



mm2 Asia Ltd. and its Subsidiaries
(Incorporated in the Republic of Singapore)
(Company Registration No. 201424372N)

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2022**

MM2 ASIA LTD.

Condensed Interim Financial Statements

For The Half-Year Ended 30 September 2022

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 - 22
F	Other information required by Listing Rule Appendix 7.2	23 - 31

A CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

	Note	Group		Change %
		Six months period ended		
		30 Sep 2022 (Unaudited) S\$'000	30 Sep 2021 (Unaudited) S\$'000	
Revenue	4	79,013	46,275	70.7%
Cost of sales		(53,745)	(36,905)	-45.6%
Gross profit		25,268	9,370	169.7%
Other income				
- Interest		35	24	45.8%
- Others		1,148	5,950	-80.7%
Other gains/(losses) - net				
- Others		(1,549)	(178)	-770.2%
Administrative expenses		(22,854)	(21,809)	-4.8%
Finance expenses		(6,755)	(6,862)	1.6%
Share of (losses)/profits of associated company and former joint venture		(644)	539	N.M.
Loss before income tax	6.1	(5,351)	(12,966)	58.7%
Income tax expenses	7	(820)	(870)	5.7%
Net loss for the financial period		(6,171)	(13,836)	55.4%
Other comprehensive income/(loss), net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Gains/(loss)		1,406	(29)	N.M.
Total comprehensive loss for the financial period		(4,765)	(13,865)	65.6%
Loss attributable to:				
Equity holders of the Company		(5,396)	(11,417)	52.7%
Non-controlling interests		(775)	(2,419)	68.0%
		(6,171)	(13,836)	55.4%
Total comprehensive loss attributable to:				
Equity holders of the Company		(4,061)	(11,453)	64.5%
Non-controlling interests		(704)	(2,412)	70.8%
		(4,765)	(13,865)	65.6%
Loss per share attributable to owners of the Company				
Basic and diluted (in cents)	8	(0.21)	(0.51)	-58.8%

N.M. - not meaningful

B CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	Group		Company	
		30 Sep 2022	31 Mar 2022	30 Sep 2022	31 Mar 2022
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		5,053	14,571	30	9,796
Trade and other receivables	9	115,901	102,894	275,315	262,572
Inventories		1,101	1,013	-	-
Other current assets	16	88,329	83,459	-	-
Film products and films under production		6,004	6,004	-	-
Income tax receivables		391	407	-	-
		<u>216,779</u>	<u>208,348</u>	<u>275,345</u>	<u>272,368</u>
Non-current assets					
Trade and other receivables	9	21,056	19,962	-	-
Financial assets, at fair value through profit or loss ("FVPL")	10	1,669	1,701	-	-
Investments in subsidiaries		-	-	70,226	70,226
Investments in associated companies		2,487	3,196	1,617	2,045
Property, plant and equipment	11	47,337	59,817	49	76
Intangible assets and goodwill	12	235,248	237,086	-	-
Film rights	13	26,685	28,678	-	-
Film intangibles and film inventories	14	20,511	20,277	-	-
Deferred income tax assets		10	23	-	-
		<u>355,003</u>	<u>370,740</u>	<u>71,892</u>	<u>72,347</u>
TOTAL ASSETS		<u>571,782</u>	<u>579,088</u>	<u>347,237</u>	<u>344,715</u>
LIABILITIES					
Current liabilities					
Trade and other payables	15	86,107	91,723	59,120	58,562
Contract liabilities	17	11,169	8,149	-	-
Borrowings	18	149,036	154,394	50,922	56,820
Lease liabilities		19,865	28,090	50	58
Derivative financial instruments		-	6	-	-
Current income tax liabilities		1,106	2,279	-	-
		<u>267,283</u>	<u>284,641</u>	<u>110,092</u>	<u>115,440</u>
Non-current liabilities					
Borrowings	18	67,860	55,366	40,997	38,910
Lease liabilities		17,498	23,179	-	19
Provisions		4,650	5,886	-	-
Deferred income tax liabilities		7,014	7,524	-	-
		<u>97,022</u>	<u>91,955</u>	<u>40,997</u>	<u>38,929</u>
TOTAL LIABILITIES		<u>364,305</u>	<u>376,596</u>	<u>151,089</u>	<u>154,369</u>
NET ASSETS		<u>207,477</u>	<u>202,492</u>	<u>196,148</u>	<u>190,346</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	230,602	211,102	230,602	211,102
Reserves		(12,685)	(4,270)	-	9,750
Accumulated losses		(52,073)	(46,677)	(34,454)	(30,506)
		<u>165,844</u>	<u>160,155</u>	<u>196,148</u>	<u>190,346</u>
Non-controlling interests		41,633	42,337	-	-
TOTAL EQUITY		<u>207,477</u>	<u>202,492</u>	<u>196,148</u>	<u>190,346</u>

C CONDENSED INTERIM STATEMENTS OF CHANGES OF EQUITY
For The Half-Year Ended 30 September 2022

Group (Unaudited)

	Attributable to equity holders of the Company					Total equity S\$'000
	Share capital S\$'000	Reserves S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	
As at 1 April 2022	211,102	(4,270)	(46,677)	160,155	42,337	202,492
Net loss for the financial period	-	-	(5,396)	(5,396)	(775)	(6,171)
Other comprehensive income for the financial period	-	1,335	-	1,335	71	1,406
Total comprehensive income/(loss) for the financial period	-	1,335	(5,396)	(4,061)	(704)	(4,765)
Issuance of ordinary shares of the Company pursuant to:						
- Private Placement (Note 19)	19,500	(9,750) ¹	-	9,750	-	9,750
As at 30 September 2022	230,602	(12,685)	(52,073)	165,844	41,633	207,477
As at 1 April 2021	152,870	(14,300)	(11,695)	126,875	47,334	174,209
Net loss for the financial year	-	-	(11,417)	(11,417)	(2,419)	(13,836)
Other comprehensive (loss)/income for the financial year	-	(36)	-	(36)	7	(29)
Total comprehensive loss for the financial year	-	(36)	(11,417)	(11,453)	(2,412)	(13,865)
Issuance of ordinary shares of the Company pursuant to:						
- Rights issue	54,652	-	-	54,652	-	54,652
Capitalised expenses pertaining to issuance of rights issue	(2,420)	-	-	(2,420)	-	(2,420)
As at 30 September 2021	205,102	(14,336)	(23,112)	167,654	44,922	212,576

Company (Unaudited)

	Share capital S\$'000	Reserves S\$'000	Accumulated losses S\$'000	Total equity S\$'000
As at 1 April 2022	211,102	9,750	(30,506)	190,346
Net loss for the financial period	-	-	(3,948)	(3,948)
Issuance of ordinary shares of the Company pursuant to:				
- Private Placement (Note 19)	19,500	(9,750) ¹	-	9,750
As at 30 September 2022	230,602	-	(34,454)	196,148
As at 1 April 2021	152,870	-	(24,936)	127,934
Net loss for the financial period	-	-	(3,352)	(3,352)
Issuance of ordinary shares of the Company pursuant to:				
- Rights issue	54,652	-	-	54,652
Capitalised expenses pertaining to issuance of rights issue	(2,420)	-	-	(2,420)
As at 30 September 2021	205,102	-	(28,288)	176,814

¹ Advance payment of \$9.75 million in FY2022 was received for the subscription of ordinary shares of the Company pursuant to the private placement, has been reclassified from Reserves to Share Capital when new shares were allotted to the placees on 1 April 2022 (Note 19(a)).

