

SPACKMAN ENTERTAINMENT GROUP LIMITED

Company registration number – 201401201N

Condensed Interim Financial Statements For the Six Months Ended 30 June 2023

spackmanentertainmentgroup

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	The Group		
		Six Months Ended		Change
		30 June 2023	30 June 2022	
		US\$'000	US\$'000	
Continuing operations				
Revenue	4	299	990	(70)
Cost of sales		(74)	(539)	(86)
Gross profit		225	451	(50)
Other income and gains		15	156	(90)
Interest income		43	27	59
Expenses				
Selling expenses		(257)	(232)	11
General and administrative expenses		(1,857)	(1,925)	(4)
Finance costs		(19)	(42)	(55)
Other expenses		(380)	(562)	(32)
Share of results of associate		125	429	(71)
Loss before tax	6	(2,105)	(1,698)	24
Tax credit	8	–	4	N.M.
Loss for the financial period		(2,105)	(1,694)	24
Loss for the period attributable to:				
Equity holders of the Company		(1,962)	(1,593)	23
		(1,962)	(1,593)	23
Non-controlling interests		(143)	(101)	42
Loss for the financial period		(2,105)	(1,694)	24
Loss per share attributable to the equity holders of the Company:				
Basic and fully diluted (USD in cents) ¹	7	(0.10)	(0.08)	
		(0.10)	(0.08)	

N.M. – Not meaningful

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	The Group		
	Six Months Ended		Change %
	30 June 2023 US\$'000	30 June 2022 US\$'000	
Note			
Other comprehensive loss			
<u>Items that are or may be reclassified subsequently to profit or loss:</u>			
Currency translation difference arising from consolidation	179	315	(43)
Currency translation difference reclassified to profit or loss on:			
-Disposal of subsidiaries	–	–	
Share of other comprehensive loss of associated company	(96)	(151)	(36)
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Currency translation difference arising from consolidation	(6)	(8)	(25)
Total comprehensive loss for the period	(2,028)	(1,538)	32
Total comprehensive loss for the period attributable to:			
Equity holders of the Company	(1,880)	(1,430)	31
Non-controlling interests	(148)	(108)	37
Total comprehensive loss for the period	(2,028)	(1,538)	32

N.M. – Not meaningful

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND COMPANY)

	Note	Group		Company	
		30 June 2023 US\$'000	31 December 2022 US\$'000	30 June 2023 US\$'000	31 December 2022 US\$'000
Assets					
Property, plant and equipment	12	641	830	87	69
Intangible assets	11	3,659	3,704	–	–
Film production inventories		1,121	886	–	–
Deferred tax assets		18	18	–	–
Investment in subsidiaries		–	–	13,158	13,158
Investment in associated company		12,469	12,440	12,505	12,505
Financial assets at fair value through profit or loss	10	510	510	510	510
Trade and other receivables		314	326	–	–
Non-current assets		18,732	18,714	26,260	26,242
Film production inventories		972	976	–	–
Loan to subsidiaries		–	–	1,013	878
Inventories		5	6	–	–
Financial assets at fair value through profit or loss	10	1,854	1,789	–	–
Contract assets		5	5	–	–
Trade and other receivables		5,358	5,741	1,162	1,147
Cash and cash equivalents		2,855	6,209	180	120
Current assets		11,049	14,726	2,355	2,145
Total assets		29,781	33,440	28,615	28,387
Liabilities					
Borrowings	13	437	510	1,082	1,135
Other non-current liabilities		252	250	–	–
Non-current liabilities		689	760	1,082	1,135
Contract liabilities		227	2,046	–	–
Trade and other payables		1,470	2,115	440	734
Borrowings	13	2,450	1,295	6,568	5,400
Film obligation and production loans		808	1,058	–	–
Tax payable		–	1	–	–
Current liabilities		4,955	6,515	7,008	6,134
Total liabilities		5,644	7,275	8,090	7,269
Net assets		24,137	26,165	20,525	21,118
Share capital and reserves					
Share capital	14	70,007	70,007	70,007	70,007
Treasury shares		(915)	(915)	(915)	(915)
Other reserves		(3,074)	(3,157)	–	–
Accumulated losses		(41,912)	(39,950)	(48,567)	(47,974)
Equity attributable to equity holders of the Company, total		24,106	25,985	20,525	21,118
Non-controlling interests		31	180	–	–
Total equity		24,137	26,165	20,525	21,118

