



(Incorporated in the Republic of Singapore)

(Company Registration No. 201424372N)

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**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

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- 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 June 2018	30 June 2017	Change
	1Q FY2019 (Unaudited) S\$'000	1Q FY2018 (Unaudited) S\$'000	%
Revenue	48,986	24,618	99.0%
Cost of sales	(16,063)	(9,265)	73.4%
Gross profit	32,923	15,353	114.4%
Other income	469	246	90.7%
Other gains/(losses) - net	333	(192)	273.4%
Administrative expenses	(18,881)	(5,641)	234.7%
Finance expenses	(3,224)	(158)	1940.5%
Share of profit/(loss) of associated companies and joint venture	14	(36)	NM
Profit before income tax	11,634	9,572	21.5%
Income tax expense	(2,513)	(1,778)	41.3%
<b>Net profit for the financial period</b>	<b>9,121</b>	<b>7,794</b>	<b>17.0%</b>
<b>Other comprehensive loss, net of tax:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - gains/(losses)	44	(164)	126.8%
<b>Total comprehensive income</b>	<b>9,165</b>	<b>7,630</b>	<b>20.1%</b>
<b>Profit attributable to :</b>			
Equity holders of the Company	7,245	6,402	13.2%
Non-controlling interests	1,876	1,392	34.8%
	<b>9,121</b>	<b>7,794</b>	<b>17.0%</b>
<b>Total comprehensive income attributable to :</b>			
Equity holders of the Company	7,277	6,244	16.5%
Non-controlling interests	1,888	1,386	36.2%
	<b>9,165</b>	<b>7,630</b>	<b>20.1%</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 June 2018	30 June 2017	Change
	1Q FY2019	1Q FY2018	
	(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%
Amortisation of film rights	230	463	-50.3%
Amortisation of film intangibles and film inventories	116	214	-45.8%
Amortisation of brand	226	-	100.0%
Amortisation of software	16	-	100.0%
Amortisation of intangible assets - others	68	-	100.0%
Employees compensation	5,760	3,141	83.4%
Depreciation of property, plant and equipment	2,638	702	275.8%
Interest expenses	3,224	158	1940.5%
Gain on disposal of property, plant and equipment	(6)	-	NM
Foreign exchange (gain)/loss, net	(326)	192	-269.8%
Interest income	(95)	-	NM
Other income	(375)	(246)	52.4%

NM - not meaningful

- 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 year.

	Group		Company	
	30 June 2018 FY2019 (Unaudited) S\$'000	31 March 2018 FY2018 (Audited) S\$'000	30 June 2018 FY2019 (Unaudited) S\$'000	31 March 2018 FY2018 (Audited) S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	54,446	93,180	1,598	47,605
Trade and other receivables	133,969	115,278	294,128	75,882
Inventories and work-in progress	9,187	6,507	-	-
Film products and films under production	22,034	20,686	-	-
	<u>219,636</u>	<u>235,651</u>	<u>295,726</u>	<u>123,487</u>
<b>Non-current assets</b>				
Available-for-sale financial asset	710	710	-	-
Investments in subsidiaries	-	-	66,036	66,035
Investments in associated companies	2,568	2,554	2,430	2,430
Investment in a joint venture	73	73	-	-
Property, plant and equipment	39,407	41,191	-	-
Intangible assets and goodwill	295,356 <sup>(1)</sup>	295,840 <sup>(1)</sup>	-	-
Film rights	5,211	4,694	-	-
Film intangibles and film inventories	6,028	4,184	-	-
Deferred income tax assets	1,297	1,297	-	-
	<u>350,650</u>	<u>350,543</u>	<u>68,466</u>	<u>68,465</u>
<b>Total assets</b>	<u>570,286</u>	<u>586,194</u>	<u>364,192</u>	<u>191,952</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	59,322	274,631	48,790	31,527
Progress billing in excess of work-in-progress	1,099	2,164	-	-
Deferred income	3,999	955	-	-
Borrowings	129,522	4,972	113,180	3,200
Current income tax liabilities	10,550	9,235	-	-
	<u>204,492</u>	<u>291,957</u>	<u>161,970</u>	<u>34,727</u>
<b>Non-current liabilities</b>				
Trade and other payables	2,856	2,869	-	-
Borrowings	97,670	60,970	55,504	8,000
Provisions	4,848	4,978	-	-
Derivative financial instruments	6,874	6,874	-	-
Deferred income tax liabilities	6,032	5,997	-	-
	<u>118,280</u>	<u>81,688</u>	<u>55,504</u>	<u>8,000</u>
<b>Total liabilities</b>	<u>322,772</u>	<u>373,645</u>	<u>217,474</u>	<u>42,727</u>
<b>NET ASSETS</b>	<u>247,514</u>	<u>212,549</u>	<u>146,718</u>	<u>149,225</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	152,870	152,870	152,870	152,870
Reserves	(18,043)	(30,907)	-	-
Retained profits/(accumulated losses)	67,940	60,695	(6,152)	(3,645)
	<u>202,767</u>	<u>182,658</u>	<u>146,718</u>	<u>149,225</u>
<b>Non-controlling interests</b>	<u>44,747</u>	<u>29,891</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>247,514</u>	<u>212,549</u>	<u>146,718</u>	<u>149,225</u>