D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For The Half-Year Ended 30 September 2022

	Group	
	Six months period ended	
	30 Sep 2022	30 Sep 2021
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Cash flows from operating activities		
Net loss	(6,171)	(13,836)
Adjustments for:		
- Income tax expenses	820	870
- Interest income	(35)	(24)
- Finance expenses	6,755	6,862
- Amortisation of intangible assets	864	1,367
- Amortisation of film rights	2,007	2,809
- Amortisation of film intangibles and film inventories	546	498
- Depreciation of property, plant and equipment	2,826	3,561
- Depreciation of right-of-use assets	9,707	9,782
- Inventories written off	1	54
- Property, plant and equipment written off	-	674
- Share of losses/(profits) of associated companies and former joint venture	644	(539)
- Rental concession income	(780)	(2,707)
- Gain arising from derecognition of leases	(1)	(191)
- Gain on disposal of property, plant and equipment	(117)	-
- Gain on fair value changes in derivative financial instruments, net	(6)	(40)
- Gain on fair value changes in financial assets, at FVPL, net	-	(19)
- Gain on disposal of financial assets, at FVPL	-	(19)
- Currency translation differences - loss/(gain)	2,269	(136)
Operating cash flows before working capital changes	19,329	8,966
Change in working capital:		
- Trade and other receivables	(12,940)	(142)
- Inventories	(96)	(21)
- Other current assets	(6,064)	(965)
- Film products and films under production	-	(488)
- Film intangible and film inventories	(23)	(3,392)
- Trade and other payables	(5,655)	7,998
- Contract liabilities	3,019	2,870
Cash (used in)/generated from operations	(2,430)	14,826
Income tax refund	-	7
Income tax paid	(2,020)	(733)
Net cash (used in)/provided by operating activities	(4,450)	14,100

**D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)**

	Group	
	Six months period ended	
	30 Sep 2022 (Unaudited) S\$'000	30 Sep 2021 (Unaudited) S\$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	134	-
Proceeds from disposal of financial assets, at FVPL	-	1,874
Additions to property, plant and equipment	(425)	(75)
Additions to intangible assets	(9)	(890)
Additions of film rights	(21)	(5,282)
Government grants received for:		
- development of film rights	-	317
- development of software	155	-
Interest received	2	12
Net cash used in investing activities	(164)	(4,044)
Cash flows from financing activities		
Interest paid	(4,006)	(5,868)
Expenses pertaining to issuance of right shares	-	(2,420)
Proceeds from issuance of ordinary shares of the Company pursuant to Private Placement (Note 19(a))	9,750	-
Proceeds from issuance of convertible debt securities	15,350	1,000
Proceeds from a placee for subscription of new shares in Company	-	54,652
Proceeds from borrowings	16,720	15,058
Repayments of borrowings	(27,261)	(68,304)
Repayments of lease liabilities	(15,263)	(8,698)
Net cash used in financing activities	(4,710)	(14,580)
Net changes in cash and cash equivalents	(9,324)	(4,524)
Cash and cash equivalents		
At beginning of financial year	13,608	10,824
Effects of currency translation on cash and cash equivalents	(1)	(43)
At end of financial year	4,283	6,257
Cash and cash equivalent comprise:		
Cash and bank balances	5,051	7,160
Fixed deposits	2	233
	5,053	7,393
Bank overdraft	(770)	(1,136)
	4,283	6,257

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 1002 Jalan Bukit Merah #07-11 Singapore 159456.

These condensed interim consolidated financial statements as at and half year ended 30 September 2022 ("**1H FY2023**") 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 Consolidated Financial Statements for the period ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The Condensed Interim Consolidated Financial Statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included for 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 financial year ended 31 March 2022. 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 financial year ended 31 March 2022.

The accounting policies adopted are consistent with the most recent audited consolidated financial statements for the financial year ended 31 March 2022 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.

This Condensed Interim Financial Statements of the Group and of the Company have been prepared on a going concern basis as the Group and the Company will be able to meet its liabilities as and when they fall due. The Group incurred a net loss of S\$6.2 million (previous corresponding period: S\$13.8 million) for the financial period ended 30 September 2022. As of that date, the Group's current liabilities exceeded its current assets by S\$50.5 million (31 Mar 2022: \$76.3 million). The Group's businesses are on the road to recovering from the COVID-19 pandemic in the current financial year.

The Group and the Company have implemented several measures to weather through this current challenging environment. These efforts are ongoing as the Group and the Company continue to seek support from the vendors, landlords, shareholders and business partners to meet the challenges.

(a) Ongoing recovery from the effect of the COVID-19 pandemic

Despite the Group being in a net current liabilities position as at 30 September 2022 and having incurred a net loss for the half year ended 30 September 2022, the financial metrics of the Group have improved as compared to that of the corresponding period. This was mainly attributed to the lifting of the COVID-19 pandemic restrictions in April 2022, particularly on seating capacity and the resumption of large-scale live entertainment events.

As discussed in Section F to the Condensed Interim Financial Statements, the net current liabilities of the Group have decreased by approximately S\$25.8 million within 6 months from beginning of financial period. In addition, the Group's revenue grew by approximately 70.7% in the current financial period, therefore, EBITDA also has increased significantly from S\$11.9 million to S\$17.4 million while net loss has reduced from S\$18.3million to S\$6.1 million.

E NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Basis of Preparation (continued)

(b) The Group has completed the following during the current financial period

- (i) On 23 March 2022, the Company had entered into placement agreements with placees for the allotment and issuance of 390 million placement shares in the capital of the Company at an issue price of \$0.05 per placement share (the "Placement"). The aggregate consideration payable by placees is \$19.5 million. The transaction was completed on 1 April 2022.
- (ii) During the current financial period, mm Connect Pte. Ltd. ("mm Connect"), a wholly-owned subsidiary of the Company, had entered into convertible bond agreements with subscribers ("Bondholders") for issuance of unsecured convertible bonds in an aggregate of \$15.35 million, carrying a coupon rate of 5% per annum and matures on the second anniversary of their respective dates of issue. These transactions were completed as at the date of this report.
- (iii) The Group has been engaging continually with various lenders since the last 2 financial years to obtain letters of waiver on certain compliances requirements stipulated in the facility agreements, refinancing of its existing loans and/or to extend existing loans tenure. In the current financial period, one of the financial institutions of the Company has agreed to defer the loan repayment, specifically, the loan principal repayments totaling \$21.93 million which are due within next twelve (12) months from the financial year end, has been extended for another 12 months. These refinancing exercises allow the Group to preserve sufficient working capital to sustain its recovery from the impact of the COVID-19 pandemic. The deferment has been reflected in this Condensed Interim Financial Statements.

(c) The following corporate exercises have been commenced and are in progress as at 30 September 2022 and the date of this announcement:

- (i) As announced on 16 June 2022 and 25 September 2022, the Company has on 23 September 2022 entered into a subscription agreement with UOB Kay Hian Private Limited to subscribe a proposed issue of exchangeable bonds ("Exchangeable Bonds") coupled with detachable warrants ("Warrants") by the Company (collectively known as "Proposed Issuance"). The Proposed Issuance remains subject to conditions precedents in the subscription agreement and then, approval from shareholders at an extraordinary general meeting ("EGM").

The principal amount of Exchangeable Bonds is \$54.0 million, with a coupon rate of 5% per annum and a tenure of two (2) calendar years from the issue date, which will automatically be extended for one (1) year in the event the Exchange Right is not exercised at the end of the two year tenure. The Exchangeable Bonds are issued together with 250 million Warrants, each carrying the right for a period of five (5) years from the issue date to subscribe for one new ordinary share in the Company at an exercise price of S\$0.065 per new share. If fully exercised, the consideration from issuance of the Warrants will amount to \$16.25 million. This transaction forms the refinancing plan for the convertible securities due 31 December 2022. In the event that Exchangeable Bonds issuance cannot be completed, the Group will be required to re-negotiate with all the lenders or secure alternative refinancing as contingency.

Management have submitted a draft circular for this transaction which is currently being reviewed by SGX and we expect the EGM to take place in December 2022.

(d) Other ongoing actions

- (i) Management continues to review existing financing facilities and to procure new financing. Based on the Group's success negotiation with the lenders in the past financial periods, the Group is cautiously optimistic that the various lenders will continue to support the Group.
- (ii) Management will continue to implement comprehensive cost-containment measures and continue deleveraging exercise to reduce the financing cost and liabilities.

Accordingly, the directors of the Company are of the opinion that the going concern basis in preparing the consolidated financial statements under the going concern assumption for the financial period ended 30 September 2022 is appropriate.

This Condensed Interim Financial Statements does not include any adjustments that may result in the event that the Group is unable to continue as a going concern. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

E NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Basis of Preparation (continued)

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 2022. 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 year.

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 2022.

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 2022. The carrying amounts of the film rights, film intangibles and film inventories are disclosed in Notes 13 and Notes 14 to the Condensed Interim Consolidated 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.

E NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Basis of Preparation (continued)

2.2 Use of judgements and estimates (continued)

(b) Impairment of trade and other receivables (continued)

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 2022. 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 2022.

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 in 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 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" 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
	For the six months ended						
	Core business S\$'000	Post- production S\$'000	Cinema operations S\$'000	Concert and event S\$'000	Others S\$'000	Segments elimination S\$'000	
1 Apr 2022 to 30 September 2022 (1H FY2023)							
Total segment sales	42,989	1,831	26,723	6,295	1,932	(757)	79,013
Inter-segment sales	(415)	-	(168)	(152)	(22)	757	-
Sales to external parties	42,574	1,831	26,555	6,143	1,910	-	79,013
Adjusted earnings/(loss) before interest, tax, depreciation, amortisation and impairment losses ("EBITDA"/("LBITDA"))							
	9,566	(755)	7,456	1,917	(921)	91	17,354
Depreciation	(253)	(143)	(11,469)	(612)	(56)	-	(12,533)
Amortisation	(2,385)	(349)	(1)	(416)	(266)	-	(3,417)
Finance expenses	(3,092)	(88)	(3,128)	(446)	(3)	2	(6,755)
Profit/(loss) before tax	3,836	(1,335)	(7,142)	443	(1,246)	93	(5,351)
Income tax (expenses)/credit	(951)	-	83	48	-	-	(820)
Net profit/(loss)	2,885	(1,335)	(7,059)	491	(1,246)	93	(6,171)
1 Apr 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)/credit	(992)	46	21	55	-	-	(870)
Net loss	2,214	(1,805)	(11,189)	(2,066)	(890)	(100)	(13,836)

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	
	30 Sep 2022	30 Sep 2021
	S\$'000	S\$'000
Singapore	36,307	17,690
Malaysia	6,634	4,000
China	10,932	7,711
Taiwan	19,908	10,250
Hong Kong	3,332	5,717
Others	1,900	907
	79,013	46,275

Timing of revenue recognition

At point in time	76,336	43,370
At over time	2,677	2,905
	79,013	46,275

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 2022 and 31 March 2022:

	Group		Company	
	30 Sep 2022	31 Mar 2022	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets, at amortised cost	139,630	135,780	275,250	272,171
Financial assets, at FVPL	1,669	1,701	-	-
Total	141,299	137,481	275,250	272,171
Financial liabilities, at amortised cost	340,366	352,752	151,089	154,369
Derivatives financial instruments	-	6	-	-
Total	340,366	352,758	151,089	154,369

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

6 Loss before income taxation

6.1 Significant items

	Group	
	Six months period ended	
	30 Sep 2022	30 Sep 2021
	S\$'000	S\$'000
Loss before income tax is arrived at after (crediting)/charging:		
Amortisation of intangible assets	864	1,367
Amortisation of film rights	2,007	2,809
Amortisation of film intangibles and film inventories	546	498
Depreciation of property, plant and equipment	2,826	3,561
Depreciation of right-of-use assets	9,707	9,782
Employees compensation	9,550	8,468
Interest expenses on:		
- Borrowings	5,872	5,776
- Lease liabilities	883	1,086
Inventories written off	1	54
Government grants income, including JSS and RSS*	(158)	(3,279)
Rental concession income	(780)	(2,707)
Property, plant and equipment written off	-	674
Gain arising from derecognition of leases	(1)	(191)
Gain on fair value changes in derivative financial instrument, net	(6)	(40)
Gain on fair value changes in financial assets, FVPL	-	(19)
Gain on disposal of financial assets, at FVPL	-	(19)
Gain on disposal of property, plant and equipment	(117)	-
Loss on foreign exchange, net		
- Realised foreign exchange	(1,133)	(39)
- Unrealised foreign exchange	2,820	(242)
	<u>2,820</u>	<u>(242)</u>

* JSS - Job Support Scheme (1H FY2023 & 1H FY2022)

RSS - Rental Support Scheme (1H FY2022)

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

6 Loss before income taxation (continued)

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	
	30 Sep 2022	30 Sep 2021
	S\$'000	S\$'000
<u>Sales of goods and/or services to</u>		
- Associated company	265	2,307
- Related parties	792	827
 <u>Purchase of services from</u>		
- Associated company	19	2,263
- Related parties	222	125

Outstanding balances as at 30 September 2022 and 30 September 2021, arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from reporting date.