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		Six Months Ended	
		30 June 2023	30 June 2022
		US\$'000	US\$'000
Cash flows from operating activities			
Loss before tax		(2,105)	(1,698)
Adjustments for:			
Depreciation of property, plant and equipment	6	286	340
Interest income	6	(43)	(27)
Interest expense	6	19	42
Share of results of associated company		(125)	(429)
Amortisation of intangible assets	6	4	24
Allowance for impairment for receivables		–	40
Reversal of allowance for impairment for receivables		–	(32)
Fair value loss on investments in financial assets at FVTPL	6	21	–
Impairment loss on copyrights	6	40	–
Reversal of loss on film borne by external investors		–	1
Operating loss before working capital changes		(1,903)	(1,739)
Working capital changes			
Inventories and copyrights		2	3
Film production inventories		(298)	(416)
Receivables and contract assets		526	646
Payables and contract liabilities		(2,492)	(1,028)
Currency translation adjustments		273	690
Cash used in operations		(3,892)	(1,844)
Interest received		17	2
Income tax paid		–	–
Net cash used in operating activities		(3,875)	(1,842)

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Group	
	Six Months Ended	
	30 June 2023	30 June 2022
Note	US\$'000	US\$'000
Investing activities		
Purchases of property, plant and equipment	(36)	(122)
Purchases of Intangible asset	(7)	–
Purchases of investments	(309)	(243)
Proceeds from disposal of investments	194	–
Additional short term loans	(59)	(209)
Repayment of short-term loans	9	32
Advances given to associated company	(508)	(743)
Repayment from associated company	356	–
Net cash used in investing activities	(360)	(1,285)
Financing activities		
Interest paid	(12)	(31)
Repayment of borrowings	(163)	(238)
Proceeds from borrowings	1,445	618
Advances received from directors of subsidiaries	37	33
Proceeds from film obligations and production loans	–	122
Repayment of film obligations and production loans	(216)	(56)
Repayment of lease liabilities	(208)	(264)
Net decrease of leasehold deposit	63	161
Net cash generated from financing activities	946	345
Net change in cash and cash equivalents	(3,289)	(2,782)
Cash and cash equivalents at beginning of financial period	6,209	11,345
Effect of exchange rate changes	(65)	(157)
Cash and cash equivalents at end of the financial period	2,855	8,406

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Share capital US\$'000	Treasury shares US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
2023							
Balance as at 1 January 2023	70,007	(915)	(3,157)	(39,950)	25,985	180	26,165
Loss for the financial period	–	–	–	(1,962)	(1,962)	(143)	(2,105)
<u>Other comprehensive loss for the period</u>							
Share of other comprehensive loss of associated company	–	–	(96)	–	(96)	–	(96)
Currency translation difference on consolidation	–	–	179	–	179	(6)	173
	–	–	83	–	83	(6)	77
Balance as at 30 June 2023	70,007	(915)	(3,074)	(41,912)	24,106	31	24,137
2022							
Balance as at 1 January 2022	70,007	(680)	(3,174)	(33,242)	32,911	114	33,025
Loss for the financial period	–	–	–	(1,593)	(1,593)	(101)	(1,694)
<u>Other comprehensive loss for the period</u>							
Share of other comprehensive loss of associated company	–	–	(151)	–	(151)	–	(151)
Currency translation difference on consolidation	–	–	315	–	315	(8)	307
	–	–	164	–	164	(8)	156
Balance as at 30 June 2022	70,007	(680)	(3,010)	(34,835)	31,482	5	31,487

