



## **mm2 Asia Ltd.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 201424372N)

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**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

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**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEARLY AND FULL YEAR ANNOUNCEMENTS**

1 (a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Group		
	For the financial period ended		
	30 Jun 2017 1Q FY2018 (Unaudited) SGD'000	30 Jun 2016 1Q FY2017 (Unaudited) SGD'000	Change  %
Revenue	24,618	13,442	83%
Cost of Sales	(9,265)	(3,358)	176%
Gross profit	15,353	10,084	52%
Other income	246	11	2136%
Other gains and losses - net	(192)	(40)	380%
Administrative expenses	(5,641)	(3,491)	62%
Finance expenses	(158)	(156)	1%
Share of loss of associated companies	(36)	-	NM
Profit before income tax	9,572	6,408	49%
Income tax expense	(1,778)	(1,250)	42%
<b>Net profit for the financial period</b>	<b>7,794</b>	<b>5,158</b>	<b>51%</b>
<b>Other comprehensive income, net of tax:</b>			
Items that may be reclassified subsequently to profit of loss:			
Currency translation difference arising from consolidation – losses	(164)	(141)	16%
<b>Total comprehensive income</b>	<b>7,630</b>	<b>5,017</b>	<b>52%</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	6,402	4,908	30%
Non-controlling interests	1,392	250	457%
	<b>7,794</b>	<b>5,158</b>	<b>51%</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	6,244	4,767	31%
Non-controlling interests	1,386	250	454%
	<b>7,630</b>	<b>5,017</b>	<b>52%</b>

NM – not meaningful

**1 (a)(ii) Notes to Consolidated Statement of Comprehensive Income.**

Profit before tax is arrived at after (crediting)/charging:

Group		
For the financial period ended		
30 Jun 2017 1Q FY2018 (Unaudited) SGD'000	30 Jun 2016 1Q FY2017 (Unaudited) SGD'000	Change  %

**Notes to Consolidated Statement of Comprehensive Income**

Amortisation of film rights	463	959	-52%
Amortisation of film intangible and film inventories	214	4	NM
Employee compensation	3,141	1,378	128%
Depreciation of property, plant and equipment	702	245	187%
Interest expense	158	156	1%
Loss on disposal of property, plant and equipment	-	1	NM
Foreign exchange loss, net	192	39	392%
Interest income	*	(1)	NM
Other income	(246)	(10)	NM

NM – not meaningful

\* Less than \$1,000.

**1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period.**

	Group		Company	
	30 Jun 2017 FY2018 (Unaudited) SGD'000	31 Mar 2017 FY2017 (Audited) SGD'000	30 Jun 2017 FY2018 (Unaudited) SGD'000	31 Mar 2017 FY2017 (Audited) SGD'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	74,895	25,755	12,373	2,453
Trade and other receivables	55,343	46,265	89,633	48,665
Inventories and work-in-progress	566	653	-	-
Film products and films under production	31,222	23,394	-	-
Income tax recoverable	-	11	-	-
	<u>162,026</u>	<u>96,078</u>	<u>102,006</u>	<u>51,118</u>
<b>Non-current assets</b>				
Property, plant and equipment	11,113	11,184	-	-
Goodwill	43,819	43,819	-	-
Film rights	7,585	5,561	-	-
Film intangibles and film inventories	4,613	3,513	-	-
Development of software	277	247	-	-
Investment in subsidiary corporations	-	-	65,332	65,332
Investment in associated companies	1,749	1,493	1,493	1,493
Deferred tax assets	675	675	-	-
	<u>69,831</u>	<u>66,492</u>	<u>66,825</u>	<u>66,825</u>
<b>Total assets</b>	<u>231,857</u>	<u>162,570</u>	<u>168,831</u>	<u>117,943</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables <sup>(1)</sup>	87,828	46,636	80,075	28,636
Income tax payables	6,917	5,603	-	-
Deferred income	4,122	2,922	-	-
Progress billing in excess of work-in-progress	1,405	749	-	-
Borrowings	5,734	6,223	2,500	2,500
	<u>106,006</u>	<u>62,133</u>	<u>82,575</u>	<u>31,136</u>
<b>Non-current liabilities</b>				
Borrowings	5,141	5,464	-	-
Deferred tax liabilities	504	498	-	-
	<u>5,645</u>	<u>5,962</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>111,651</u>	<u>68,095</u>	<u>82,575</u>	<u>31,136</u>
<b>NET ASSETS</b>	<u>120,206</u>	<u>94,475</u>	<u>86,256</u>	<u>86,807</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	88,771	88,212	88,771	88,212
Other reserves	(30,589)	(37,298)	-	-
Retained profits/(accumulated losses)	42,020	35,618	(2,515)	(1,405)
	<u>100,202</u>	<u>86,532</u>	<u>86,256</u>	<u>86,807</u>
<b>Non-controlling interests</b>	<u>20,004</u>	<u>7,943</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>120,206</u>	<u>94,475</u>	<u>86,256</u>	<u>86,807</u>

