$'000
	Core business S\$'000	Post- productions S\$'000	Cinema operations S\$'000	Concert and event S\$'000	Others S\$'000	Segments elimination S\$'000	
1 April 2021 to 30 September 2021 (1H FY2022)							
Total segment sales	32,840	1,192	10,141	426	1,884	(208)	46,275
Inter-segment sales	(48)	(17)	(73)	-	(70)	208	-
Sales to external parties	32,792	1,175	10,068	426	1,814	-	46,275

Adjusted earnings/(loss) before interest, tax, depreciation, amortisation and impairment losses ("EBITDA"/("LBITDA"))	9,361	(780)	4,486	(489)	(563)	(102)	11,913
Depreciation	(331)	(292)	(11,988)	(684)	(48)	-	(13,343)
Amortisation	(3,144)	(660)	(178)	(416)	(276)	-	(4,674)
Finance expenses	(2,680)	(119)	(3,530)	(532)	(3)	2	(6,862)
Profit/(Loss) before tax	3,206	(1,851)	(11,210)	(2,121)	(890)	(100)	(12,966)
Income tax expenses	(992)	46	21	55	-	-	(870)
Net profit/(loss)	2,214	(1,805)	(11,189)	(2,066)	(890)	(100)	(13,836)

	Group						Total S\$'000
	Core business S\$'000	Post- productions S\$'000	Cinema operations S\$'000	Concert and event S\$'000	Others S\$'000	Segments elimination S\$'000	
1 April 2020 to 30 September 2020 (1H FY2021)							
Total segment sales	13,489	276	3,674	1,089	1,566	(187)	19,907
Inter-segment sales	(116)	(6)	(47)	(3)	(15)	187	-
Sales to external parties	13,373	270	3,627	1,086	1,551	-	19,907

Adjusted earnings/(loss) before interest, tax, depreciation, amortisation and impairment losses ("EBITDA"/("LBITDA"))	7,848	(894)	1,784	(2,123)	(385)	-	6,230
Depreciation	(402)	(313)	(13,898)	(840)	(91)	-	(15,544)
Amortisation	(5,291)	(261)	(4)	(416)	(114)	-	(6,086)
Finance expenses	(4,567)	(75)	(4,421)	(549)	2	-	(9,610)
Loss before tax	(2,412)	(1,543)	(16,539)	(3,928)	(588)	-	(25,010)
Income tax (expenses)/ credit	(1,176)	(1)	346	48	-	-	(783)
Net loss	(3,588)	(1,544)	(16,193)	(3,880)	(588)	-	(25,793)

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 Segment and revenue information (continued)

Revenue by geographical location of customers

	Group	
	Six months period ended	
	1H FY2022	1H FY2021
	S\$'000	S\$'000
Singapore	17,690	8,499
Malaysia	4,000	3,034
China	7,711	6,236
Taiwan	10,250	1,333
Hong Kong	5,717	375
Others	907	430
	46,275	19,907

Timing of revenue recognition

	Group	
	Six months period ended	
	1H FY2022	1H FY2021
	S\$'000	S\$'000
At point in time	43,370	18,850
At over time	2,905	1,057
	46,275	19,907

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 March 2021:

	Group		Company	
	30 Sep 2021	31 Mar 2021	30 Sep 2021	31 Mar 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets, at amortised cost	138,031	142,916	263,153	268,786
Financial assets, at FVPL	1,388	3,223	-	-
Total	139,419	146,139	263,153	268,786
Financial liabilities, at amortised cost	362,537	420,353	159,095	213,744
Derivatives financial instruments	6,113	6,154	-	-
Total	368,650	426,507	159,095	213,744

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 Loss before taxation

6.1 Significant items

	Group	
	Six months period ended	
	1H FY2022	1H FY2021
	S\$'000	S\$'000
Loss before income tax is arrived at after (crediting)/charging:		
Amortisation of intangible assets	1,367	794
Amortisation of film rights	2,809	4,684
Amortisation of film intangibles and film inventories	498	608
Depreciation of property, plant and equipment	3,561	4,267
Depreciation of right-of-use assets	9,782	11,277
Employees compensation	8,468	9,122
Reversal of expected credit loss on financial assets, net	-	(15)
Interest expenses on:		
- Borrowings	5,776	7,658
- Lease liabilities	1,086	1,952
Inventories written off	54	-
Government grants income, including JSS and RSS*	(3,279)	(3,117)
Rental concession income	(2,707)	(4,751)
Property, plant and equipment written off	674	554
Gain arising from derecognition of leases	(191)	-
Gain on fair value changes in derivative financial instrument, net	(40)	(54)
Gain on fair value changes in financial assets, FVPL, net	(19)	-
Gain on disposal of financial assets, at FVPL	(19)	-
Gain on disposal of property, plant and equipment	-	(15)
(Gain)/Loss on foreign exchange, net	(281)	949

* JSS - Job Support Scheme (1H FY22 & 1H FY21)

RSS - Rental Support Scheme (1H FY22)