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

The Company	Share capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total US\$'000
2023				
Balance as at 1 January 2023	70,007	(915)	(47,974)	21,118
Loss for the financial period	–	–	(593)	(593)
Balance as at 30 June 2023	70,007	(915)	(48,567)	20,525
2022				
Balance as at 1 January 2022	70,007	(680)	(40,630)	28,697
Loss for the financial period	–	–	(743)	(743)
Balance as at 30 June 2022	70,007	(680)	(41,373)	27,954

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Spackman Entertainment Group Limited (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange. The registered office of the Company is at 16 Collyer Quay, #17-00, Singapore 049318. The principal place of business of the Company is at 111 Somerset Road, #05-13, 111 Somerset, Singapore 238164.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”). The principal activity of the Company is an investment holding company and its subsidiaries’ principal activities are film production, film distribution for post-theatrical market, film and talent management.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year 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.

The condensed interim financial statements of the Group and the Company are presented in United States dollar (“**USD**”), which is the Company’s functional currency.

2.1 New and revised standards

In the current reporting period, the Group has adopted all new and revised SFRS(I) and SFRS(I) Interpretations (“**SFRS(I) INT**”) that are relevant to its operations and effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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 and liabilities, income and expense. 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 December 2022.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about 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:

- Note 10 – Fair value estimation of unquoted equity investments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Group assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e., derived from prices).
- Level 3 - input for the asset or liability that are not based on observable market data (Unobservable inputs)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2 Use of estimates and judgements (Cont'd)

Measurement of fair values (Cont'd)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest). These operating segments are reported in a manner consistent with internal reporting provided to the Executive Director, Chief Executive Officer and President, who is responsible for allocating resources and assessing performance of the operating segments.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

As the global economy slowly recovers from the COVID-19 impact, some of the Group's film and drama projects continue to face some delays in the production and distribution of its content projects. However, the Group's businesses are not affected by any other seasonal or cyclical factors during the financial year.

4. Segment and revenue information

The Group is organised into the following business segments:

- Distribution of films;
- Production of films;
- Talent management;
- Restaurant sales and café lounge;
- Consulting services; and
- Others

These operating segments are reported in a manner consistent with internal reporting provided to the Executive Director, Chief Executive Officer and President, who is responsible for allocating resources and assessing the performance of the operating segments.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.1 Reportable segments

In US\$'000	The Group						Total
	Six months ended 30 June 2023						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Revenue	67	–	–	148	–	84	299
Cost of sales	(22)	–	–	(52)	–	–	(74)
Share of results of associated companies	–	–	125	–	–	–	125
Impairment loss on film production inventories	(40)	–	–	–	–	–	(40)
Segment gross results	5	–	125	96	–	84	310
Selling and general & administrative expenses	(401)	–	–	(894)	–	(529)	(1,824)
Segment net results	(396)	–	125	(798)	–	(445)	(1,514)
Unallocated other income:							
Other income and gains							15
Interest income							43
Unallocated expenses:							
Depreciation and amortisation							(290)
Other expenses							(340)
Finance costs							(19)
Loss before tax							(2,105)
Tax expenses							–
Loss for the period							(2,105)
Segment assets	1,877	1,829	13,816	4,186	483	2,474	24,665
Unallocated assets							5,116
Total assets							29,781
Segment liabilities	770	412	–	832	–	492	2,506
Unallocated liabilities							3,138
Total liabilities							5,644

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

In US\$'000	The Group						Total
	Six months ended 30 June 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Revenue	335	52	44	231	162	166	990
Cost of sales	(220)	(47)	(39)	(87)	(146)	–	(539)
Share of results of associated companies	–	–	429	–	–	–	429
Segment gross results	115	5	434	144	16	166	880
Selling and general & administrative expenses	(610)	(90)	(72)	(412)	(287)	(322)	(1,793)
Segment net results	(495)	(85)	362	(268)	(271)	(156)	(913)
Unallocated other income:							
Other income and gains							156
Interest income							27
Unallocated expenses:							
Depreciation and amortisation							(364)
Other expenses							(562)
Finance costs							(42)
Loss before tax							(1,698)
Tax credit							4
Loss for the period							(1,694)
Segment assets	3,375	3,151	15,832	2,370	2,332	1,598	28,658
Unallocated assets							11,540
Total assets							40,198
Segment liabilities	1,795	688	211	1,214	845	950	5,703
Unallocated liabilities							3,008
Total liabilities							8,711