<sup>(1)</sup> Included in this amount is goodwill arising from consolidation amounted to S\$267,110,000 (31 March 2018: S\$267,284,000).

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

Amount repayable in one year or less or on demand

As at 30 June 2018		As at 31 March 2018	
(Unaudited)		(Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
129,522	-	4,972	-

Amount repayable after one year

As at 30 June 2018		As at 31 March 2018	
(Unaudited)		(Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
97,670	-	60,970	-

Details of any collateral

The Group's secured portion of borrowings are secured by corporate guarantees from the Company and its subsidiaries, subsidiaries' ordinary shares, Group's leasehold property and joint and several personal guarantees provided by our certain Management Officers.

- 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 June 2018</b>	<b>30 June 2017</b>
	<b>1Q FY2019</b>	<b>1Q FY2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Net profit	9,121	7,794
Adjustments for:		
- Income tax expenses	2,513	1,778
- Depreciation of property, plant and equipment	2,638	702
- Interest income	(95)	-
- Interest expense	3,224	158
- Amortisation of film rights	230	463
- Amortisation of film intangibles and film inventories	116	214
- Amortisation of brand	226	-
- Amortisation of software	16	-
- Amortisation of intangible assets - others	68	-
- Share of (profit)/loss of associated companies	(14)	36
- Gain on disposal of property, plant and equipment	(6)	-
- Unrealised currency translation loss/(gain)	280	(273)
- Performance share plan expenses	-	51
<b>Operating cash flow before working capital changes</b>	<b>18,317</b>	<b>10,923</b>
<b>Change in working capital, net of effects from acquisition of subsidiary corporations:</b>		
- Trade and other receivables	(18,693)	(9,996)
- Inventories and work-in-progress	(2,680)	87
- Film products and films under production	(2,075)	(9,035)
- Film intangible and film inventories	(1,965)	(1,122)
- Trade and other payables	(5,114)	(6,514)
- Deferred income	3,045	1,200
- Progress billing in excess of work-in-progress	(1,064)	656
Cash used in operations	(10,229)	(13,801)
Income tax paid	(1,163)	(446)
<b>Net cash used in operating activities</b>	<b>(11,392)</b>	<b>(14,247)</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)**