6.2 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:

Significant related party transactions as follows:

	Group	
	Six months period ended	
	1H FY2022	1H FY2021
	S\$'000	S\$'000
<u>Sales of goods and/or services to</u>		
- Associated company	2,307	144
- Related parties	827	697
<u>Purchase of services from</u>		
- Associated company	2,263	19
- Related parties	125	655

Outstanding balances as at 30 September 2021 and 30 September 2020, arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from reporting date.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Six months period ended	
	1H FY2022	1H FY2021
	S\$'000	S\$'000
Current income tax:		
- Current	21	1
- Prior year	(4)	55
	<u>17</u>	<u>56</u>
Deferred tax		
- Current	725	(48)
- Prior year	128	775
	<u>853</u>	<u>727</u>
Income tax expenses	<u><u>870</u></u>	<u><u>783</u></u>

8 Loss per share

The calculation of the basic loss per share ("LPS") is based on the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

There were no dilutive earnings per share for the financial years ended 30 September 2021 and 30 September 2020 as there were no dilutive potential ordinary shares outstanding. The Group's outstanding convertible bonds/notes were issued by the Company's wholly-owned subsidiary, mm Connect Pte. Ltd. which is convertible to mm Connect Pte. Ltd.'s shares. Accordingly, the Group's outstanding convertible bonds/notes did not have impact to the Company's ordinary shares.

	Group	
	Six months period ended	
	1H FY2022	1H FY2021
Loss attributable to equity holders of the Company (S\$'000)	(11,417)	(22,415)
Weighted average number of ordinary share issued ('000)	2,255,714	1,162,804
Basic and fully diluted basis LPS (cents)	<u><u>(0.51)</u></u>	<u><u>(1.93)</u></u>

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 Trade and other receivables

	Group	
	30 Sep 2021	31 Mar 2021
	S\$'000	S\$'000
Current		
Trade receivables:		
- Non-related parties	83,261	81,091
- Related parties	182	353
- Associated companies	1,232	1,070
	<u>84,675</u>	<u>82,514</u>
Less: Expected credit loss allowance - Non-related parties	(6,217)	(6,215)
Trade receivables - net	<u>78,458</u>	<u>76,299</u>
Other receivables:		
- Non-related parties	6,293	5,978
- Associated companies	320	495
- Joint venture	282	282
	<u>6,895</u>	<u>6,755</u>
Less: Expected credit loss allowance - Non-related parties	(68)	(68)
	<u>6,827</u>	<u>6,687</u>
Deposits	23,137	24,700
Less: Expected credit loss allowance - Non-related parties	(157)	(157)
	<u>22,980</u>	<u>24,543</u>
Prepayments	975	1,956
Accrued income	2,011	3,102
	<u>111,251</u>	<u>112,587</u>
Non-current		
Other receivables - Non-related parties	18,777	18,583
Less: Expected credit loss allowance - Non-related parties	(1,915)	(1,915)
	<u>16,862</u>	<u>16,668</u>
Deposits	3,500	3,500
	<u>20,362</u>	<u>20,168</u>

(a) Deposits are mainly comprised deposits paid for projects related and cinemas' rental.

(b) Non-current other receivables from non-related parties are interest-free, unsecured and not expected to be repaid within 12 months from the end of the financial year.

There is no material changes in fair value of non-current other receivables and deposits as at 30 September 2021.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 Trade and other receivables (continued)

Trade receivables ageing

	Group	
	30 Sep 2021	31 Mar 2021
Current	S\$'000	S\$'000
Below 3 months	16,331	14,286
3 - 6 months	11,603	7,367
Above 6 months	56,741	60,861
	<u>84,675</u>	<u>82,514</u>
Expected credit loss allowance ("ECL")	(6,217)	(6,215)
	<u><u>78,458</u></u>	<u><u>76,299</u></u>

Included in the "Above 6 Months" category comprised trade receivables from:

- (i) Core business amounted to S\$41,327,000 (31 March 21: S\$44,894,000); and
- (ii) Event segment/ Unusual Limited Group amounted S\$12,093,000 that are past due more than 12 months as at 30 September 2021 (31 March 2021: S\$9,283,000 past due more than 270 days).

Plans to recover the trade and other receivables

The Group reviews its accounts receivables on an ongoing basis. The Group has a dedicated department to follow up with long outstanding receivables. The Group trade and other receivables as at 30 September 2021 have decreased by S\$1.34 million from S\$112.59 million in FY2021 to S\$111.25 million in 1H FY 2022, representing a 1.17% decrease. Trade receivables increase by S\$2.16 million from S\$76.30 million FY2021 to S\$78.46 million in 1H FY2022 was mainly due to more billings as the Group's businesses are in gradually recovering from the COVID-19 pandemic in 1H FY2022.

Due to impact from COVID-19 to the entertainment industry has resulted the postponement of film productions' handover date, intermittent cinemas closures which had affected the film distribution industry and cinema industry, and restrictions on large scale live entertainment events during the current financial year, hence our customers are slow in making payments.