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue

In US\$'000	The Group			Total
	Distribution of films	Six months ended 30 June 2023 Restaurant sales and café lounge	Others	
Type of revenue:				
Distribution of films and others	67	–	–	67
Restaurant sales and café lounge	–	148	–	148
Photography	–	–	78	78
Others	–	–	6	6
Total revenue	67	148	84	299
Timing of revenue recognition:				
At a point in time	–	148	–	148
Over time	67	–	84	151
Total revenue	67	148	84	299
Geographical information:				
South Korea	67	148	84	299
Total revenue	67	148	84	299

The Group expects positive contribution from upcoming content and talent management projects in the second half of the year although there were no revenue recorded for talent management, film production and consulting services for the six months ended 30 June 2023.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue (Cont'd)

In US\$'000	The Group						Total
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Type of revenue:							
Distribution of films and others	335	–	–	–	–	–	335
Production of films	–	52	–	–	–	–	52
Talent management	–	–	44	–	–	–	44
Restaurant sales and café lounge	–	–	–	231	–	–	231
Consulting services	–	–	–	–	162	–	162
Photography	–	–	–	–	–	70	70
Sales of content	–	–	–	–	–	16	16
Others	–	–	–	–	–	80	80
Total revenue	335	52	44	231	162	166	990
Timing of revenue recognition:							
At a point in time	–	–	–	231	–	–	231
Over time	335	52	44	–	162	166	759
Total revenue	335	52	44	231	162	166	990
Geographical information:							
South Korea	335	52	44	231	162	166	990
Total revenue	335	52	44	231	162	166	990

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group:

	Note	The Group		The Company	
		30 June 2023 US\$'000	31 December 2022 US\$'000	30 June 2023 US\$'000	31 December 2022 US\$'000
Financial Assets					
Financial assets at fair value through profit or loss	10	2,364	2,299	510	510
Cash and bank		2,855	6,209	180	120
Trade and other receivables (Amortised cost) #		3,130	3,787	2,114	1,988
		8,349	12,295	2,804	2,618
Financial liabilities					
Financial liabilities at fair value through profit or loss		808	1,058	–	–
Trade and other payables (Amortised cost) *		4,328	3,836	8,090	7,253
		5,136	4,894	8,090	7,253

Excludes prepayments and advance payments

* Excludes deferred income and advance received

6. Loss before tax

The following significant items have been included in arriving at loss before tax:

	Group	
	30 June 2023 US\$'000	30 June 2022 US\$'000
Income		
Interest income	43	27
Expenses		
Amortisation of intangible assets	4	24
Depreciation on property, plant and equipment	286	340
Fair value loss on investments in financial assets at FVTPL	21	–
Interest expense	19	42
Impairment loss on copyrights	40	–
Foreign exchange loss, net	311	495

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. Loss per share

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The following tables reflect the income and share data used in the computation of basic and diluted loss per share for the end of the period.

	Group	
	Six Months Ended	
	30 June 2023	30 June 2022
	US\$'000	US\$'000
Loss for the period attributable to equity holders of the Company	1,962	1,593
	<hr/>	<hr/>
	1,962	1,593
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation	1,871,209,231	1,901,657,319

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

8. Tax credit

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 Ended	
	30 June	30 June
	2023	2022
	US\$'000	US\$'000
Tax credit attributable to loss are made up of:		
- Current income tax provision	-	-
- Deferred tax	-	4
	-	4

9. Net asset value

	Group		Company	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Net asset value	24,137,404	26,165,340	20,524,886	21,117,992
Net asset value per ordinary share	0.013	0.014	0.011	0.011

Net asset value per ordinary share is computed based on the number of shares in issue (excluding treasury shares) of 1,836,391,319 (FY2022: 1,836,391,319).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

10. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the following:

	Group		Company	
	30 June 2023 US\$'000	31 December 2022 US\$'000	30 June 2023 US\$'000	31 December 2022 US\$'000
Non-current				
Unquoted equity investments	510	510	510	510
	510	510	510	510
Current				
Investment in film funds	638	661	–	–
Investment in theatrical projects	1,216	1,107	–	–
Investment in insurance products	–	21	–	–
	1,854	1,789	–	–
	2,364	2,299	510	510

Unquoted equity shares represent the Group's and Company's interest in two companies in Singapore which are engaged in skincare and food and beverage related activities. The fair value of unquoted equity shares of one investee company is determined based on recent transacted prices of the investee company's equity as well as internal or external changes in the business and market environment that the investee operates in. The fair value measurements are categorised in Level 3 of the fair value hierarchy. The fair value of the unquoted equity shares of the other investee company was determined based on the income approach. The investment was fully written down in FY2020.

Investment in film funds represents the Group's interest in private equity funds that focus on investments in the entertainment industry in Korea. The Group expects to earn returns on the investment by way of distribution of dividends. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

Investment in theatrical projects represents the Group's financing of production and marketing expenditure that are associated with specific film titles. The fair value of investment in theatrical projects is determined based on the stage of production of the underlying films. Investment in theatrical projects as at 30 June 2023 mainly relates to one film which is in the last stages of production as at the balance sheet date and the fair value of the investment has been determined to approximate the cost of the investments. The remaining amounts relate to film which have been released in the theatres and the fair values are determined based on the future cash flows expected to be received by the Group. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

10. Financial assets at fair value through profit or loss (Cont'd)

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
The Group – 30 June 2023				
Financial assets				
Financial assets at fair value through profit or loss	–	–	2,364	2,364
The Group – 31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss	–	21	2,278	2,299

11. Intangible assets

Group	Acquired libraries US\$'000	Software US\$'000	Goodwill US\$'000	Customer contracts US\$'000	Customer relationships US\$'000	Copyrights US\$'000	Total US\$'000
As at 30 June 2023							
Cost	28	23	11,649	693	244	629	13,266
Addition	–	–	–	–	–	7	7
Accumulated amortization and disposal	(28)	(23)	(8,599)	(693)	(244)	(27)	(9,614)
Net book amount	–	–	3,050	–	–	609	3,659
As at 31 December 2022							
Cost	28	23	11,649	693	244	629	13,266
Addition	–	–	–	–	–	61	61
Accumulated amortization and disposal	(28)	(23)	(8,599)	(693)	(240)	(40)	(9,623)
Net book amount	–	–	3,050	–	4	650	3,704

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

12. Property, plant and equipment

The Group's property, plant and equipment amounted to US\$641,185 (31 December 2022: US\$830,437) and the Company's plant and equipment amounted to US\$86,830 (31 December 2022: US\$68,511). The decrease was mainly attributable to the decrease in the right of use of the asset.

13. Borrowings

	Group		Company	
	30 June 2023 US\$'000	31 December 2022 US\$'000	30 June 2023 US\$'000	31 December 2022 US\$'000
Amount repayable within one year or less, or on demand				
Unsecured loans	1,862	617	6,568	5,400
Secured loans ⁽¹⁾	588	678	–	–
	2,450	1,295	6,568	5,400
Amount repayable after one year				
Unsecured loans	305	316	1,082	1,135
Secured loans ⁽²⁾	132	194	–	–
	437	510	1,082	1,135
Total loans and borrowings	2,887	1,805	7,650	6,535

Notes:

- (1) The Group's short-term borrowings are secured by guarantees from Korea Technology Finance Corporation.
- (2) The Group's long-term borrowings are secured by a guarantee from Seoul Credit Guarantee Foundation.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

14. Share capital and treasury shares

	Group and Company			
	Number of ordinary shares		Amount	
	Share capital	Treasury shares	Share capital	Treasury shares
2023				
Beginning and end of financial period	1,949,225,819	(112,834,500)	70,007,456	(914,565)
2022				
Beginning of financial period	1,949,225,819	(47,568,500)	70,007,456	(679,698)
Purchase of treasury shares	–	(65,266,000)	–	(234,867)
End of financial period	1,949,225,819	(112,834,500)	70,007,456	(914,565)

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares rank equally in regard to the Company's residual assets. All ordinary shares carry one vote per share without restrictions.