	Group	
	For the financial period ended	
	30 June 2018 1Q FY2019 (Unaudited) S\$'000	30 June 2017 1Q FY2018 (Unaudited) S\$'000
<b>Cash flows from investing activities</b>		
Acquisition of an associated company	-	(1,566)
Additions of film rights	(2)	(84)
Additions to software development	-	(30)
Additions to property, plant and equipment	(968)	(501)
Interest received	95	-
Proceeds from disposal of property, plant and equipment	14	(43)
Proceeds from disposal of partial investment in a subsidiary <sup>(1)</sup>	25,800	-
Repayment of deferred purchase consideration	(215,000)	-
<b>Net cash used in investing activities</b>	<u>(190,061)</u>	<u>(2,224)</u>
<b>Cash flows from financing activities</b>		
Fixed deposit pledged released from bank	1,000	283
Interest paid	(512)	(153)
Proceeds from issuance of shares of the Company	-	49,168
Proceeds from issuance of shares of subsidiary <sup>(2)</sup>	-	17,542
Proceeds from borrowings	174,500	-
Repayment of borrowings	(11,232)	(916)
Repayment of finance lease liabilities	(16)	(22)
<b>Net cash generated from financing activities</b>	<u>163,740</u>	<u>65,902</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(37,713)	49,431
<b>Cash and cash equivalents</b>		
Beginning of financial period	92,180	24,858
Effects of currency translation on cash and cash equivalents	(21)	(16)
<b>End of financial period</b>	<u>54,446</u>	<u>74,273</u>
<b>Cash and cash equivalent comprise:</b>		
Cash and bank balances	49,693	18,688
Fixed deposits	4,753	56,207
	<u>54,446</u>	<u>74,895</u>
<b>Cash and cash equivalents</b>		
Cash and bank balances	54,446	74,895
Less : Fixed deposits pledged	-	(622)
Cash and cash equivalents as per consolidated statement of cash flows	<u>54,446</u>	<u>74,273</u>

<sup>(1)</sup> The disposal of partial investment in an indirect subsidiary, UnUsUaL Limited, does not result loss in control over the subsidiary.

<sup>(2)</sup> Funds raised by the Group's subsidiaries, UnUsUaL Limited pursuant to the IPO in April 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 --->					
	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
<b>Balance as at 1 April 2018</b>	152,870	(30,907)	60,695	182,658	29,891	212,549
Net profit for the period	-	-	7,245	7,245	1,876	9,121
Other comprehensive gain for the period	-	32	-	32	12	44
<b>Total comprehensive income for the period</b>	-	32	7,245	7,277	1,888	9,165
	152,870	(30,875)	67,940	189,935	31,779	221,714
Dilution of interest in subsidiary without loss of control	-	(171)	-	(171)	171	-
Disposal of partial shareholding in a subsidiary without loss of control <sup>(1)</sup>	-	13,003	-	13,003	12,797	25,800
<b>Balance as at 30 June 2018</b>	152,870	(18,043)	67,940	202,767	44,747	247,514

Group (Unaudited)	<--- Attributable to equity holders of the Company --->					
	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
<b>Balance as at 1 April 2017 (as previously stated)</b>	88,212	(37,298)	35,618	86,532	7,943	94,475
Prior year adjustments <sup>(2)</sup>	-	59	(1,403)	(1,344)	3,382	2,038
<b>Balance as at 1 April 2017 (restated)</b>	88,212	(37,239)	34,215	85,188	11,325	96,513
Net profit for the period	-	-	6,402	6,402	1,392	7,794
Other comprehensive loss for the period	-	(158)	-	(158)	(6)	(164)
<b>Total comprehensive income for the period</b>	-	(158)	6,402	6,244	1,386	7,630
	88,212	(37,397)	40,617	91,432	12,711	104,143
Dilution of interest in subsidiary 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	(30,524)	40,617	98,864	23,380	122,244

<sup>(1)</sup> The disposal of partial investment in an indirect subsidiary, UnUsUaL Limited, does not result loss in control over the subsidiary.

<sup>(2)</sup> Certain comparative figures have been reclassified as result of completion of purchase price allocation to the identifiable assets and liabilities for the acquisition of subsidiary, UnUsUaL Limited and its subsidiaries.



- 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 S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>Balance as at 1 April 2018</b>	152,870	(3,645)	149,225
Net loss for the financial period	-	(2,507)	(2,507)
<b>Balance as at 30 June 2018</b>	<u>152,870</u>	<u>(6,152)</u>	<u>146,718</u>

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

- 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 2018	1,162,804,610	152,869,417
As at 31 March 2018	1,162,804,610	152,869,417

- 1(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.**

	<u><b>30 June 2018</b></u>	<u><b>31 March 2018</b></u>
Total number of issued shares	<u><u>1,162,804,610</u></u>	<u><u>1,162,804,610</u></u>

The Company did not have any treasury shares as at 30 June 2018 and 31 March 2018.