The long outstanding debts were mainly comprised industry players which have invested in many of our projects movie for the past 5 years. To date, they have not defaulted on any payment. The Group has continuously been in business with them.

For customers, the Group performs credit reviews on new customers before acceptance and an annual review for existing customers. Credit reviews take into account customers' financial strength, the Group's past experiences with the customers and other relevant factors. For other financial assets, the Group minimise credit risk by dealing only with reputable and/or good credit quality counterparties.

The Group will continue to monitor and increase its efforts to collect the receivables.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Financial Assets At Fair Value Through Profit Or Loss

The movement of the financial assets, FVPL is as follows:

	Group	
	30 Sep 2021	31 Mar 2021
	S\$'000	S\$'000
Beginning of financial period/year	3,223	4,765
Additions	-	50
Disposal	(1,856)	-
Changes arising from variation of terms	-	(75)
Gain/(Loss) on fair value changes - net	19	(1,493)
Currency translation differences	2	(24)
End of financial period/year	<u>1,388</u>	<u>3,223</u>
Represented by:		
Unquoted securities	600	2,455
Unquoted convertible loans	788	768
	<u>1,388</u>	<u>3,223</u>

The fair value of unquoted securities and convertible loans are classified in Level 3 of the fair value hierarchy. (Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)).

11 Property, plant and equipment

The movement of property, plant and equipment is as follows:

	Group	
	30 Sep 2021	31 Mar 2021
	S\$'000	S\$'000
Beginning of financial period/year	87,989	112,894
Depreciation:		
- property, plant and equipment	(3,561)	(6,729)
- right-of-use assets	(9,782)	(23,797)
Additions	75	9,152
Disposal	-	(1,594)
Written off	(674)	(590)
Derecognition of right-of-use assets	(2,089)	(766)
Effect of foreign currency exchange differences	(142)	(581)
End of financial period/year	<u>71,816</u>	<u>87,989</u>
Represented by		
Property, plant and equipment	25,979	30,394
Right-of-use assets	45,837	57,595
	<u>71,816</u>	<u>87,989</u>

The total depreciation charge for the period is included in cost of sales and administrative expenses amounting to S\$3,160,000 (6 months ended 30 Sep 20: S\$3,804,000) and S\$10,183,000 (6 months ended 30 Sep 20: S\$11,740,000) respectively.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12 Intangible Assets And Goodwill

Group	Goodwill S\$'000	Brand with indefinite useful lives S\$'000	Brands with finite useful life lives S\$'000	Other intangibles assets S\$'000	Total S\$'000
30 Sep 2021					
Cost					
Beginning of financial period	258,999	17,969	8,423	12,423	297,814
Currency translation differences	39	-	-	120	159
Additions	-	-	-	1,168	1,168
End of financial period	<u>259,038</u>	<u>17,969</u>	<u>8,423</u>	<u>13,711</u>	<u>299,141</u>
Accumulated amortisation					
Beginning of financial period	-	-	2,621	2,545	5,166
Amortisation charge for the period	-	-	280	1,087	1,367
End of financial period	<u>-</u>	<u>-</u>	<u>2,901</u>	<u>3,632</u>	<u>6,533</u>
Accumulated impairment					
Beginning and end of financial period	<u>39,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,610</u>
Carrying amount					
End of financial period	<u>219,428</u>	<u>17,969</u>	<u>5,522</u>	<u>10,079</u>	<u>252,998</u>
31 Mar 2021					
Cost					
Beginning of financial year	259,680	17,969	8,423	7,838	293,910
Currency translation differences	(681)	-	-	2	(679)
Additions	-	-	-	4,871	4,871
Reclassification	-	-	-	-	-
Written off	-	-	-	(288)	(288)
End of financial year	<u>258,999</u>	<u>17,969</u>	<u>8,423</u>	<u>12,423</u>	<u>297,814</u>
Accumulated amortisation					
Beginning of financial year	-	-	2,059	1,333	3,392
Currency translation differences	-	-	-	2	2
Amortisation charge for the year	-	-	562	1,498	2,060
Written off	-	-	-	(288)	(288)
End of financial year	<u>-</u>	<u>-</u>	<u>2,621</u>	<u>2,545</u>	<u>5,166</u>
Accumulated impairment					
Beginning of financial year	10,706	-	-	-	10,706
Currency translation differences	(138)	-	-	-	(138)
Impairment during the year	29,042	-	-	-	29,042
End of financial year	<u>39,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,610</u>
Carrying amount					
End of financial year	<u>219,389</u>	<u>17,969</u>	<u>5,802</u>	<u>9,878</u>	<u>253,038</u>

Other intangible assets includes content development cost, acquired rights, softwares and others.

The amortisation charge for the period is included in cost of sales and administrative expenses amounting to S\$602,000 (6 months ended 30 Sep 20: S\$259,000) and S\$765,000 (6 months ended 30 Sep 20: S\$535,000) respectively.