Treasury shares

The Company acquired 65,266,000 shares in the Company in the open market during the financial year 2022. The total amount paid to acquire the shares was US\$234,867 and this was presented as a component within shareholders' equity.

The Company did not have any outstanding options or convertibles as at 30 June 2023 and 31 December 2022.

There are no subsidiary holdings during and as at end of the current financial period reported on.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

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

The condensed interim consolidated statement of financial position of Spackman Entertainment Group Limited and its subsidiaries as at 30 June 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

- 2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**
 - a) Updates on the efforts taken to resolve each outstanding audit issue.**
 - b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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

Not applicable.

As published in the Group's annual report on 13 April 2023, the Group had resolved the previous issues raised by its independent auditor and obtained an unqualified opinion for its latest audited financial statements.

- 3. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
 - 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.**

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OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

a) Revenue

	Group	
	6M Ended June 2023 US\$ million	6M Ended June 2022 US\$ million
Production of films	–	0.05
Distribution of films and others	0.07	0.34
Sales of content	–	0.02
Consulting services	–	0.16
Restaurant sales and café lounge business	0.15	0.23
Photography	0.07	0.07
Talent management	–	0.04
Others	0.01	0.08
	0.30	0.99

Revenue decreased by US\$0.69 million or 70% year-on-year (“YoY”) to US\$0.30 million for the six months ended 30 June 2023 (“6M FY2023”). This was mainly due to the decrease of US\$0.23 million in the distribution of films for *THE OUTLAWS* which had ended its content service in FY2022 and the decrease of US\$0.16 million in consulting services.

The Group recorded lower revenue from restaurant sales and cafe lounge business, and talent management in 6M FY2023 as compared to the same period in the previous year (“6M FY2022”).

b) Cost of sales

	Group	
	6M Ended June 2023 US\$ million	6M Ended June 2022 US\$ million
Production of films	–	0.05
Distribution of films and others	0.02	0.22
Consulting services	–	0.14
Restaurant sales and café lounge business	0.05	0.09
Talent management	–	0.04
Others	–	–
	0.07	0.54

Cost of sales decreased by US\$0.47 million or 86% YoY in 6M FY2023. This was mainly due to the decrease of US\$0.19 million in the cost of sales under the distribution of films for *THE OUTLAWS*, by Novus Mediacorp Co., Ltd (“Novus”), which had ended its content service in FY2022 and decrease of US\$0.14 million in the cost of consulting services.

c) Gross profit

The Group registered a gross profit of US\$0.23 million in 6M FY2023, which was US\$0.23 million or 50% lower as compared to 6M FY2022. In line with lower sales, the Group recorded an increase of 30% YoY in gross margin for 6M FY2023 as compared to 6M FY2022.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

d) Other income and gains

Other income and gains decreased by US\$0.14 million or 90% YoY to US\$0.02 million in 6M FY2023. The decrease was mainly due to lower rental income of US\$0.02 million, miscellaneous income of US\$0.03 million and government grant income for COVID-19 support of US\$0.06 million.

e) Selling expenses

Selling expenses increased by US\$0.03 million or 11% YoY to US\$0.26 million in 6M FY2023. The increase was mainly due to a slight increase in business travel numbers from the lifting of border restrictions and the gradual reopening of air traffic.

f) General and administrative expenses

General and administrative expenses decreased marginally by 4% YoY to US\$1.86 million in 6M FY2023. This was mainly attributable to the decrease in depreciation and amortisation of US\$0.07 million.

g) Other expenses

Other expenses decreased by US\$0.18 million or 32% YoY to US\$0.38 million in 6M FY2023. The decrease is primarily attributable to foreign currency losses of US\$0.18 million and miscellaneous expenses of US\$0.06 million. This is partially offset by higher impairment loss on film production inventories of US\$0.04 million and impairment loss on short-term fund investment of US\$0.02 million.

