

MM2 ASIA LTD.
 Incorporated in the Republic of Singapore
 (Company Registration No.: 201424372N)
 (the “**Company**”)

**MATERIAL ADJUSTMENTS BETWEEN AUDITED FINANCIAL STATEMENTS AND
 UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

The Board of Directors (the “**Board**”) of the Company, and together with its subsidiaries, (collectively the “**Group**”) refers to its announcement on the unaudited full year financial results (“**Unaudited Results**”) for the financial year ended 31 March 2021 (“**FY2021**”) which was released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 29 May 2021 (the “**Announcement**”).

Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, the Board wishes to announce that subsequent to the release of the Unaudited Results FY2021 and the finalisation of the audit, there were material adjustments between the Audited Financial Statements FY2021 and Unaudited Results FY2021.

Details and clarifications of the material adjustments are set out below:

(A) Extract of Consolidated Statement of Financial Position as at 31 March 2021

Group	Audited	Unaudited	Change	Change	Note
	\$'000	\$'000	\$'000	%	
	(A)	(B)	(A) - (B)		
Non-current assets					
Intangible assets and goodwill	253,038	255,006	(1,968)	-1%	A1
Current liabilities					
Borrowings	192,669	196,639	(3,970)	-2%	A2
Lease liabilities	33,157	16,112	17,045	106%	A3
Derivative financial instruments	6,154	6,295	(141)	-2%	*
Non-current liabilities					
Lease liabilities	42,393	59,438	(17,045)	-29%	A3
Deferred income tax liabilities	6,328	6,743	(415)	-6%	A4
Equity					
Reserves attributable to equity holders of the Company	(14,300)	(14,379)	79	-1%	*
Accumulated losses attributable to equity holders of the Company	(11,695)	(13,621)	1,926	-14%	A5
Non-controlling interests	47,334	46,781	553	1%	*

* Changes are not material

Notes:

- A1.** Due to recognition of additional impairment loss in goodwill of the Malaysia cinema operation by \$2,042,000 (excluding the effect of exchange in functional currency), from impairment loss of \$27,000,000 to \$29,042,000 in the current financial year. The additional impairment took into consideration of the reopening the Malaysia cinemas and their return to pre-pandemic levels of operation remain uncertain due to the current COVID-19 pandemic situation in Malaysia.

- A2.** The changes are mainly contributed by:
- (i) the extension of the maturity date and changes in conversion terms of certain convertible securities (“**re-negotiated terms**”); led to a re-assessment of the present value of the contractual cash flows of these financial instruments under the re-negotiated terms; the re-assessment is that they do not constitute to a substantial modification. Accordingly, derecognition of these financial instruments is not required.
- In accordance with the Group’s accounting policy, the difference between the re-measurement of present value of contractual cash flows between re-negotiated terms and initial terms, amounting to \$2,308,000 is now recognised in profit or loss as a gain; and
- (ii) over-recognition of finance expense on the convertible securities amounting to \$1,652,000.
- A3.** Due to reclassification of lease liabilities from non-current to current liabilities.
- A4.** Due to reduction in deferred tax liabilities and charged out as income tax credit in profit or loss amounting to \$415,000
- A5.** Please refer to commentary in Consolidated Statement of Comprehensive Income below.

(B) Extract of Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2021

Group	Audited \$'000 (A)	Unaudited \$'000 (B)	Change \$'000 (A) - (B)	Change %	Note
Other loss-net					
- Expected credit loss on financial assets	(5,063)	(5,063)	-	-	
- Others	(8,778)	(10,175)	1,397	-14%	B1
Expenses					
- Administrative	(84,962)	(83,981)	(981)	1%	B2
- Finance	(19,047)	(20,699)	1,652	-8%	B3
Income tax expense	(1,459)	(1,874)	415	-22%	B4
Net loss for the financial year	(99,512)	(101,995)	2,483	-2%	B5

- B1.** The changes are mainly contributed by:
- (i) recognition of a gain of \$2,308,000 arising from changes in conversion terms in certain financial instruments as mentioned in Note A2(i) above; this is offset with
- (ii) reclassification of fair value loss on financial assets through profit or loss from administrative expenses to other losses-net amounting to \$1,062,000.
- B2.** Due to recognition of additional impairment on goodwill in the Malaysia cinema operation amounting to \$2,042,000 as mentioned in Note A1 offsets with reclassification of fair value loss on financial assets through profit or loss from administrative expenses to other losses-net amounting to \$1,062,000 as mentioned in Note B1(ii).
- B3.** Due to over-recognition of finance expense on the interests on convertible securities amounting to \$1,652,000 as mentioned in Note A2(ii).
- B4.** Due to reduction in deferred tax liabilities amounting to \$415,000 as mentioned in Note A4.
- B5.** Arising from B1, B2, B3 and B4 adjustments above, the net loss of the Group is lower by \$2,483,000 or 2% as compared to Unaudited Results.

(C) Extract of Consolidated Statement of Cash flow for the financial year ended 31 March 2021

Group	Audited \$'000 (A)	Unaudited \$'000 (B)	Change \$'000 (A) - (B)	Change %	Note
Net cash generated from operating activities	2,155	3,928	(1,773)	-45%	C1
Net cash used in investing activities	(9,058)	(9,444)	386	-4%	C2
Net cash used in financing activities	(10,206)	(11,593)	1,387	-12%	C3
Cash and cash equivalents at end of financial year	<u>10,824</u>	<u>10,824</u>	-	-	

Notes:

C1. Mainly due to reclassification of the following:

- Additions of other intangible assets amounting to \$500,000 from investing activities to operating activities;
- Proceeds from disposal of an associated company amounting to \$114,000 from investing activities to operating activities
- Repayment of loan note amounting \$1,387,000 from financing activities to operating activities as the collateral deposit paid in previous financial year has been utilised for partial redemption of the loan note;

C2. Changes are mentioned in Note C1.

C3. Changes are mentioned in Note C1.

BY ORDER OF THE BOARD

Melvin Ang Wee Chye
Executive Chairman

13 July 2021