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	
	30 Sep 2022	30 Sep 2021
	S\$'000	S\$'000
Current income tax		
- Current financial period	951	21
- Prior financial period	(97)	(4)
	<u>854</u>	<u>17</u>
Deferred tax		
- Current financial period	(48)	725
- Prior financial period	14	128
	<u>(34)</u>	<u>853</u>
Income tax expense	<u>820</u>	<u>870</u>

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

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 half years ended 30 September 2022 and 30 September 2021 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	
	30-Sep-22	30-Sep-21
Loss attributable to equity holders of the Company (S\$'000)	(5,396)	(11,417)
Weighted average number of ordinary share issued ('000)	2,592,938	2,255,714
Basic and fully diluted basis LPS (cents)	<u>(0.21)</u>	<u>(0.51)</u>

9 Trade and other receivables

	Group	
	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000
Current		
Trade receivables:		
- Non-related parties	88,002	72,598
- Related parties	379	701
- Associated companies	1,403	1,199
	<u>89,784</u>	<u>74,498</u>
Less: Expected credit loss allowance - Non-related parties	(6,951)	(6,990)
Trade receivables - net (Note 9(a))	<u>82,833</u>	<u>67,508</u>
Other receivables (Note 9(b))		
- Non-related parties	6,259	6,959
- Related parties	15	13
- Associated companies	34	216
- Former joint venture	-	9
	<u>6,308</u>	<u>7,197</u>
Less: Expected credit loss allowance - Non-related parties	(548)	(524)
	5,760	6,673
Deposits (Note 9(c))	22,941	22,998
Less: Expected credit loss allowance - Non-related parties	(156)	(157)
	22,785	22,841
Prepayments	2,379	1,647
Accrued income	2,144	4,225
	<u>115,901</u>	<u>102,894</u>
Non-current		
Other receivables - Non-related parties (Note 9(b))	19,618	18,524
Less: Expected credit loss allowance - Non-related parties	(2,062)	(2,062)
	<u>17,556</u>	<u>16,462</u>
Deposits (Note 9(c))	3,500	3,500
	<u>21,056</u>	<u>19,962</u>

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

9 Trade and other receivables (continued)

(a) Trade receivables aging

	Group	
	30 Sep 2022 S\$'000	31 Mar 2022 S\$'000
Current		
Below 3 months	42,012	25,302
3 - 6 months	12,985	8,908
Above 6 months	34,787	40,288
	<u>89,784</u>	<u>74,498</u>
Expected credit loss allowance ("ECL")	(6,951)	(6,990)
	<u>82,833</u>	<u>67,508</u>

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

- (i) Core business amounted to S\$20,138,000 (31 March 22: S\$27,516,000); and
- (ii) Event segment/ Unusual Limited group amounted S\$10,689,000 that are past due more than 12 months as at 30 September 2022 (31 March 2022: S\$10,689,000).

Plans to recover the trade and other receivables

The entertainment industry is in the process of recovering from the COVID-19 pandemic which have resulted in 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. As the industry is still suffering from the impact of COVID-19, our counterparties' ability to pay the trade receivables on time is still being affected despite COVID-19 restrictions being lifted in certain territories in April 2022 while other territories' COVID-19 restrictions remain.

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 minimizes 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.

The Board of directors are of the opinion that the methodology used for impairment is in line with the Group's accounting policies and SFRS, and as a result of the assessment of the recoverability, the impairment as at reporting period is adequate. The respective board of our listed subsidiaries have also performed their own assessment.

The accounting policies and methodology for impairment of trade and other receivables are disclosed in Note 2.2(b) of the Condensed Interim Financial Statements and have been applied consistently with the past financial reporting periods.

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

9 Trade and other receivables (continued)

- (b) The current other receivables mainly consist of Core business and Event segment for approximately S\$2.7 million and S\$2.5 million. These are (i) advance project cost billing from supplier that will be reclassified to "Other current assets"/work in progress upon projects re-commence as it were delayed due to COVID-19 previously; (ii) refundable amount pending completion of a project.

Non-current other receivables from non-related parties are mainly due from an Event segment's project in the USA. The amounts are interest-free, unsecured and not expected to be repaid within 12 months from the end of the financial year as the project was delayed due to impact from COVID-19 2 years ago. There are no material changes in the fair value of non-current other receivables and deposits as at 30 September 2022.

The transaction with these other receivables are in the normal course of our business and they are not our major customers.

- (c) Deposits mainly comprise of deposits paid for:
- (i) securing production-related services and film rights and/or film intangibles. Upon acquisitions being completed, the deposit is to be reclassified as production expenses in "Other Current Assets" or "Film Rights/ Film intangible and inventory or intangible assets, whichever is applicable; and
 - (ii) refundable security deposits paid for rental of cinema halls.

10 Financial assets at fair value through profit or loss

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

	Group	
	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000
Beginning of financial period/year	1,701	3,223
Additions	-	700
Disposal	-	(1,856)
Loss on fair value changes - net	-	(361)
Currency translation differences	(32)	(5)
End of financial period/year	<u>1,669</u>	<u>1,701</u>
Represented by:		
Unquoted securities	200	200
Unquoted convertible loans	1,469	1,501
	<u>1,669</u>	<u>1,701</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)).

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

11 Property, plant and equipment

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

	Group	
	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000
Beginning of financial period/year	59,817	87,989
Depreciation:		
- property, plant and equipment	(2,826)	(8,242)
- right-of-use assets	(9,707)	(19,335)
Additions	425	3,613
Disposal	(19)	(214)
Lease modification	581	123
Written off	-	(801)
Derecognition of right-of-use assets	-	(2,777)
Currency translation differences	(934)	(539)
End of financial period/year	<u>47,337</u>	<u>59,817</u>
Represented by		
Property, plant and equipment	19,918	21,167
Right-of-use assets	<u>27,419</u>	<u>38,650</u>
	<u>47,337</u>	<u>59,817</u>

The total depreciation charge for the period is included in cost of sales and administrative expenses amounting to S\$2,494,000 (6 months ended 30 September 2021: S\$3,160,000) and S\$10,039,000 (6 months ended 30 September 2021: S\$10,183,000) respectively.