h) Share of results of associate

The share of results of associate recognised a profit of US\$0.13 million in 6M FY2023 as compared to a profit of US\$0.43 million in 6M FY2022 attributable by the profit from the Group's 43.88% owned associated company, Spackman Media Group Limited ("SMGL"). The profit recorded by SMGL was US\$0.28 million in 6M FY2023 as compared to a profit of US\$0.98 million in 6M FY2022. This was US\$0.70 million lower than 6M FY2022 as its talent management revenue decreased from a fall in the percentage of completion in the filming and endorsement projects for several artists in 6M FY2023.

i) Loss after tax for the period

As a result of the above, the Group recorded a loss after tax of US\$2.11 million in 6M FY2023 as compared to a loss after tax of US\$1.69 million in 6M FY2022.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Consolidated Statement of Financial Position

The Group's non-current assets as of 30 June 2023 was US\$18.73 million, which increased by US\$0.02 million or 0.1% from US\$18.71 million as compared to 31 December 2022. This was mainly due to the following:

- i) increase in film production inventories by US\$0.24 million;
- ii) increase in investment in the associated company by US\$0.03 million, which was mainly due to US\$0.13 million gain in the share of results of associate for the year and US\$0.10 million in other comprehensive losses from foreign exchange variation; and
- iii) partially offset by the decrease in property, plant and equipment and intangible assets by US\$0.23 million, which was mainly attributable to the depreciation charged during 6M FY2023.

The Group's current assets decreased by US\$3.68 million from US\$14.73 million as of 31 December 2022 to US\$11.05 million as of 30 June 2023. This was mainly due to the decrease in cash and cash equivalents of US\$3.35 million as explained in the consolidated statement of cash flow below and the decrease in trade and other receivables of US\$0.38 million. This was partially offset by the increase in financial assets at fair value through profit or loss of US\$0.07 million.

The Group's non-current liabilities decreased by US\$0.07 million from US\$0.76 million as of 31 December 2022 to US\$0.69 million as of 30 June 2023. This was mainly due to a decrease in non-current liabilities of US\$0.06 million to current liabilities as it was approaching maturity.

The Group's current liabilities amounted to US\$4.96 million as of 30 June 2023 as compared to the current liabilities of US\$6.52 million as of 31 December 2022. This was mainly due to the decrease in trade and other payables of US\$0.65 million, contract liabilities of US\$1.82 million and film obligation and production loan of US\$0.25 million. This was partially offset by an increase in borrowings of US\$1.16 million.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Consolidated Statement of Cash Flow

As of 30 June 2023, the Group had cash and cash equivalents amounting to US\$2.86 million as compared to cash and cash equivalents amounting to US\$8.41 million as of 30 June 2022.

The significant cash movements during 6M FY2023 as compared to 6M FY2022 can be summarised as follows:

Cash flow used in operating activities for 6M FY2023 amounted to US\$3.88 million as compared to cash flow used in operating activities of US\$1.84 million for 6M FY2022. The cash flow used in operating activities for 6M FY2023 was mainly attributable to the operating loss before working capital changes of US\$1.90 million, payables and contract liabilities of US\$2.49 million and film production inventories of US\$0.30 million. This was partially offset by receivables and contract assets of US\$0.53 million and the currency translation gain of US\$0.27 million.

Cash flow used in investing activities for 6M FY2023 was US\$0.36 million as compared to cash flow used in investing activities of US\$1.29 million for 6M FY2022. The cash flow used in investing activities was mainly due to the investment of financial assets at fair value through profit or loss of US\$0.31 million, purchases of property, plant and equipment of US\$0.04 million, additional short-term loans of US\$0.06 million and net advances given to the associated company of US\$0.15 million. This was partially offset by proceeds from the settlement of investments in project of US\$0.19 million and proceeds from the repayment of short-term loans of US\$0.01 million.