<sup>(1)</sup> Other payables included proceeds received in advance from the financial institutions for share allotment. Share were issued in July 2017.

**1 (b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less or on demand**

<b>As at 30 Jun 2017</b>		<b>As at 31 March 2017</b>	
<b>(Unaudited)</b>		<b>(Audited)</b>	
Secured SGD'000	Unsecured SGD'000	Secured SGD'000	Unsecured SGD'000
5,734	-	6,223	-

**Amount repayable after one year**

<b>As at 30 Jun 2017</b>		<b>As at 31 March 2017</b>	
<b>(Unaudited)</b>		<b>(Audited)</b>	
Secured SGD'000	Unsecured SGD'000	Secured SGD'000	Unsecured SGD'000
5,141	-	5,464	-

**Details of any collateral**

The Group's secured portion of borrowings are secured by deeds of guarantee and indemnities, joint and several personal guarantees provided by our Management Officers, Angelin Ong, Kent Chan, Lee Hoon Hwee, Hong Wei Chien and Yeo Eng Pu, Charles.

The bank borrowings for UnUsUaL Limited, a subsidiary corporation, is secured by corporate guarantee from the Company and a leasehold building of a related corporation of the subsidiary corporation while finance lease payables are secured by underlying assets acquired.

**1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.**

**Consolidated Statement of Cash Flows**

	<b>Group</b>	
	<b>For the financial period ended</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>1Q FY2018</b>	<b>1Q FY2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SGD'000</b>	<b>SGD'000</b>
<b>Cash flows from operating activities</b>		
Net profit	7,794	5,158
Adjustments for:		
- Income tax expenses	1,778	1,250
- Depreciation of property, plant & equipment	702	245
- Interest income	*	(1)
- Interest expense	158	156
- Amortisation of film rights	463	959
- Amortisation of film intangible and film inventories	214	4
- Share of loss of associated companies	36	-
- Unrealised currency translation (gain)/loss	(273)	309
- Performance share plan expenses	51	-
<b>Operating cash flow before working capital changes</b>	<b>10,923</b>	<b>8,080</b>
<b>Change in working capital, net of effects from acquisition of subsidiary corporations:</b>		
- Trade and other receivables	(9,996)	(16,410)
- Inventories and work-in-progress	87	(20)
- Film products and films under production	(9,035)	(9,444)
- Film intangibles and film inventories	(1,122)	(1,003)
- Trade and other payables	(6,514)	2,962
- Deferred income	1,200	624
- Progress billing in excess of work-in-progress	656	84
Cash used in operations	(13,801)	(15,127)
Income tax paid	(446)	(15)
<b>Net cash used in operating activities</b>	<b>(14,247)</b>	<b>(15,142)</b>
<b>Cash flows from investing activities</b>		
Acquisition of an associated company	(1,566)	-
Addition of film rights	(84)	-
Additions to development of software	(30)	(6)
Additions to property, plant and equipment	(501)	(303)
Interest received	*	2
Proceeds from disposal of property, plant and equipment	(43)	-
<b>Net cash used in investing activities</b>	<b>(2,224)</b>	<b>(307)</b>