Goodwill impairment testing

Management has adopted expected cash flow approach (probability-weighted average cash flows projections), which is in line with generally accepted accounting principles, to determine the value-in-use due to the significantly higher degree of estimation uncertainty and wider range of possible cash flow projections arising from the impact of COVID-19. Management believes that the probability-weighted scenarios present a reasonable assessment of the future outcomes, taking into account for a more comprehensive outlook for the recovery of the cinema operations in both Singapore and Malaysia.

In determining the cash flow projection, the management has applied differing factors to accommodate the possible expectation on consumer reaction towards the new normal caused by COVID-19. The factors include, but not limited to, the extent of social distancing measures, occupancy rate and the market recovery rate.

Management had reassessed recoverable amounts of the Cinema operations and is of the view that there is no further impairment of goodwill on cinema is necessary as at 30 September 2021.

Value-in-use is based on an estimate of all future cash flows the entity expects to derive from the Cinema Business in its current form. The fair value of the cinema business in any transaction reflects many factors, including existing market conditions, liquidity and risk factors in the cinema business and competing potential buyers. The value-in-use and fair value may differ significantly.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 Film rights

The film rights movement are presented below:

	Group	
	30 Sep 2021	31 Mar 2021
	S\$'000	S\$'000
Beginning of financial period/year	33,364	41,635
Additions	5,282	5,356
Transfer from film products	5,140	4,081
Government grants received for development of content	(317)	(1,267)
Amortisation charge for the period/year	(2,809)	(10,195)
Impairment	-	(6,225)
Effect of foreign currency exchange differences	2	(21)
End of financial period/year	40,662	33,364

The amortisation charge for the period is included in cost of sales and administrative expenses amounting to S\$2,646,000 (6 months ended 30 Sep 20: S\$4,684,000) and S\$163,000 (6 months ended 30 Sep 20: Nil) respectively.

14 Film intangibles and film inventories

The film intangibles and film inventories movement are presented below:

	Group	
	30 Sep 2021	31 Mar 2021
	S\$'000	S\$'000
Beginning of financial period/year	19,484	16,442
Additions	4,352	11,393
Amortisation charge for the period/year	(498)	(5,152)
Impairment	-	(2,797)
Written off	-	(363)
Effect of foreign currency exchange differences	(8)	(39)
End of financial period/year	23,330	19,484

The amortisation charge for the period is all included in cost of sales.

15 Borrowings

	Group	
	30 Sep 2021	31 Mar 2021
	S\$'000	S\$'000
Secured borrowing		
Amount repayable in one year or less, or on demand	138,171	186,119
Amount repayable after one year	68,533	72,025
	206,704	258,144
Unsecured borrowing		
Amount repayable in one year or less, or on demand	6,144	6,550
Amount repayable after one year	2,813	938
	8,957	7,488
Current	144,315	192,669
Non-current	71,346	72,963

Details of any collateral

The Group's secured portion of borrowings are secured by:

- (i) corporate guarantees from the Company and certain subsidiaries
- (ii) equity interest of certain subsidiaries
- (iii) assignment of all of a subsidiary's rights, title, benefits and interests in connection with the agreement executed relating to a project.
- (iv) a leasehold property of the Group.

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 Share Capital

	Number of shares '000	Issued and paid- up share capital S\$'000
Ordinary shares of the Company		
30 Sep 2021		
Beginning of financial period	1,162,804	152,870
Issuance of right shares	1,162,805	54,652
Capitalised expenses in relation to issuance of right shares	-	(2,420)
End of financial period	<u>2,325,609</u>	<u>205,102</u>
31 Mar 2021		
Beginning and end of financial year	<u>1,162,804</u>	<u>152,870</u>

The Company did not have any treasury shares as at 30 September 2021 and 31 March 2021.

On 14 April 2021, the Company successfully allotted 1,162,804,610 Right Shares to subscribers at an issue price of S\$0.047 for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing ordinary shares in the capital of the Company. The gross proceeds raised by the Company from the Rights issue is approximately S\$54,650,000. Following the allotment and issuance of the 1,162,804,610 Right Shares, the total number of issued Shares has increased from 1,162,804,610 shares to 2,325,609,220 shares.

17 Net Asset Value

	Group		Company	
	30 Sep 2021	31 Mar 2021	30 Sep 2021	31 Mar 2021
Net asset value attributable to equity holders of the Company (S\$'000)	167,654	126,875	176,814	127,934
Number of ordinary shares issued ('000)	2,325,609	1,162,804	2,325,609	1,162,804
Net asset value per ordinary share	<u>0.07</u>	<u>0.11</u>	<u>0.08</u>	<u>0.11</u>

18 Subsequent events

There are no material subsequent events.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The condensed consolidated statement of financial position of mm2 Asia Ltd. and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year then ended and certain explanatory notes have not been audited or reviewed.

1A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, the financial statements have been adequately disclosed.

This is not required to any audit issue that is a material uncertainty relating to going concern

Not applicable.