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

12 Intangible assets and goodwill

Group	Goodwill S\$'000	Brand with indefinite useful life S\$'000	Brands with finite useful life S\$'000	Other intangibles assets S\$'000	Total S\$'000
30 Sep 2022					
Cost					
Beginning of financial period	258,727	17,969	8,423	13,986	299,105
Currency translation differences	(640)	-	-	(305)	(945)
Additions	-	-	-	136	136
Government grants received for development of software	-	-	-	(155)	(155)
End of financial period	<u>258,087</u>	<u>17,969</u>	<u>8,423</u>	<u>13,662</u>	<u>298,141</u>
Accumulated amortisation					
Beginning of financial period	-	-	3,183	6,288	9,471
Currency translation differences	-	-	-	(194)	(194)
Amortisation charge for the period	-	-	280	584	864
End of financial period	<u>-</u>	<u>-</u>	<u>3,463</u>	<u>6,678</u>	<u>10,141</u>
Accumulated impairment					
Beginning of financial period	51,503	-	-	1,045	52,548
Currency translation differences	204	-	-	-	204
End of financial period	<u>51,707</u>	<u>-</u>	<u>-</u>	<u>1,045</u>	<u>52,752</u>
Carrying amount					
End of financial period	<u>206,380</u>	<u>17,969</u>	<u>4,960</u>	<u>5,939</u>	<u>235,248</u>
31 Mar 2022					
Cost					
Beginning of financial year	258,999	17,969	8,423	12,423	297,814
Currency translation differences	(272)	-	-	214	(58)
Additions	-	-	-	1,424	1,424
Government grants received for development of software	-	-	-	(75)	(75)
End of financial year	<u>258,727</u>	<u>17,969</u>	<u>8,423</u>	<u>13,986</u>	<u>299,105</u>
Accumulated amortisation					
Beginning of financial year	-	-	2,621	2,545	5,166
Currency translation differences	-	-	-	72	72
Amortisation charge for the year	-	-	562	3,671	4,233
End of financial year	<u>-</u>	<u>-</u>	<u>3,183</u>	<u>6,288</u>	<u>9,471</u>
Accumulated impairment					
Beginning of financial year	39,610	-	-	-	39,610
Currency translation differences	(107)	-	-	-	(107)
Impairment during the year	12,000	-	-	1,045	13,045
End of financial year	<u>51,503</u>	<u>-</u>	<u>-</u>	<u>1,045</u>	<u>52,548</u>
Carrying amount					
End of financial year	<u>207,224</u>	<u>17,969</u>	<u>5,240</u>	<u>6,653</u>	<u>237,086</u>

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

The amortisation charge for the year is included in cost of sales and administrative expenses amounting to S\$275,000 (6 months ended 30 September 2021: S\$602,000) and S\$589,000 (6 months ended 30 September 2021: S\$765,000) respectively.

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

12 Intangible assets and goodwill

Goodwill impairment testing

The management has used the traditional approach (i.e., single cash flow projections) to determine the value-in-use. In preparation of the cash flow projections, significant judgement is used to assess the recoverable amounts of the CGUs which are highly dependent on management's forecasts and estimates which include, but are not limited to, discount rate, growth rate, future projected cash flows and assumptions that are affected by future market and economic conditions.

Management has reassessed recoverable amounts of the Cinema operations and is of the view that no further impairment of goodwill on Cinema is necessary as at 30 September 2022.

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.

13 Film rights

The breakdown of film rights is presented below:

	Group	
	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000
Beginning of financial period/year	28,678	39,589
Additions	21	5,339
Written-off	-	(20)
Transfer from film products	-	415
Government grants received for development of content	-	(317)
Amortisation charge for the period/year	(2,007)	(10,103)
Impairment	-	(6,225)
Effect of foreign currency exchange differences	(7)	-
End of financial period/year	<u>26,685</u>	<u>28,678</u>

The amortisation charge for the year is included in cost of sales and administrative expenses amounting to S\$1,838,000 (6 months ended 30 September 2021: S\$2,646,000) and S\$169,000 (6 months ended 30 September 2021: S\$163,000) respectively.

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

14 Film intangibles and film inventories

The film intangibles and film inventories movement are presented below:

	Group	
	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000
Beginning of financial period/year	20,277	19,484
Additions	809	5,921
Amortisation charge for the period/year	(546)	(2,654)
Impairment	-	(2,417)
Written off	-	(52)
Effect of foreign currency exchange differences	(29)	(5)
End of financial period/year	<u>20,511</u>	<u>20,277</u>

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

15 Trade and other payables

	Group	
	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000
Current		
Trade payables		
- Non-related parties	31,796	41,260
- Related parties	6	-
- Associated companies	439	434
- Former joint venture	-	5
	<u>32,241</u>	<u>41,699</u>
Other payables		
- Non-related parties	12,061	11,349
- Related parties	1,795	1,635
- Associated companies	1,159	1,236
- Director	58	58
	<u>15,073</u>	<u>14,278</u>
Accruals	12,332	11,924
Deposit received	23,662	21,022
Withholding tax	2,799	2,800
	<u>86,107</u>	<u>91,723</u>

16 Other current assets

Costs incurred to fulfil revenue contracts relate to direct costs incurred for revenue contracts in progress as at 30 September 2022 and 31 March 2022. The Group expects the capitalised costs to be completely recovered, hence no impairment loss has been recognised.

17 Contract liabilities

Contract liabilities related to payments received in advance from customers. The related amounts are recognised as revenue when the Group fulfils its performance obligation under the contract with the customers which generally does not exceed one year.

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

18 Borrowings

	Group	
	30 Sep 2022	31 Mar 2022
	S\$'000	S\$'000
Current	149,036	154,394
Non-current	67,860	55,366
Secured borrowing		
Amount repayable in one year or less	143,551	147,844
Amount repayable after one year	66,360	54,428
	<u>209,911</u>	<u>202,272</u>
Unsecured borrowing		
Amount repayable in one year or less	5,485	6,550
Amount repayable after one year	1,500	938
	<u>6,985</u>	<u>7,488</u>

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; and
- (iv) a leasehold property of the Group.