**1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period. (continued)**

**Consolidated Statement of Cash Flows (continued)**

	<b>Group</b>	
	<b>For the financial period ended</b>	
	<b>30 Jun 2017</b>	<b>30 Jun 2016</b>
	<b>1Q FY2018</b>	<b>1Q FY2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SGD'000</b>	<b>SGD'000</b>
<b>Cash flows from financing activities</b>		
Fixed deposit pledged to bank	283	(89)
Interest paid	(153)	(156)
Proceeds from issuance of shares	-	18,040
Proceeds from issuance of shares of subsidiary corporation <sup>(1)</sup>	17,542	-
Proceeds from share allotment account <sup>(2)</sup>	49,168	-
Proceeds from issuance of convertible bonds	-	7,500
Proceeds from borrowings	-	6,599
Repayment of borrowings	(916)	(220)
Repayment of lease liabilities	(22)	(2)
<b>Net cash provided by financing activities</b>	<b>65,902</b>	<b>31,672</b>
<b>Net increase in cash and cash equivalents</b>	<b>49,431</b>	<b>16,223</b>
<b>Cash and cash equivalents</b>		
Beginning of financial period	24,858	4,132
Exchange effects on cash and cash equivalents	(16)	-
End of financial period	<b>74,273</b>	<b>20,355</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	18,688	20,410
Fixed deposits	56,207	609
	<b>74,895</b>	<b>21,019</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	74,895	21,019
Less: Bank deposits pledged	(622)	(609)
Less: Bank overdrafts	-	(55)
Cash and cash equivalents per consolidated statement of cash flows	<b>74,273</b>	<b>20,355</b>

\* Less than \$1,000.

<sup>(1)</sup> Fund raised by the Group's subsidiary corporation, UnUsUaL Limited pursuant from the IPO in April 2017.

<sup>(2)</sup> Proceeds from the financial institutions received in advance but shares were issued in July 2017.

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

**Consolidated Statement of Changes in Equity**

Group (Unaudited)	<-----Attributable to equity holders of the Company----->				Non-controlling interests SGD'000	Total equity SGD'000
	Share capital SGD'000	Other reserves SGD'000	Retained profits SGD'000	Total SGD'000		
<b>Balance as at 1 April 2017</b>	88,212	(37,298)	35,618	86,532	7,943	94,475
Profit for the period	-	-	6,402	6,402	1,392	7,794
Other comprehensive loss for the period	-	(164)	-	(164)	-	(164)
<b>Total comprehensive income for the period</b>	-	(164)	6,402	6,238	1,392	7,630
	88,212	(37,462)	42,020	92,770	9,335	102,105
Dilution of interest in subsidiary corporation without loss of control	-	6,873	-	6,873	10,669	17,542
Issuance of new shares pursuant to performance share plan (PSP)	559	-	-	559	-	559
<b>Balance as at 30 June 2017</b>	88,771	(30,589)	42,020	100,202	20,004	120,206



**1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparatives statement for the corresponding period of the immediately preceding financial period. (continued)**

**Consolidated Statement of Changes in Equity (continued)**

Group (Unaudited)	<-----Attributable to equity holders of the Company ----->				Non-controlling interests SGD'000	Total equity SGD'000
	Share capital SGD'000	Other reserves SGD'000	Retained profits SGD'000	Total SGD'000		
<b>Balance as at 1 April 2016</b>	56,982	(37,655)	16,860	36,187	978	37,165
Profit for the period	-	-	4,908	4,908	250	5,158
Other comprehensive loss for the period	-	(141)	-	(141)	-	(141)
<b>Total comprehensive income for the period</b>	-	(141)	4,908	4,767	250	5,017
	56,982	(37,796)	21,768	40,954	1,228	42,182
Issuance of new shares pursuant to conversion of exchangeable notes	2,644	-	-	2,644	-	2,644
Issuance of new shares pursuant to conversion of convertible notes	2,604	(446)	-	2,158	-	2,158
Issuance of new shares pursuant to placement agreement with Starhub Ltd	18,040	-	-	18,040	-	18,040
<b>Balance as at 30 June 2016</b>	<b>80,270</b>	<b>(38,242)</b>	<b>21,768</b>	<b>63,796</b>	<b>1,228</b>	<b>65,024</b>