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review Of Financial Performance (Consolidated Statement Of Comprehensive Income)

1H FY2022 vs 1H FY2021

Revenue

The Group's revenue increased by approximately \$26.4 million or 132.7%, from \$19.9 million in 1H FY2021 to \$46.3 million in 1H FY2022. It was mainly to Group's businesses are in gradually recovering from the COVID-19 pandemic and more relaxation of governments' restrictions as well as rapid progress with COVID-19 vaccinations in many countries. Revenues of each segment are analysed as follows:

Revenue from the Core business rose by approximately \$19.4 million or 145.2%, from \$13.5 million in 1H FY2021 to \$32.8 million in 1H FY2022. The increase was mainly attributable to:

- (i) higher revenue from production by \$17.0 million or 147% was mainly due to more projects completed in 1H FY22 as compared to last financial period; and
- (ii) higher distribution income by \$2.4 million or 144% in 1H FY22 due to gradual opening of the cinemas in the territories where we distribute our movies.

Revenue from the Post and digital content production ("Post-production") segment increased slightly by approximately \$0.9 million or 335.2%, from \$0.3 million in 1H FY2021 to \$1.2 million in 1H FY2022. This was mainly due to improvement in the segment's revenue in post-production business as more projects completed with higher value in 1H FY22. In contrast, there is no revenue recorded in segment's digital content production business as its live entertainment projects such as MICE (Meetings, Incentives, Conferences and Exhibitions) were deferred by customers since 2021 due to restrictions implemented by the governments

Revenue from the Cinema segment increased by approximately \$6.4 million or 177.6%, from \$3.7 million in 1H FY2021 to \$10.1 million in 1H FY2022, was mainly due to cinemas reopen in Singapore from July 2020 and releases of Hollywood blockbuster movies titles despite the operating with reduced seating capacity and other enhance measures implemented by Singapore and Malaysia Government. The operations in Malaysia have been affected by intermittent cinema closures due to total lockdowns since the last financial year.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (continued):

Review Of Financial Performance (Consolidated Statement Of Comprehensive Income) (continued)

Revenue (continued)

Revenue from the Concert and event ("Event") segment decreased slightly by approximately \$0.7 million or 60.8%, from \$1.1 million in 1H FY2021 to \$0.4 million in 1H FY2022. The significant decrease was primarily due to lower in the segment's promotion revenue in 1H FY2022 as a result of a decrease in the number of completed projects. Nevertheless, with the gradual resumption of small-scale live performances in Singapore, there were improvement in the segment's Production and Others businesses as the number of completed projects increased by 400% and 50% respectively in 1H FY2022 as compared to 1H FY2021.

Other segment consists of media advertising activities, news agency activities, development of software for interactive digital media, brand consulting services, streaming digital films and short video contents and food & beverage business. Revenue of this segment is mainly contributed by advertising and news agency activities and slightly increased by \$0.3 million or 17%, from \$1.6 million in 1H FY2021 to \$1.9 million in 1H FY2022.

Cost of sales

Cost of sales increased by approximately \$17.1 million or 86.4%, from \$19.8 million in 1H FY2021 to \$36.9 million in 1H FY2022. The increase in cost of sales was in line with the increase in revenue from respective business segments particularly, Core business and Cinema segment, except for other direct fixed costs, such as depreciation and amortisation and direct staff cost, which have been incurred consistently throughout the period.

Gross profit

Gross profit increased by approximately \$9.3 million, from \$0.1 million in 1H FY2021 to \$9.4 million in 1H FY2022, and it was mainly contributed by Core business and Cinema segment. Overall, the gross profit margin of the Group has improved from 0.7% to 20.2% in 1H FY22.

Other income

Other income decreased by approximately \$2.0 million, from \$8.0 million in 1H FY2021 to \$6.0 million in 1H FY2022, was mainly due to decrease in rental concessions income in the Cinema segment for approximately \$2.0 million as compared to last corresponding period. In 1H FY2022, besides government grant income from Job Support Scheme (JSS), the Group received Rental Support Scheme (RSS) to defray rental cost burden in cinema operation during the COVID-19 pandemic.

Other losses - net

The Group recorded net other losses approximately of \$0.2 million in 1H FY2022 as compared to net other losses of \$1.4 million in 1H FY2021 mainly due to lower forex losses by approximately \$0.9 million as compared to 1H FY2021.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (continued):

Review Of Financial Performance (Consolidated Statement Of Comprehensive Income) (continued)

Administrative expenses

The Group's administrative expenses decreased slightly by approximately \$0.7 million or 3.1% from \$22.5 million in 1H FY2021 to \$21.8 million in 1H FY2022. The decrease was attributed to:

- (a) a decrease in staff cost (non-direction operation, management and admin staffs) by approximately \$1.1 million, from \$5.9 million in 1H FY2021 to \$4.8 in 1H FY2022 was mainly contributed by lower staff cost in Cinema segment; and
- (b) a decrease in depreciation of right-of-use assets by approximately \$1.5 million, from \$11.3 million in 1H FY2021 to \$9.8 million in 1H FY2022 was mainly due to derecognition of right-of-use assets of \$2.1 million in Cinema segment as a result of reduction of 5 cinema locations in Malaysia during Oct 2020 to March 2021.

and partially offset by,

- (c) an increase in professional fees by \$0.4 million mainly contributed by Other segment;
- (d) an increase in rental expense on low value assets and variable lease payment, cleaning and utilities by approximately total of \$0.8 million as compare to 1H FY2021 was mainly contributed by Cinema segment as the cinemas reopened in Singapore from July 2020; and
- (e) an increase in amortisation of \$0.4 million mainly contributed by the Cinema and Other segments.