19 Share capital

	Number of shares '000	Issued and paid-up share capital S\$'000
Ordinary shares of the Company		
30 Sep 2022		
Beginning of financial period	2,400,610	211,102
Issuance of ordinary shares pursuant to private placement ^(a)	390,000	19,500
End of financial period	<u>2,790,610</u>	<u>230,602</u>
31 Mar 2022		
Beginning of financial year	1,162,805	152,870
Issuance of rights shares	1,162,805	54,652
Less: capitalised expenses in relation to issuance of rights shares	-	(2,420)
Net of issuance of rights shares	1,162,805	52,232
Issuance of ordinary shares	75,000	6,000
End of financial year	<u>2,400,610</u>	<u>211,102</u>

The Company did not have any treasury shares as at 30 September 2022 and 31 March 2022.

- (a) On 1 April 2022, the Company successfully allotted 390,000,000 new Ordinary Shares at an issue price of \$0.05 for each ordinary share for S\$19.5 million pursuant to the placees. As at 31 March 2022, the Company had received advance payment of \$9.75 million and this had been accounted as part of "Reserves" in equity within the Group's and Company's statements of financial position. The placement has been completed on 1 April 2022 when the receipt of the remaining placement funds of \$9.75 million (as disclosed in the cash flow statement). Accordingly, the total number of issued shares of the Company has increased from 2,400,610,000 shares to 2,790,610,000 shares, being the enlarged issued and paid-up share capital.

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

19 Share capital (continued)

- (b) On 14 April 2021, the Company successfully allotted 1,162,804,610 Right Shares to subscribers at an issue price of \$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 \$54,652,000. The transaction cost in relation to the issuance of rights shares are amounted to \$2,420,000 which will be capitalised as part of the transaction.
- (c) On 30 August 2021, the Company had entered into sale and purchase agreement ("SPA") with Kingsmead Properties Pte. Ltd. (the "Purchaser") pertaining to the proposed sale of not less than 80% of issued and paid-up share capital in mm Connect Pte. Ltd., a wholly-owned subsidiary of the Company (the "Proposed Sale"). In the event that the Proposed Sale is not completed as a result of conditions precedent in the SPA, the Purchaser may elect to exchange the deposit of \$6,000,000 paid to the Company into newly issued shares of the Company at a share price of \$0.08 per share (the "Exchange Right").

On 3 January 2022, the Purchaser had elected to exercise the Exchange Right under the SPA due to one or more of conditions precedent not having been satisfied. Accordingly, on 3 March 2022, the Company allotted 75,000,000 new Ordinary Shares at agreed share price of \$0.08 for each ordinary share to the Purchaser.

20 Net asset value

	Group		Company	
	30 Sep 2022	31 Mar 2022	30 Sep 2022	31 Mar 2022
Net asset value attributable to equity holders of the Company (S\$'000)	165,844	160,155	196,148	190,346
Number of ordinary shares issued (' 000)	2,790,610	2,400,610	2,790,610	2,400,610
Net asset value per ordinary share	0.06	0.07	0.07	0.08

21 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 2022 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 FY2023 vs 1H FY2022

Revenue

The Group's revenue increased by approximately \$32.7 million or 70.6%, from \$46.3 million to \$79 million. It was mainly due to Group's businesses gradually recovering from the COVID-19 endemic and lifting of governments' restrictions since April 2022. Revenues of each segment are analysed as follows:

Revenue from the Core business rose by approximately \$10.1 million or 30.9%, from \$32.8 million to \$42.9 million. The increase was mainly attributable to:

- (i) higher revenue from production by \$9.3 million or 33% as the segment completed more projects as compared to last financial period; and
- (ii) higher distribution income by \$0.4 million or 10% due to the gradual opening of the cinema and uplifting of government restriction, especially on the cinemas' seat capacity, in the territories where we distribute our movies and increase revenue from sales of drama production services to streaming platforms.

Revenue from the Post and digital content production ("Post-production") segment increased slightly by approximately \$0.6 million or 50.0%, from \$1.2 million to \$1.8 million. This was mainly due to improvement in the segment's revenue in post-production business as more projects completed with higher value in 1H FY2023. 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) had no demand for launching new MICE/tour shows launching despite the lifting of capacity limit for large-scale event since April 2022.

Revenue from the Cinema segment increased by approximately \$16.6 million or 164.6%, from \$10.1 million to \$26.7 million. The full-scale operation of cinemas segment led to higher admission and box office collections since April 2022, the main factors that contributed positively to the overall performance of this segment.

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 increased by approximately \$5.9 million or 1475.0%, from \$0.4 million to \$6.3 million. The reopening of live performances in Singapore and lifted COVID-19 restrictions, especially the capacity limit for large-scale event since April 2022, led to revenue increases from its promotion and production business.

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. Revenue of this segment is mainly contributed by advertising and news agency activities and the revenue slightly increased by \$0.05 million or 2.4%, from \$1.89 million to \$1.94 million.

Cost of sales

Cost of sales increased by approximately \$16.8 million or 45.5%, from \$36.9 million to \$53.7 million. The increase in cost of sales was in line with the increase in revenue from respective business segments, particularly, the Core and Cinema segment, except for other direct fixed costs, such as depreciation and amortisation and direct staff cost, which have been incurred throughout the period.

Gross profit

Gross profit increased by approximately \$15.9 million, from \$9.4 million to \$25.3 million, and the increase was mainly contributed by Cinema and Event segments. Overall, the gross profit margin of the Group has improved from 20.2% to 32.0%.

Other income

Other income decreased by approximately \$4.9 million, from \$6 million to \$1.1 million, mainly due to lower in rental concessions income in the Cinema segment and government grant income from Job Support Scheme (JSS) and Rental Support Scheme (RSS) for approximately \$4.9 million as compared to the last corresponding period.

Other gains/losses - net

The Group recorded net other losses approximately of \$1.6 million as compared to net other losses of \$0.2 million in the previous corresponding period. The increase in net of losses in 1H FY2023 mainly due to increase in losses in foreign exchange which comprised of unrealised foreign exchange losses of \$2.8 million, and offset with realised foreign exchange gain of \$1.1 million.

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

Administrative expenses consist of the following

	1H FY2023	1H FY2022
	S\$'000	S\$'000
Staff costs (excluding cost capture under cost of sales)	4,613	4,982
Repair and maintenance of cinema halls and other admin offices	535	367
Utilities of cinema halls and other admin offices	1,600	1,023
Cleaning fees for cinema halls	635	611
Depreciation and amortisation (including depreciation on rights-of-use)	10,039	10,182
Others	5,432	4,644
	<u>22,854</u>	<u>21,809</u>

The Group's administrative expenses increased by approximately \$1.1 million or 5.0% from \$21.8 million to \$22.9 million in the current reporting period. The increase was attributed to:

(a) an increase in repair and maintenance, utilities and cleaning fees of cinema halls by approximately total of \$0.8 million, mainly contributed by Cinema segment as the cinemas opened to full capacity since April 2022; and

(b) an increase in professional fee by approximately total of \$0.3 million mainly due to recent corporate exercises.

and partially offset by,

(c) a decrease in staff costs by approximately \$0.4 million, from \$5 million to \$4.6 million mainly contributed by lower staff cost in the Core segment.