- 1(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.

- 1(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 current financial year, there were no transactions 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.**

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period ended 30 June 2018 compared to the audited financial statements for the financial year ended 31 March 2018.

**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 Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards and Interpretations of FRS ("Int FRS") that are relevant to its operations and effective for the financial period on or after 1 April 2018, 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 period, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>Quarter ended</b>	
<b>Earnings per share ("EPS")</b>	<b>30 June 2018</b> <b>1Q FY2019</b>	<b>30 June 2017</b> <b>1Q FY2018</b>
Profit attributable to equity holders of the Company (S\$'000)	7,245	6,402
Weighted average number of ordinary share in issue	1,162,804,610	1,048,097,706
Basic EPS (cents) <sup>(1)</sup>	0.62	0.61
Weighted average number of ordinary share in Issue + number of shares that may be issued on Conversion of outstanding convertibles	1,162,804,610	1,162,161,496
Fully diluted basis EPS (cents) <sup>(2)</sup>	0.62	0.55

<sup>(1)</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>(2)</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 June 2018	31 March 2018	30 June 2018	31 March 2018
Net asset value attributable to equity holders of the Company (\$'000)	202,767	182,658	146,718	149,225
Number of ordinary shares in issue	1,162,804,610	1,162,804,610	1,162,804,610	1,162,804,610
Net asset value per ordinary share (\$)	0.17	0.16	0.13	0.13

- 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 FY2019 vs 1Q FY2018**

**Revenue**

Our Group recorded higher revenue by S\$24.4 million, or 99.0% from the corresponding quarter in FY2018, to approximately S\$49.0 million. The increase in revenue was mainly contributed by our business assets from Lotus Fivestar Cinemas (M) Sdn. Bhd. and a newly acquired subsidiary, Cathay Cineplexes Pte. Ltd. in 3Q FY2018. The increase in revenue was also contributed by our core business and post-production business.

**Cost of sales**

Cost of sales increased by approximately S\$6.8 million, or 73.4% from the corresponding quarter in FY2018, to approximately S\$16.1 million. The increase was largely in line with higher revenue from our cinema business.

**Gross profit**

Our Group's gross profit increased by S\$17.6 million, or 114.4% from the corresponding quarter in FY2018, to approximately S\$32.9 million. The increase was in tandem with revenue growth registered by our businesses in content production, distribution and sponsorship, cinema operation, and event production and concert promotion.

**Other income**

Other income increased by S\$223,000, or 90.7% from S\$246,000 in 1Q FY2018, to approximately S\$469,000 in 1Q FY2019. This was mainly due to recognition for a waiver of entitlement received by founders of a subsidiary, Vividthree Productions Pte. Ltd., during the quarter under review.

**Other gains/(losses) - net**

There was a net gain of S\$333,000 in 1Q FY2019, as compared to a loss of S\$192,000 in 1Q FY2018. The net gain in 1Q FY2019 was due to the fluctuation arising from foreign currency translation.

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

### **1Q FY2019 vs 1Q FY2018**

#### **Administrative expenses**

Administrative expenses increased by S\$13.2 million from the corresponding quarter in FY2018 to approximately S\$18.9 million in 1Q FY2019. The increase in administrative expenses was mainly due to higher employees' costs, depreciation charges, utilities and rental expenses as contributed by our expanded cinema business in 3Q FY2018.

#### **Finance expenses**

Finance expenses increased by S\$3.1 million in 1Q FY2019, due to additional borrowings and the issuance of medium term note in the same period and convertible bonds and notes in 4Q FY2018.

#### **Share of profit of associated companies and joint venture**

The share of profit of associated companies and joint venture stood at S\$14,000 in 1Q FY2019, as opposed to a loss of S\$36,000 incurred in 1Q FY2018, mainly due to higher profit generated from associated companies.

#### **Profit before income tax**

As a result of the analysis above, we achieved an increase of S\$2.1 million, or 21.5% in profit before tax from the corresponding quarter in FY2018, to approximately S\$11.6 million in 1Q FY2019.