Finance expenses

In 1H FY2022, finance expenses comprised:

- (a) interest expenses on borrowings of \$5.8 million (1H FY2021: \$7.7 million), a decrease of \$1.9 million or 24.58%, was mainly due to decrease in MTN's interest by \$1.7 million as a result of fully redemption of MTN on 27 April 2021.
- (b) interest expenses on lease liabilities of \$1.1 million (1H FY2021: \$2.0 million), decreased by \$0.9 million or 44.36%, was mainly due reduction of cinema locations in Malaysia and remeasurement of lease liabilities in 1H FY2022.

Overall, the Group's finance expenses decreased slightly by \$2.7 million or 28.1%, from \$9.6.million in 1HY2021 to \$6.9 million in 1H FY2022.

Share of profits of associated companies and joint venture

The share of profits of associated companies and joint venture increased by approximately \$0.3 million was mainly contributed from Concert and Event segment's associate company, Isotope Productions Pte. Ltd. ("Isotope") as the associated company held a virtual concert in the current reporting period.

Loss before income tax

As result of the aforementioned, the Group's losses before income tax in 1H FY2022 has improved by approximately \$12.0 million or 48%, from loss before tax of \$25.0 million in 1H FY2021 to loss before tax of S\$13.0 million in 1H FY2022. The improvement of the performance was mainly derived from Core business, Cinema and Event segments as these segments' revenue and their operations were recovering gradually.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (continued):

Pro forma consolidated statement of profit or loss analysis

A pro forma of consolidated income statement have been prepared to illustrate the Group's financial performance by excluding the SFRS(I) 16 impact in the current and comparative period.

	As reported		Adjustment for exclusion		Pro forma	
	1H FY2022	1H FY2021	SFRS(I) 16 impact		1H FY2022	1H FY2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	46,275	19,907	-	-	46,275	19,907
Cost of sales	(36,905)	(19,777)	-	-	(36,905)	(19,777)
Gross profit	9,370	130	-	-	9,370	130
Other income						
- Interest	24	30	-	-	24	30
- Others	5,950	8,033	-	-	5,950	8,033
Other losses - net	(178)	(1,374)	-	-	(178)	(1,374)
Administrative expenses	(21,809)	(22,453)	(1,185)	(888)	(22,994)	(23,341)
Finance expenses	(6,862)	(9,610)	1,086	1,952	(5,776)	(7,658)
Share of profits of associated companies and joint venture	539	234	-	-	539	234
Loss before income tax	(12,966)	(25,010)	(99)	1,064	(13,065)	(23,946)
Income tax expenses	(870)	(783)	-	-	(870)	(783)
Net loss for the financial period	(13,836)	(25,793)	(99)	1,064	(13,935)	(24,729)
(Loss)/earnings before interest, tax, depreciation, amortisation and impairment ("EBITDA"/("LBITDA"))	11,913	6,230	(10,967)	(12,165)	946	(5,935)

Pro forma administrative expenses

The pro forma administrative expenses decreased by \$0.34 million in 1H FY22 is mainly due to lower rental expenses in Cinema segment due to closure of cinema locations in Malaysia. Other reasons for the reduction in expense are mentioned in the commentary for Administrative Expenses (a), (c), (d) and (e) above.

Pro forma finance expenses

Pro forma interest expense decreased by \$1.8 million or 24.6%, from \$7.6 million in 1H FY2021 to \$5.8 million in 1H FY2022, mainly due to the reasons as mentioned in the commentary for Finance expense (a) above.

The summary of Reported and Pro forma EBITDA/(LBITDA) as follows:-

Segments	As reported		Pro forma	
	1H FY2022	1H FY2021	1H FY2022	1H FY2021
	S\$'000	S\$'000	S\$'000	S\$'000
Core	9,361	7,848	9,148	7,637
Post-productions	(780)	(894)	(873)	(987)
Cinema	4,486	1,784	(6,142)	(10,005)
Events	(489)	(2,123)	(501)	(2,127)
Others	(563)	(385)	(584)	(453)
Elimination	(102)	-	(102)	-
	11,913	6,230	946	(5,935)

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (continued):

Review Of Financial Position (Consolidated Statement Of Financial Position)

Current assets

Current assets decreased by \$10.4 million or 5.1%, from \$203.9 million as at 31 March 2021 to \$193.5 million as at 30 September 2021, was contributed by:

- (i) a net decrease of trade and other receivables by approximately \$1.3 million or 1.2% from \$112.6 million as at 31 March 2021 to \$111.3 million as at 30 September 2021. The net movement comprising the following:
 - total net increase in trade receivables and unbilled receivables by approximately \$1.1 million in line with increase in revenue and higher billings in 1H FY22; and
 - net decrease in other receivables for approximately \$2.4 million, mainly due to Post-production segment's reclassification of deposit paid of \$1.3 million to films intangible and inventory as the acquisitions of rights were completed in the current period.
- (ii) a decrease in cash and cash equivalents by approximately \$4.7 million or 38.8%, from \$12.1 million as at 31 March 2021 to \$7.4 million as at 30 September 2021, was mainly due to cash inflows generated from operation of \$14.1 million, cash generated from investing of \$4.0 million and cash used in financing activities \$14.6 million (refer to Review of Cash Position for details);
- (iii) a decrease in other current assets (i.e. costs incurred by the Group in fulfilling a contract with its customers (third party commissioned projects) for ongoing projects and to be recognised as cost of sales upon completion) by approximately \$4.9 million or 6.5%, from \$75.9 million as at 31 March 2021 to \$71.0 million as at 30 September 2021, was mainly due to production cost incurred charge out to profit or loss for completed projects in 1H FY2022 .

Non-current assets

Non-current assets decreased by \$6.1 million or 1.5%, from \$419.9 million as at 31 March 2021 to \$413.8 million as at 30 September 2021, was contributed by:

- (i) a decrease in financial assets at fair value through profit or loss by \$1.8 million was mainly due to completion of the sales of the financial assets/ unquoted investments by Post-productions segment;
- (ii) a decrease in property, plant and equipment ("PPE") by approximately \$16.2 million or 18.4% was mainly due to depreciation expenses, including Right-of-use, of approximately \$13.3 million and PPE written off of \$0.7 million and derecognition of right-of-use of \$2.1 million in Cinema segment;
- (iii) an increase in film rights by \$7.3 million or 21.9% was mainly due to purchases of film rights of \$5.3 million and films produced by the Group were completed in 1H FY22 amounted to \$5.1 million, and offsets with amortisation of \$2.8 million; and
- (iv) an increase in film intangibles and film inventories by \$3.8 million or 19.5% was mainly due to additional of acquisition of film investments amounted \$2.9 million from Post-productions segment as the segment is seeking for further expansion of its business opportunities and revenue streams.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (continued):

Review Of Financial Position (Consolidated Statement Of Financial Position)

Current liabilities

Current liabilities decreased by \$51.6 million or 16.0%, from \$323.4 million as at 31 March 2021 to \$271.8 million as at 30 September 2021, was contributed by:

- (i) a net increase in trade and other payable by \$5.6 million or 7.1% arising from (a) decrease in trade payables by \$7.7 million due to payments to creditors and (b) increase in other payables by \$13.3 million due to deposit received amounted to \$6.0 million pertaining to the proposed disposal of a subsidiary, mm Connect Pte. Ltd.;
- (ii) a net increase in contract liabilities (advance billing but services yet to be delivered and to be recognised as revenue upon completion) by \$2.9 million or 31.9% was mainly attributable to Core segment amounting to \$3.2 million due to increase in progress billings for on-going projects;
- (iii) a decrease in short-term borrowings by approximately \$48.4 million or 25.1%, from \$192.7 million as at 31 March 2021 to \$144.3 million as at 30 September 2021, was mainly due to full redemption of MTN on 27 April 2021; and
- (iv) a net decrease in lease liabilities by \$11.3 million or 34.0% was mainly attributable to Cinema segment's rental concession received from landlords and repayment of lease liabilities;

Non-current liabilities

Non-current liabilities decreased by approximately \$3.2 million or 2.5%, from \$126.2 million as at 31 March 2021 to \$123.0 million as at 30 September 2021, mainly due to repayment of borrowings and lower lease liabilities due to closure of cinema sites in Malaysia.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)

2 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (continued):

Review Of Cash Position (Consolidated Statement Of Cash Flow)

As at 30 September 2021 (1H FY2022), Group's cash and cash equivalents amounted to approximately \$6.3 million, including overdraft of \$1.1 million, as compared to \$9.8 million, including overdraft of \$1.3 million, as at 30 September 2020 (1H FY2021). The decrease in cash and cash equivalents mainly arose from:

(a) Net cash used in operating activities

In 1H FY2022, the non-cash adjustments to operating activities, other than interest, tax, depreciation and amortisation, mainly contributed by:

- (i) property, plant and equipment written off (\$0.6 million); and
- (ii) rental concessions/ rebates from landlord (\$2.7 million).

Accordingly, the Group generated approximately \$9.0 million net cash positive from operating activities before net working capital changes as compared to \$7.2 million net cash negative from operating activities before net working capital changes in 1H FY 2021.