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

Statement of Changes in Equity

Company (Unaudited)	Share capital SGD'000	Other reserves SGD'000	Retained profits/ (Accumulated losses) SGD'000	Total SGD'000	Non-controlling interests SGD'000	Total equity SGD'000
<b>Balance as at 1 April 2017</b>	88,212	-	(1,405)	86,807	-	86,807
Net loss for the period	-	-	(1,110)	(1,110)	-	(1,110)
	88,212	-	(2,515)	85,697	-	85,697
Issuance of new shares pursuant to performance share plan (PSP)	559	-	-	559	-	559
<b>Balance as at 30 June 2017</b>	<b>88,771</b>	-	<b>(2,515)</b>	<b>86,256</b>	-	<b>86,256</b>

  

Company (Unaudited)	Share capital SGD'000	Other reserves SGD'000	Retained profits/ (Accumulated losses) SGD'000	Total SGD'000	Non-controlling interests SGD'000	Total equity SGD'000
<b>Balance as at 1 April 2016</b>	56,982	446	(601)	56,827	-	56,827
Net loss for the period	-	-	(846)	(846)	-	(846)
	56,982	446	(1,447)	55,981	-	55,981
Issuance of new shares pursuant to conversion of exchangeable notes	2,644	-	-	2,644	-	2,644
Issuance of new shares pursuant to conversion of convertible notes	2,604	(446)	-	2,158	-	2,158
Issuance of new shares pursuant to placement agreement with Starhub Ltd	18,040	-	-	18,040	-	18,040
<b>Balance as at 30 June 2016</b>	<b>80,270</b>	-	<b>(1,447)</b>	<b>78,823</b>	-	<b>78,823</b>

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issue on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Shares Capital - Ordinary Shares**

	<b>Number of shares</b>	<b>Issued and paid-up share capital (S\$)</b>
<b>Ordinary shares of the Company</b>		
As at 30 June 2017	1,048,740,820 <sup>(1)</sup>	88,771,061
As at 31 March 2017	1,047,781,420	88,211,923

<sup>(1)</sup> The number of shares included 959,400 shares issued pursuant to performance share granted on 31 May 2017.

The Company did not have any outstanding options, convertibles or treasury shares or subsidiary holdings as at 30 June 2017.

- (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b><u>30 Jun 2017</u></b>	<b><u>31 Mar 2017</u></b>
Total number of issued shares	<u>1,048,740,820</u>	<u>1,047,781,420</u>

The Company did not have any treasury shares as at 30 June 2017 and 31 March 2017.

- (d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

- (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

During the financial period, there were no transaction pertaining to subsidiary holdings.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors of the Company.

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

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to the audited financial statements for the financial year ended 31 March 2017, except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 April 2017. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial period ending 30 June 2017, as disclosed in paragraph 5 below.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("Int FRS") that are relevant to its operations and effective for the financial period on or after 1 April 2017, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting period.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group For the financial period ended 30 Jun 2017 1Q FY2018</b>	<b>Group For the financial period ended 30 Jun 2016 1Q FY2017</b>
<b>Earnings per share ("EPS")</b>		
Profit attributable to equity holders of the Company (S\$'000)	6,402	4,908
Weighted average number of ordinary share in issue	1,048,097,706 <sup>(1)</sup>	461,797,911
Basic EPS (S\$) <sup>(2)</sup>	0.0061	0.0106
Weighted average number of ordinary share in issue + number of shares that may be issued on conversion of outstanding convertibles	1,162,161,496	474,047,911
Fully diluted basis EPS (S\$) <sup>(3)</sup>	0.0055	0.0104

**Notes:**

<sup>(1)</sup> The number of shares included 959,400 shares issued pursuant to performance share granted on 31 May 2017.

<sup>(2)</sup> The basic EPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue for the respective periods.