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

### **As at 30 June 2018 vs as at 31 March 2018**

#### **Current assets**

Our current assets decreased by S\$16.0 million, or 6.8%, from approximately S\$235.6 million to approximately S\$219.6 million, as at 31 March 2018. This represents 38.5% of our total assets and comprises the following:

- (i) Cash and cash equivalents of approximately S\$54.5 million, representing a decrease by S\$38.7 million or 41.6%, from approximately S\$93.2 million as at 31 March 2018. This was mainly due to:
  - (a) A decrease of S\$47.2 million in our core business;
  - (b) A decrease of S\$6.9 million in cinema operation;
  - (c) An increase of S\$16.5 million in event production and concert promotion; and
  - (d) A decrease of S\$1.1 million in post-production.
- (ii) Trade and other receivables of approximately S\$134.0 million, representing an increase by S\$18.7 million or 16.2%, from approximately S\$115.3 million as at 31 March 2018. This was mainly due to:
  - (a) An increase of S\$3.4 million in our core business;
  - (b) An increase of S\$9.2 million in event production and concert promotion;
  - (c) An increase of S\$2.1 million in cinema operation; and
  - (d) An increase of S\$4.0 million in post-production.
- (iii) Inventories and work-in-progress of approximately S\$9.2 million, representing an increase by S\$2.7 million or 41.5%, from approximately S\$6.5 million as at 31 March 2018. This was mainly due to an increase of S\$2.4 million in our core business and S\$0.3 million in post-production.
- (iv) Film products and films under production increased by S\$1.3 million, or 6.3%, from approximately S\$20.7 million to approximately S\$22.0 million, as at 31 March 2017. This was mainly due to the increased number of movies and films under production in our core business during the quarter under review.

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

### **As at 30 June 2018 vs as at 31 March 2018**

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

Non-current assets increased marginally by S\$0.1 million, or 0.03%, from approximately S\$350.5 million to approximately S\$350.6 million as at 31 March 2018. Main variances are as follows:

- (i) Property, plant and equipment decreased by S\$1.8 million;
- (ii) Intangible assets and goodwill decreased marginally by S\$0.4 million, or 0.14%, due to currency revaluation on foreign goodwill and amortisation of intangible assets;
- (iii) Film rights increased by S\$0.5 million, or 10.6%, from approximately S\$4.7 million to approximately S\$5.2 million, as at 31 March 2018, due to the completion of our productions during the quarter under review; and
- (iv) Film intangibles and film inventories increased by S\$1.8 million, or 42.9%, from approximately S\$4.2 million to approximately S\$6.0 million, as at 31 March 2018, due to an addition of movies during the quarter under review.

#### **Current liabilities**

Our current liabilities decreased by S\$87.5 million, or 30.0%, from approximately S\$292.0 million to approximately S\$204.5 million, as at 31 March 2018, representing 63.4% of our total liabilities.

- (i) Trade and other payables of approximately S\$59.3 million, representing a decrease by S\$215.3 million or 78.4%, from approximately S\$274.6 million as at 31 March 2018. The decrease was mainly due to payment of the deferred purchase consideration for the acquisition of our cinema business subsidiary, Cathay Cineplexes Pte. Ltd., which amounted to S\$215 million;
- (ii) Current income tax liabilities increased by S\$1.4 million, or 15.2% to approximately S\$10.6 million, from approximately S\$9.2 million as at 31 March 2018. The tax provision was mainly for the income generated by the core business during the quarter;
- (iii) Deferred income increased by S\$3.0 million, or 300.0% to approximately S\$4.0 million, from approximately S\$1.0 million as at 31 March 2018. This was income attributable to the following quarters of the financial year.
- (iv) Progress billings in excess of work-in-progress decreased by S\$1.1 million, or 50.0% to approximately S\$1.1 million, from approximately S\$2.2 million as at 31 March 2018. The decrease of S\$1.1 million was from our core business; and
- (v) Borrowings increased by S\$124.5 million, or 2490.0% to approximately S\$129.5 million, from approximately S\$5.0 million as at 31 March 2018. This significant increase was due to additional loans obtained from banks and a drawdown of revolving credit facilities for the payment of deferred consideration as described in Note (i) above.