Finance expenses

In the reporting period, finance expenses comprised:

(a) interest expenses on borrowings of \$2.9 million (previous corresponding period: \$2.6 million), an increase of \$0.3 million or 11.5%, was mainly due to increase in interest rates and higher borrowings arising from the issuance of new convertible bonds in mm Connect Pte Ltd., a wholly owned subsidiary of the Company; and

(b) interest expenses on lease liabilities of \$0.9 million (previous corresponding period: \$1.1 million), decreased by \$0.2 million or 18.2%, was mainly due to closure of a cinema locations in Singapore and re-measurement of lease liabilities resulted in lower lease liabilities.

Overall, the Group's finance expenses decreased slightly by \$0.1 million or 1.4%, from \$6.9 million to \$6.8 million.

Share of (losses)/profits of associated companies and former joint venture

The share of losses of associated companies and former joint venture from profits to losses of \$0.6 million was mainly contributed by core segments' associated company.

Loss before income tax

As a result of the aforementioned, the Group's losses before income tax has reduced by approximately \$7.6 million or 58.5%, from \$13.0 million to \$5.3 million in the reporting period. The improvement of the performance was mainly contributed from all the Group's business segments. Please refer to Note 4 to a Condensed Interim Financial Statements for further breakdown.

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 for the first half financial year ended 30 September have been prepared to illustrate the Group's financial performance by excluding the SFRS(I) 16 impact in the current and comparative financial period.

	As reported		Adjustment for exclusion		Pro forma	
	1H FY2023 S\$'000	1H FY2022 S\$'000	FY2022 S\$'000	FY2021 S\$'000	FY2022 S\$'000	FY2021 S\$'000
Revenue	79,013	46,275	-	-	79,013	46,275
Cost of sales	(53,745)	(36,905)	-	-	(53,745)	(36,905)
Gross profit	25,268	9,370	-	-	25,268	9,370
Other income						
- Interest	35	24	-	-	35	24
- Others	1,148	5,950	-	-	1,148	5,950
Other gains/(losses) - net	(1,549)	(178)	-	-	(1,549)	(178)
Administrative expenses ^(a)	(22,854)	(21,809)	(1,329)	(1,186)	(24,183)	(22,995)
Finance expenses ^(b)	(6,755)	(6,862)	883	1,086	(5,872)	(5,776)
Share of (losses)/profits of associated companies and former joint venture	(644)	539	-	-	(644)	539
Loss before income tax	(5,351)	(12,966)	(446)	(100)	(5,797)	(13,066)
Income tax expenses	(820)	(870)	-	-	(820)	(870)
Net loss for the financial period	(6,171)	(13,836)	(446)	(100)	(6,617)	(13,936)
Earnings/(loss) before interest, tax, depreciation, amortisation and impairment ("EBITDA"/("LBITDA")) ^(c)	17,354	11,913	(11,036)	(10,968)	6,318	945
Add: Unrealised foreign exchange losses/(gains)						
- Cinema segment	1,832	(88)	-	-	1,832	(88)
- Post-production segment	382	(132)	-	-	382	(132)
Adjusted EBITDA/(LBITDA)	19,568	11,693	(11,036)	(10,968)	8,532	725

(a) Pro forma administrative expenses

The pro forma administrative expenses increased by \$1.2 million in 1H FY2023. The increased in other administrative expenses is discussed in the commentary for Administrative Expenses above.

(b) Pro forma finance expenses

Pro forma interest expense increased by \$0.1 million or 1.66%, from \$5.8 million in 1H FY2022 to \$5.9 million in 1H FY2023, mainly due to the reasons as mentioned in the commentary for Finance expense (a) above.

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

Segments	As reported (Note 4)		Adjusted Pro forma	
	1H FY2023 S\$'000	1H FY2022 S\$'000	1H FY2023 S\$'000	1H FY2022 S\$'000
Core	9,566	9,361	9,413	9,147
Post-productions	(755)	(780)	(467)	(1,006)
Cinema	7,456	4,486	(1,462)	(6,230)
Events	1,917	(489)	1,906	(501)
Others	(921)	(563)	(949)	(584)
Elimination	91	(102)	91	(101)
	17,354	11,913	8,532	725

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)

31 March 2022 vs 30 September 2022

Current assets

Current assets increased by \$8.5 million or 4.1%, from \$208.3 million to \$216.8 million contributed by:

- (i) a net increase in trade and other receivables by approximately \$13.0 million or 12.6% from \$102.9 million to \$115.9 million mainly attributable to the Core Segment;
- (ii) a decrease in cash and cash equivalents by approximately \$9.5 million or 65.1%, from \$14.6 million to \$5.1 million, mainly due to cash utilised in operating activities of \$4.4 million, investing activities of \$0.2 million and financing activities \$4.7 million (refer to Review of Cash Position for details); and
- (iii) an increase 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 \$4.8 million or 5.7%, from \$83.5 million to \$88.3 million.

Non-current assets

Non-current assets decreased by \$15.7 million or 4.2%, from \$370.7 million to \$355.0 million contributed by:

- (i) a decrease in property, plant and equipment ("PPE") by approximately \$12.5 million or 20.9% was mainly due to depreciation expenses;
- (ii) a decrease in film rights by \$2.0 million or 7% was mainly due to amortisation expenses; and
- (iii) an increase in film intangibles and film inventories by \$0.2 million or 1.0% was mainly attributed to addition of \$0.8 million in film inventories by Post-production segment. This is partly offset by amortisation of film intangibles and film inventories of approximately \$0.5 million.

Current liabilities

Current liabilities decreased by \$17.3 million or 6.1%, from \$284.6 million to \$267.3 million contributed by:

- (i) a net decrease in trade and other payable by \$5.6 million or 6.1% arising from (a) decrease in trade payables by \$9.4 million as a result from higher business activities across all segments; (b) increase in other payables by \$3.8 million from a \$5 million deposit received pertaining to subscription of Exchangeable Bond in the Company as announced on 16 June 2022 and 25 September 2022;
- (ii) a net increase in contract liabilities (i.e. advance billing but services yet to be delivered to clients and to be recognised as revenue upon services completed) by \$3.1 million or 38.3% was mainly attributable to Core segment (approximately \$1.3 million) and Event segment (\$1.9 million) due to increase in advance billings for ongoing projects;
- (iii) a decrease in short-term borrowings by approximately \$5.4 million or 3.5%, from \$154.4 million to \$149.0 million mainly due to reclassification of borrowings from current to non-current approximately \$5.4 million (deferment agreed with the bank); and
- (iv) a net decrease in lease liabilities by \$8.2 million or 29.2% was mainly attributable to repayment of lease liabilities and closure of cinema outlet in Singapore.