<sup>(3)</sup> The fully diluted basis EPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue plus number of shares that may be issued on conversion of outstanding convertibles and share allotment for the respective periods.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
- (a) Current financial period reported on; and
- (b) Immediately preceding financial year.

	Group		Company	
	30 Jun 2017	31 Mar 2017	30 Jun 2017	31 Mar 2017
Net asset value (S\$'000)	100,202	86,532	86,256	86,807
Number of ordinary shares in issue	1,048,740,820	1,047,781,420	1,048,740,820	1,047,781,420
Net asset value per ordinary share (S\$)	0.10	0.08	0.08	0.08

- 8 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)**

##### **1Q FY2018 vs 1Q FY2017**

##### **Revenue**

Our Group's revenue increased by S\$11.2 million or 83.1%, from the corresponding period in 1Q FY2017 to approximately S\$24.6 million. The increase was from the revenue of S\$6.2 million generated from event production and concert promotion business which by the subsidiary corporation acquired by the Group in August 2016, S\$1.3 million generated from cinema business as a result of the acquisition of business assets from Mega Cineplex, S\$4.1 million generated from core business and S\$0.1 million generated from our new cafe business. On top of that, the revenue of post production business has been decreased by S\$0.5 million.

##### **Cost of sales**

Cost of sales increased by S\$5.9 million or 175.9%, from the corresponding period in 1Q FY2017 to approximately S\$9.3 million. The increase was from the costs of S\$3.4 million incurred by production event and concert promotion business and cost of S\$0.4 million incurred by cinema business. On top of that, the cost of sales attributable to our core business increased by S\$2.1 million.

Amortisation cost of film rights has been decreased by S\$0.5 million or 51.7% from 1Q FY2017 to 1Q FY2018. It is due to the reduction of movie completed in 1Q FY2018. However, amortisation cost of film intangibles and film inventories has been increased by S\$0.2 million or 5250%.

##### **Gross profit**

Our gross profit increased by S\$5.3 million or 52.3%, from the corresponding period in 1Q FY2017 to approximately S\$15.4 million in 1Q FY2018. It was partly contributed by event production and concert promotion business of S\$2.8 million and partly contributed by cinema business of S\$0.9 million. On top of that, the gross profit of our core business and cafe business increased by S\$2.0 million and S\$0.1 million respectively while gross profit of post production business decreased by S\$0.5 million.

##### **Other income**

Our Group's other income increased by S\$235,000, from approximately S\$11,000 in 1Q FY2017 to approximately S\$246,000 in 1QFY2018. It was mainly due to the one-off trading income earned by the subsidiary corporation, UnUsUaL Limited during the period.

## **REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME) (continued)**

### **1Q FY2018 vs 1Q FY2017**

#### **Other gains and losses - net**

The other net loss increased by S\$152,000 or 380%, from approximately S\$40,000 in 1Q FY2017 to approximately S\$192,000 in 1Q FY2018. The net loss was mainly due to foreign currency translation during the period.

#### **Administrative expenses**

General and administrative expenses increased by S\$2.1 million or 61.6%, from the corresponding period in 1Q FY2017 to approximately S\$5.6 million in 1Q FY2018, this is mainly due to the following reasons:

##### Employee compensation costs

Employee compensation costs increased by S\$1.8 million or 127.9%. The employee compensation cost of core business increased by S\$0.9 million due to newly acquired businesses and staff enlargement. Besides, employee compensation cost of cafe business increased by S\$0.2 million as the business just started to operate in March 2017. On top of that, employee compensation cost of cinema business and event production and concert promotion business also increased by S\$0.2 million and S\$0.5 million respectively.

##### Depreciation costs

Depreciation costs increased by S\$0.5 million or 186.5 %. It was mainly due to the purchase of equipment by subsidiary corporation, UnUsUaL Limited during the period.

#### **Share of loss of associated companies**

There is a share of loss of associated companies in RINGS.TV Pte Ltd and Cinema Pro Limited with a total amount of S\$35,547 in 1Q FY2018.

#### **Profit before Income tax**

As a result from the above, we recorded an increase of S\$3.2 million or 49.4% in profit before tax from the corresponding period in 1Q FY2017 to approximately S\$9.6 million in 1Q FY2018.