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

Our non-current liabilities increased by S\$36.6 million, or 44.8%, from approximately S\$81.7 million as at 31 March 2018, to approximately S\$118.3 million. The increase was mainly due the additional loans obtained from banks for the payment of deferred consideration as described under Current Liabilities, Notes (i) and (v).

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

As at 30 June 2018 (1Q FY2019), our cash and cash equivalents amounted to approximately S\$54.4 million, as compared to S\$74.3 million as at 30 June 2017 (1Q FY2018).

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

In 1Q FY2019, we generated a net cash inflow of approximately S\$18.3 million from operating activities before net working capital changes. After applying net working capital changes, there was a net cash outflow of approximately S\$29.7 million arising from the following:

- (1) S\$18.7 million from an increase in trade and other receivables;
- (2) S\$2.7 million from an increase in inventories and work-in-progress;
- (3) S\$2.0 million from additional film products and films under production;
- (4) S\$1.2 million in tax paid during the quarter;
- (5) S\$2.0 million from an increase in film intangibles and film inventories;
- (6) S\$5.1 million from a decrease in trade and other payables;
- (7) S\$1.0 million from a decrease in progress billing in excess of work-in-progress;  
and offset by
- (8) S\$3.0 million from an increase in deferred income.

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

Net cash used in investing activities amounted to approximately S\$190.1 million, mainly due to:

- (1) Payment of the deferred purchase consideration of S\$215.0 million for the acquisition of our subsidiary, Cathay Cineplexes Pte. Ltd. in 3Q FY2018;
- (2) S\$0.9 million paid for the purchase of property, plant and equipment;  
and offset by
- (3) S\$25.8 million in proceeds from a partial divestment of our stake in a subsidiary; and
- (4) S\$95,000 of interest earned from fixed deposit.

### **Net cash generated from financing activities**

Net cash of approximately S\$163.7 million generated from financing activities was mainly due:

- (1) S\$1.0 million fixed deposit pledged released from bank;
- (2) S\$174.5 million in proceeds from the bank loan;  
and offset by
- (3) A cash outflow of S\$11.8 million for the repayment of bank loans, a finance lease and interest costs.

### **Net decrease in cash and cash equivalents**

As a result, the Group recorded a net cash decrease of approximately S\$37.7 million in 1Q FY2019, as compared to a net increase of approximately S\$49.4 million in 1Q FY2018.

**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 FY2019, the Group will continue to focus on producing content for Asia, specifically in three areas:

**(i) Regional expansion, North Asia in particular**

Revenue from North Asia continued to grow in FY2018, contributing to 34% of the Group's revenue. North Asia remains one of the key markets for the Group. In September 2017, the Group signed a Memorandum of Understanding ("MOU") with several Chinese parties, to co-invest, over the following 3 years, a total of USD 25 million to and co-produce 5 films and multiple online films. This was an important milestone for the Group, as we tapped into the fast-growing online video market in China. Beyond the Chinese market, the Group is also seeking opportunities of regional film co-productions; In May 2018, mm2 formed a slate financing partnership with South Korea's major content player whereby mm2 will co-finance six Southeast Asian films, over the following 3 years. In April 2018, the Group's subsidiary, UnUsUaL Limited also welcomed the strategic participation from influential regional investors, which will give UnUsUaL enhanced access to strategic business networks in the region.

**(ii) Platform business**

With the multicurrency medium term note ("MTN") and the secured loan facilities issued and obtained in April and May 2018 respectively, the Group has completed the payment for the acquisition of Cathay Cineplexes Pte Ltd. The Group's integrated content platforms and capabilities now span across nearly the entire media supply chain, from production to distribution in various media formats including cinemas, concerts and virtual reality tour shows. Most notably, our subsidiary, Vividthree is developing the upcoming Train to Busan Virtual Reality Tour Show. The Group has also set up a joint venture company that operates the AsiaOne website, to create engaging digital lifestyle and entertainment content catering to the growing local and regional demand for interactive digital editorial and video content.