Non-current liabilities

Non-current liabilities increased by approximately \$5.0 million or 5.4%, from \$92.0 million to \$97.0 million mainly due to the new issuance of convertible bonds of \$12.5 million by a subsidiary, mm Connect Pte Ltd, and lower lease liabilities due to the repayment of lease liabilities and the closure of a cinema outlet in Singapore.

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)

30 September 2021 vs 30 September 2022

As at 30 September 2022, the Group's cash and cash equivalents, net of bank overdraft, amounted to approximately \$4.3 million, as compared to \$6.3 million in corresponding period. The decrease in cash and cash equivalents mainly arose from:

(a) Net cash used in operating activities

In current reporting period, the non-cash adjustments to operating activities, other than interest, tax, depreciation and amortisation, mainly contributed by:

- (i) loss on unrealized foreign exchange of \$2.8 million; and
- (ii) rental concessions/ rebates from landlord of \$0.8 million.

Accordingly, the Group generated approximately \$19.3 million net cash inflow from operating activities before net working capital changes as compared to \$9.0 million net cash inflow from operating activities before net working capital changes in the previous corresponding period.

After applying net working capital changes, it generated net cash outflows of approximately \$4.5 million (previous corresponding period: net cash inflows \$14.1 million). The net working capital changes are derived from:

- (i) a net increase in receivables mainly due to (a) net increase in trade receivables of \$15.3 million due to higher billings and revenue in current reporting period; partially offset by (b) net decrease in other receivables by approximately \$1.8 million;
- (ii) a net increase in other current assets of \$6.1 million due to higher project cost incurred and higher number of projects;
- (iii) a net decrease in trade and other payables of \$5.7 million was mainly due to higher business activities since April 2022 as COVID-19 restriction lifted;
- (iv) a net increase in contract liabilities of \$3.0 million due to increase in progress billing for ongoing projects; and
- (v) corporate tax payments of \$2.0 million during the period.

(b) Net cash used in investing activities

In current reporting period, net cash outflows from investing activities amounted to approximately \$0.2 million as compared to \$4.0 million outflows in the previous corresponding period, was mainly contributed by:-

- (i) addition of property, plant and equipment of \$0.4 million, offset by government grant of approximately \$0.2 million received for film rights development; and
- (ii) no significant additions in film rights as compared to the corresponding period.

(c) Net cash generated from financing activities

In current reporting period, net cash outflows from financing activities amounted to approximately \$4.7 million (previous corresponding period: net cash outflows \$14.6 million), mainly contributed by:

- (i) proceeds from bank borrowings approximately \$16.7 million mainly derived from the Core segment;
- (ii) net proceeds from issuance of ordinary shares pursuant to the private placement for approximately \$9.8 million by the Company (refer Note 19(a) to the Condensed Interim Financial Statements);
- (iii) proceeds from the issuance of new convertible securities for S\$15.4 million by the Cinema segment;
- (iv) repayment of borrowings for \$27.3 million was mainly derived from the Core and Cinema segments;
- (v) repayment of lease liabilities of \$15.3 million was mainly contributed by the Cinema segment; and
- (vi) interest payments of \$4.0 million (comprising interest on bank borrowing of \$3.1 million and interest on lease liabilities of \$0.9 million).

As aforementioned, the Group recorded a net cash decrease of approximately \$9.3 million in current reporting period, as compared to a net cash decrease of approximately \$4.5 million in previous corresponding period.

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 Group recorded strong financial results for the first half FY2023. The report shows improvements in almost every measure, demonstrating that the Group is on track to recover to its pre-pandemic levels. This is highly encouraging as our cinema and concert businesses did not even operate at full capacity during this period. In addition, the outlook for the second half of the financial year is expected to be better than the first.

Whilst we are not yet completely out of the woods, we are optimistic for the future of the content and entertainment industry as a whole. The half-year report is the strongest financial position the Group has been in since the beginning of the pandemic, showing substantial improvement in all areas, and most significantly the Cinema and Concert businesses.

Going forward we expect to continue the upward trend, with strong demand for cinema entertainment during the holiday season through to Chinese New Year, as well as ongoing and increasing demand for concerts and live events now that COVID restrictions have been lifted. Overall, management is optimistic over the Group's performance for the next 12 months.

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.

There were no IPT of \$100,000 and above in the current period under review.

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

8 Update on Use of proceeds

(i) Private Placement of S\$6.0 million

On 30 August 2021, the Company had entered into sale and purchase agreement ("SPA") with Kingsmead Properties Pte. Ltd. (the "Purchaser") pertaining to the proposed sale of not less than 80% of issued and paid-up share capital in mm Connect Pte. Ltd., a wholly-owned subsidiary of the Company (the "Proposed Sale"). In the event that the Proposed Sale is not completed as a result of conditions precedent in the SPA, the Purchaser may elect to exchange the deposit of \$6,000,000 paid to the Company into newly issued shares of the Company at a share price of \$0.08 per share (the "Exchange Right").

On 3 January 2022, the Purchaser had elected to exercise the Exchange Right under the SPA due to one or more of conditions precedent have not been satisfied. Accordingly, as announced on 3 March 2022, the Company had allotted 75,000,000 new Ordinary Shares at agreed share price of \$0.08 for each ordinary share to the Purchaser.

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 bank loan servicing	785	785	-
(b)	General Working capital ⁽¹⁾	5,215	5,215	-
		6,000	6,000	-

⁽¹⁾ General working capital includes payment to suppliers in connection with productions projects (\$2.99 million) and cinema operating expenses, including rental expenses (\$2.23 million)

(ii) Private placement of S\$19.5million

The Company refers to announcement made on 4 April 2022 in relation to the new Ordinary Shares in the capital of the Company ("Placement Shares"). In this respect, the Company has successfully raised an aggregate gross proceeds of \$19.5 million pursuant to the private placement.

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 \$7 million bank loan servicing	7,500	7,500	-
(b)	Expenses incurred in relation to Private Placement ⁽¹⁾	200	200	-
(c)	General Working capital ⁽²⁾	11,800	11,800	-
		19,500	19,500	-

⁽¹⁾ Expenses incurred in relation to the Private Placement 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 \$11.8 million has been applied towards general working capital for project related expenses of approximately \$11.6 million and administrative expenses of approximately \$0.2 million.

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 2022 to be false or misleading, in any material aspect.

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

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).

11 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(9). If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

BY ORDER OF THE BOARD

Melvin Ang Wee Chye
Executive Chairman

14 November 2022