## **REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)**

### **30 June 2017 vs 31 March 2017**

#### **Non-current assets**

Our non-current assets increased by S\$3.3 million or 5.0%, from approximately S\$66.5 million as at 31 March 2017 to approximately S\$69.8 million as at 30 June 2017, comprising the following:

- (i) Property, plant and equipment decreased by S\$0.1 million or 0.6%, from which contributed by cinema business.
- (ii) Film rights increased by S\$2.0 million or 36.4%, from S\$5.6 million as at 31 March 2017 to S\$7.6 million as at 30 June 2017 was contributed by a movie which completed and released in 1Q FY2018.
- (iii) Film intangibles and film inventories increased by S\$1.1 million or 31.3%, from S\$3.5 million as at 31 March 2017 to approximately S\$4.6 million as at 30 June 2017 due to few movies has been acquired during the period.
- (iv) Investments in associated companies increased by S\$0.3 million or 17.1%, which is due to the investment in Cinema Pro Limited by the Group in May 2017.

#### **Current assets**

Our current assets increased by S\$65.9 million or 68.6% from approximately S\$96.1 million as at 31 March 2017 to approximately S\$162.0 million as at 30 June 2017, representing 69.9% of our total assets and comprised the following:

- (i) Cash and cash equivalents increased by S\$49.1 million or 190.8%, from approximately S\$25.8 million as at 31 March 2017 to S\$74.9 million as at 30 June 2017. This was mainly due to the increase of S\$43.0 million from our core business, which partly contributed by the proceeds received in advance from the financial institution for the share allotment. Besides, cash and cash equivalents of event production and concert promotion business also increased by S\$6.5 million. On the other hand, cash and cash equivalents of cinema business has been decreased by S\$0.4 million.
- (ii) Trade and other receivables increased by S\$9.1 million or 19.6%, from approximately S\$46.3 million as at 31 March 2017 to approximately S\$55.3 million as at 30 June 2017. This was mainly due to the additional trade and other receivables of S\$3.1 million from core business, S\$5.3 million from event production and concert promotion business and S\$1.0 million from cinema business. On top of that, the trade and other receivables of post production business has been decreased by S\$0.3 million, which resulting by the decrease in its revenue.
- (iii) Inventories and work-in-progress decreased by S\$0.1 million or 13.3%, from approximately S\$0.7 million as at 31 March 2017 to approximately S\$0.6 million as at 30 June 2017. The decreased of S\$0.1 million in inventories and work-in-progress was contributed by our core business.
- (iv) Capitalisation of all costs in relation to the production of our movies (including all film products and film under production) prior to the release of the movies increased by S\$7.8 million or 33.5%, from approximately S\$23.4 million as at 31 March 2017 to approximately S\$31.2 million as at 30 June 2017. 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 quarter of the financial year.

#### **Non-current liabilities**

Our non-current liabilities decreased by S\$0.3 million or 5.3%, from approximately S\$5.9 million as at 31 March 2017 to S\$5.6 million as at 30 June 2017, comprising the following:

- (i) Borrowings decreased by S\$0.3 million or 5.9%, from approximately S\$5.4 million as at 31 March 2017 to approximately S\$5.1 million as at 30 June 2017. The decreased of S\$0.3 million in borrowings was due the repayment of loan by the cinema business during the period.

## **REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION) (continued)**

### **30 June 2017 vs 31 March 2017**

#### **Current liabilities**

Our current liabilities increased by S\$43.9 million or 70.6% from approximately S\$62.1 million as at 31 March 2017 to approximately S\$106.0 million as at 30 June 2017, representing 94.9% of our total liabilities and comprised the following:

- (i) Trade and other payables increased by S\$41.2 million or 88.3%, from approximately S\$46.6 million as at 31 March 2017 to approximately S\$87.8 million as at 30 June 2017. The significant increase mainly contributed by the proceeds received in advance from the financial institutions for share allotment. (Shares was issued in July 2017.) However, the trade and other payables of core business was decreased by S\$3.0 million, cinema business and event production and concert promotion business had also decreased by S\$0.2 million and S\$4.8 million respectively.
- (ii) Current income tax liabilities increased by S\$1.3 million or 23.5%, from approximately S\$5.6 million as at 31 March 2017 to approximately S\$6.9 million as at 30 June 2017. The tax provision was mainly for the income generated by the core business during the period.
- (iii) Deferred income increased by S\$1.2 million or 41.1%, from approximately S\$2.9 million as at 31 March 2017 to approximately S\$4.1 million as at 30 June 2017. This was mainly due to the higher licensing income to be earned when the movies are released in the next quarter of financial year.
- (iv) Progress billing in excess of work-in-progress increased by S\$0.7 million or 87.6%, from approximately S\$0.7 million as at 31 March 2017 to approximately S\$1.4 million as at 30 June 2017. The increased in S\$0.7 million was contributed by our core business.
- (v) Borrowings decreased by S\$0.5 million or 7.9%, from approximately S\$6.2 million as at 31 March 2017 to approximately S\$5.7 million as at 30 June 2017. This was mainly due to the repayment of S\$0.5 million loan by event production and concert promotion business during the period.



## **REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW)**

As at 30 June 2017 (1Q FY2018) , our cash and cash equivalents amounted to approximately S\$74.3 million as compared to cash and cash equivalents of approximately S\$20.4 million as at 30 June 2016 (1Q FY2017).

### **Net cash used in operating activities**

In 1Q FY2018, we generated a net cash inflow of approximately S\$10.9 million from operating activities before working capital changes of approximately S\$25.1 million cash outflow.

Our net working capital outflow was mainly due to cash outflows of S\$10.0 million from an increase in trade and other receivables, S\$9.0 million from an additional movies under production, S\$1.1 million from an increase in film intangibles and film inventories, S\$6.5 million from an decrease in trade and other payables and S\$0.4 million tax paid during the year. Our cash inflow was due to increase in deferred income of S\$1.2 million and increase in progress billing in excess of work-in-progress of S\$0.7 million.

The increase in trade and other receivables was due to the increase of revenue by core business and event production and concert promotion business in 1Q FY2018.

### **Net cash used in investing activities**

Net cash used in investing activities amounted to approximately S\$2.2 million was mainly due to net cash of S\$0.3 million paid for the acquisition of a new associated company, net cash of S\$0.1 million paid for the acquisition of film rights by core business, net cash of S\$0.5 million paid for the acquisition of new property, plant and equipment, which S\$0.4 million by event production and concert promotion business and S\$0.1 million by core business. Besides, S\$1.3 million of deferred consideration has been paid to RINGS.TV Pte Ltd in 1Q FY2018.

### **Net cash provided by financing activities**

Net cash of approximately S\$65.9 million provided by financing activities was mainly due to the cash inflow of S\$17.5 million pursuant the issuance of shares by one of our subsidiary, UnUsUaL Limited, and S\$49.2 million pursuant to the advances received for placement share to financial institutions by mm2 Asia Ltd. Besides, there is cash inflows of S\$0.3 million from the fixed deposit pledged by subsidiary corporation, UnUsUaL Limited in last financial year which has been released in this financial period. Meanwhile, there is a cash outflow of S\$1.1 million for the repayment of borrowings, finance lease and interest.

### **Net increase in cash and cash equivalents**

Overall, the Group recorded a net cash increase of approximately S\$49.4 million as compared to the net increase of approximately S\$16.2 million in the corresponding financial year. The difference is mainly due to the increase of investing and financing activity has been taken by the Group during the period.

## **9 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.

## **10 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.**

In FY2018, the Group will continue its focus on creating and building media and content for Asia, specifically in three areas:

### **(i) Regional expansions, North Asia in particular**

In addition to strengthening the Group's regional presence through the incorporation of subsidiaries in China and US in FY2017, the Group has also embarked on an increasing number of film productions and co-productions in Hong Kong, Taiwan and China. Revenue from North Asia in FY2017 contributed to 32% of the Group's revenue, up from 22% in FY2016. We foresee revenue contribution from North Asia to continue to grow. The Group's multi-market presence also provides for a strong network of contract and talent, which we view as competitive strengths for existing and potential partners and customers. The Group will continue to find collaborations opportunities with our regional network that will cater beyond the current Chinese speaking markets.