**(iii) Copyrights**

The Group's content creation capabilities have extended beyond films and TV. In August 2018, UnUsUaL Limited entered into a binding Heads of Agreement ("HOA") with an American production partner to develop and produce APOLLO, a show that celebrates the 50<sup>th</sup> anniversary of man's first steps on the moon. This was a significant milestone for UnUsUaL as it moved up the supply chain to become an intellectual property (IP) owner, adding an additional revenue stream to the Group. In March 2018, Vividthree Productions Pte Ltd entered into a binding term sheet to create VR tour shows based on the popular 2016 Korean blockbuster – "Train to Busan." Vividthree is entitled to co-operate the self-created shows with partners in all territories outside South Korea. The Group is also in the midst of preparing for the proposed spin-off and listing of Vividthree. Similar to the listing of UnUsUaL Limited, the proposed spin-off and listing of Vividthree Productions Pte Ltd is about creating the best operating environment and sharpening the focus of the management of Vividthree, and to raise the funds required for new growth trajectories in digital IP asset development without relying on the Group's financing; creating real value for the shareholders.



**11 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.

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

There was no dividend declared or recommended in the current year under review.

**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 in the current year under review.

**14 Update on use of proceeds**

**(a) Placement of shares - Financial Institutions**

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) <sup>(ii)</sup>	-
Investment in production/acquisition of movie rights	14,705	(14,705) <sup>(iii)</sup>	-
General working capital	1,000	(998) <sup>(iv)</sup>	2
	50,016	(50,014)	2

## 14 Update on use of proceeds (continued)

### (a) Placement of shares - Financial Institutions (continued)

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 intend to use 70% and 30% of the net proceeds of the placement of shares to finance acquisitions 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\$34.3 million had been used in merger and acquisition activities, which includes S\$8.9 million for the acquisition of new cinema business assets from Lotus Fivestar Cinemas (M) Sdn Bhd, S\$20.0 million of deferred consideration for the acquisition of UnUsUaL Limited, S\$0.9 million for the investment in associates, S\$0.4 million for the investment in available-for-sale financial asset, S\$0.1 million for the acquisition of a joint venture and S\$4.0 million for the acquisition of Cathay Cineplexes Pte Ltd.
- (iii) An aggregate amount of S\$14.7 million had been used in investment in productions / acquisition of movie rights and details are set below:

	The Group (S\$'000)
Acquisition of film intangibles for distribution	1,321
Additions in film products	1,346
Additions in investment in movie productions – third party	612
Additions in films under production (WIP)	11,426
	<u>14,705</u>

- (iv) Approximate amount of S\$1.0 million had been used for professional fees and expenses in relation to this placement of shares – Financial Institutions.

### (b) Placement of shares – Starhub Ltd

The Group refers to the aggregated gross proceeds amounting to S\$15.0 million raised from the placement of shares pursuant to the share placement agreements with Starhub Ltd on 29 June 2017 and the issuance of shares took place in July 2017.

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

	Starhub Ltd <sup>(i)</sup>	Utilised	Unutilised
	S\$'000	S\$'000	S\$'000
Acquisition/joint ventures/strategic alliances	14,960	(14,960)	-
General working capital	40	-	40
	<u>15,000</u>	<u>(14,960)</u>	<u>40</u>

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

- (i) As per the announcement on 29 June 2017, the Group intended to use the net proceeds to finance the proposed acquisition of a stake in the Golden Village Cinema Business in Singapore and new productions while the balance of the net proceeds will be utilised for general working capital purposes.
- (ii) The proposed acquisition of a stake in the Golden Village Cinema Business did not occur as announced on 10 August 2017. The unutilised portion of the net proceeds was used to finance the acquisition of Cathay Cineplexes Pte. Ltd.

## 14 Update on use of proceeds (continued)

### (c) Use of IPO Proceeds

The Group refers to the aggregated gross proceeds of its subsidiary, UnUsUaL Limited which amounted 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	(10,000)	-
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	(3,542)	-
IPO expenditure	1,856	(1,856)	-
	19,398	(19,398)	-

## 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 of the Group and the Company for the 3 months financial period ended 30 June 2018, 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).

BY ORDER OF THE BOARD

Melvin Ang Wee Chye  
Executive Chairman

14 August 2018