After applying net working capital changes, it generated net cash inflows of approximately \$14.1 million (1H FY2021: net cash outflows \$1.6 million). The net working capital changes are derived from:

- (i) a net increase in receivables mainly due to (a) net increase in trade receivables and unbilled S\$0.7 million due to higher billings and revenue in 1H FY22; partially offsets by (b) net decrease in other receivables for approximately \$0.6 million;
- (ii) a net increase in other current assets of \$1.0 million due to recognition of production costs in profit or loss for completed projects;
- (iii) a net increase in film intangible and film inventories of \$3.2 million due to additions in intangible assets amounted \$2.9 million from Post-productions segment;
- (iv) a net increase in trade and other payables of \$8.0 million mainly due to deposit received amounted to S\$6 million pertaining to the proposed disposal of mm Connect Pte Ltd.;
- (v) a net increase in contract liabilities of \$2.9 million due to increase in progress billing for ongoing projects; and
- (vi) corporate tax payments of \$0.7 million during the period.

(b) Net cash used in investing activities

In 1H FY2022, net cash outflows from investing activities amounted to approximately \$4.0 million as compared to \$9.3 million outflows in 1H FY2021, was mainly contributed by additional of film right \$5.3 million, offset by the proceeds from the sales of an unquoted investments for approximately \$1.9 million by Post-production segment.

(c) Net cash generated from financing activities

In 1H FY2022, net cash outflows from financing activities amounted to approximately \$14.6 million (1H FY2021: net cash outflows \$7.2 million), mainly contributed by:

- (i) proceeds from bank borrowings approximately \$15.1 million mainly derived from Core business and Event segments.;
- (ii) net proceeds from issuance of right shares for approximately \$52.2 million by the Company;
- (iii) proceeds from the issuance of convertible securities for S\$1.0 million by Cinema segment;
- (iv) repayment of borrowings for \$68.3 million was mainly derived from Core segments and redemption of MTN;
- (v) repayment of lease liabilities of \$3.8 million was mainly contributed by Cinema segment; and
- (vi) interest payments of \$5.9 million (comprising interest on bank borrowing of \$4.8 million and interest on lease liabilities of \$1.1 million).

As aforesaid mentioned, the Group recorded a net cash decrease of approximately \$4.5 million in 1H FY2022, as compared to a net cash decrease of approximately \$18.2 million in 1H FY2021.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)

3 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The onset of COVID-19 has affected the operations of mm2 Asia severely over the last 18 months. However, with the gradual reopening of various economies globally and the positive news on the medical front, we will continue to see positive trends and overall progress on the road to recovery.

These disruptions have, however, also enabled us to explore new areas of development to help scale our business and overcome obstacles, which has resulted in us developing new competencies across the group. In addition to growing our current core businesses, mm2 group has started various initiatives to branch into the sphere of media tech - through the use of blockchain technologies that enables NFTs and cryptocurrency, and the growing metaverse space opportunities - to leverage the group's existing content creation and distribution capabilities.

We are excited and upbeat on the opportunities ahead and are certain that this shift will make our group even more global in reach, digitally inclined and versatile across all of our businesses.

5 If a decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended); and

None.

(b) Amount per share in cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

6 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

There was no dividend declared or recommended for the current reporting period as the Group recorded a loss for the year.

7 If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920.

F OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)

8 Update on Use of proceeds

Renounceable Underwritten Rights Issue ("Rights Issue")

The Company refers to announcement made on 3 February 2021 and its offer information statement ("OIS") dated 19 March 2021 in relation to the Right Issue. In this respect, the Company has successfully raised an aggregated gross proceeds amounting to \$54.65 million pursuant to the OIS and the Rights Issue was fully underwritten and all of the Rights Shares to be allotted and issued by the Company under the Rights Issue are fully subscribed and paid for.

As at the date of this announcement, the status of proceeds in Singapore dollar is as follows:

	Intended Use of Net Proceeds	Amount Allocated S\$'000	Amount utilised S\$'000	Balance of Net Proceeds S\$'000
(a)	Repayment of the \$50 million 7% fixed rate notes and the accrued interest pursuant to Guaranteed Multicurrency Medium Term Note ("MTN")	51.75	51.75	-
(b)	Expenses incurred in relation to Right Issues ⁽¹⁾	2.50	2.50	-
(c)	General Working capital ⁽²⁾	0.40	0.40	-
		54.65	54.65	-

⁽¹⁾ Expenses incurred in relation to the Rights Issue relate to Professional Fees, Underwritten Commissions and Manager fees.

⁽²⁾ General working capital includes payment to suppliers in connection with productions projects and other operating costs. The \$0.40 million has been applied towards general working capital for project related expenses of approximately \$390,000 and administrative expenses of approximately \$10,000.

The use of proceeds from the Rights Issue above is in accordance with the intended uses as disclosed in the Offer Information Statement.

9 Confirmation by Directors pursuant to Rule 705(5) of the SGX-ST Listing Manual.

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group and the Company for the financial period ended 30 September 2021 to be false or misleading, in any material aspect.

10 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

BY ORDER OF THE BOARD

Melvin Ang Wee Chye
 Executive Chairman

12 November 2021