**10 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. (continued)**

**(ii) Platform business**

Over the course of the year, the Group has embarked on and/or completed several strategic and synergistic acquisitions which include Mega Cinemas, Lotus Fivestar Cinemas, UnUsUaL, as well as taken strategic investments in Cinema Pro and RINGS.TV. Armed with the growth of our cinema business, the newly-acquired concert and event production and promotion business, as well as a stake in interactive digital media platform RINGS.TV, the Group is now a more fully integrated content and platform business, well-positioned to take advantage of the many new opportunities arising in the fast-changing wide media landscape in Asia. In this rapidly evolving digital age, where different platforms seek to increase their share of audience's attention and following, the demand for content continues to grow. In addition, the Group's multiple platform capabilities will place us in a position to better distribute and exhibit content to reach a wider audience.

**(iii) Copyrights**

The Group's produced, co-produced and distributed titles have steadily increased year-on-year. In October 2016, the Group also acquired the rights from Talpa Global B.V to produce The Voice Singapore/Malaysia. The majority acquisitions of Vividthree Productions, UnUsUaL, as well as the set-up subsidiary corporation of Dick Lee Asia have enhanced the Group's ability to create new content beyond just movies. From film production and distribution, the Group now has integrated capabilities comprising 3D animation, VFX and CGI, event production and concert promotion, and music and musical productions spanning across the region. The Group is better poised to create more unique copyrights in the form of films, formats, events, concerts and others, to form the Group's main engine of growth well into the future.

Overall, the Group will actively pursue business opportunities to expand and strengthen our capabilities and competencies to become a leading media and content company in Asia.

**11 If a decision regarding dividend has been made:**

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

None.

**(b) (i) 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.

**12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the 1st quarter of financial year ending 31 March 2018.

- 13** 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.

There were no IPT of S\$100,000 and above for the 1st quarter of financial year ending 31 March 2018.

**14 Update on use of proceeds**

**(a) Placement of shares**

The Group refers to the aggregated gross proceeds received in advance which amounting to S\$50.016 million raised from the placement of shares pursuant to the share placement agreements with financial institutions on 15 June 2017 and the issuance of shares only take place in July 2017.

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

	<b>Financial Institutions <sup>(i)</sup></b>	<b>Utilised</b>	<b>Unutilised</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Acquisition/joint ventures/strategic alliances	34,311	-	34,311
Investment in production/acquisition of movie rights	14,705	-	14,705
General working capital	1,000	(848) <sup>(ii)</sup>	152
	50,016	(848)	49,168

Set out below is a summary of uses of Proceeds since the receipt of the Proceeds:

- (i) As per the announcement on 15 June 2017, the Group intended to use 70% and 30% of the net proceeds of the placement of shares to finance acquisition and for general working capital purposes respectively, where investment in production/acquisition of movie rights also form part of the general working capital of the Group.
- (ii) An amount of S\$0.8 million had been used for professional fees and expenses in relation to the placement of shares above.

#### 14 Update on use of proceeds (continued)

##### (b) Use of IPO Proceeds

The Group refers to the aggregated gross proceeds of its subsidiary corporation, UnUsUaL Limited which amounting to S\$19.40 million raised from the IPO on the Catalist Board of the SGX-ST on 10 April 2017.

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

	Amount allocated	Amount utilised	Amount unutilised
	S\$'000	S\$'000	S\$'000
Investments in promotion and production projects	10,000	(7,450)	2,550
Expansion of our Group's business by way of acquisition, joint ventures and/or strategic alliances	4,000	-	4,000
General working capital	3,542	(2,350)	1,192
IPO expenditure	1,856	(1,856)	-
	19,398	(11,656)	7,742

#### 15 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 for the 3 months financial period ended 30 June 2017, to be false or misleading, in any material aspect.

#### 16 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).