Cash flow generated from financing activities was US\$0.95 million for 6M FY2023 as compared to cash flow generated from financing activities of US\$0.35 million for 6M FY2022. The cash flow generated from financing activities for 6M FY2023 was mainly due to the proceeds from borrowings of US\$1.45 million, advances received from directors of subsidiaries of US\$0.04 million and net decrease of leasehold deposits of US\$0.06 million. This was partially offset by the repayment of borrowings US\$0.16 million, repayment of lease liabilities of US\$0.21 million and repayment of film obligations and production loans of US\$0.22 million.

4. 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.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

5. 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.

Film & Drama Production

The Group's upcoming action feature film, *A MAN OF REASON*, produced by the Group's wholly-owned indirect subsidiary, Studio Take Co., Ltd. ("**Studio Take**"), is set to be released theatrically in Korea on 15 August 2023. Garnering widespread international recognition for its cinematography and performances of its actors, *A MAN OF REASON* premiered at the 42nd Hawaii International Film Festival in the United States, with invitations to the 47th Toronto International Film Festival ("**TIFF**") in Canada and the 55th Sitges Film Festival in Spain. The film was notably selected as the Special Presentation of the 2022 Official Selection at TIFF, one of the world's four major international film festivals.

A MAN OF REASON marks the directorial debut of Korean star Jung Woo-sung, who also stars in the film and is globally known for his role in *STEEL RAIN* (2017) and the Group's hit production, *COLD EYES* (2013). Co-starring in the movie are Park Sung-woong of *FOR THE EMPEROR* (2014) and Kim Nam-gil of *LOVERS VANISHED* (2010), both films previously produced by the Group. The movie is distributed by Acemaker Movie Works. North American distribution rights have been acquired by the independent film and television studio, Epic Pictures Group, known for distributing genre films in the US and Canada.

A MAN OF REASON further adds to Studio Take's record of quality filmmaking, following in the footsteps of its previous works, including the musical film *THE BOX* (2021), featuring EXO's Chanyeol, and the art film *STONE SKIPPING* (2020), which earned an invitation to the 23rd Busan International Film Festival. Studio Take's next film project, *THE GUEST*, is currently in post-production and tentatively scheduled for release in the second half of this year or first half of next year. The Group remains confident in Studio Take's ongoing commitment to delivering a steady stream of top-tier cinematography.

According to data from the Korea Creative Content Agency ("**KOCCA**"), the size of the Korean cultural content market is estimated to reach US\$70.9 billion for 2023, which is the 7th largest in the world.¹ The power of the Korean Wave has continued to stay resilient in the global content production sector especially with the growing consumer demand for Korean films and dramas which are well-known for their creative concepts, elevated production values and quality screenwriting.

¹ Invest KOREA, Korean Wave, The Power of Korea's Cultural Content Industry, <https://www.investkorea.org/ik-en/cntnts/i-326/web.do#:~:text=Korean%20Wave%2C%20The%20Power%20of%20Korea's%20Cultural%20Content%20Industry&text=The%20size%20of%20the%20Korean.7th%20largest%20in%20the%20world>

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

5. 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. (cont'd)

Korea is Netflix's top spending destination in Asia, with the streaming platform giant planning to invest US\$2.5 billion in the country's entertainment content in the span of the next four years as announced by Netflix in April 2023². Rising global star Wi Ha-jun of the Group's associated company, Spackman Media Group Limited ("**SMGL**"), is set to star in the highly anticipated second season of Netflix global hit series, *SQUID GAME*.

Another key player in the global streaming content, Disney+, has also greenlit new and original titles from Korea in a bid to tap on the popularity and buzz of Korean films and dramas internationally. An exemplary drama series on Disney+ is the second season of *BIG BET*, starring one of Korea's top actors Son Suk-ku of SMGL, which set a new record for the highest viewership in the first week of its release.

In addition to the development and production of Korean content, the Group shall be reviewing projects for the co-production and financing of US Hollywood films, which generally have a wider international audience base. Capitalizing on the talent management platform of SMGL, the Group intends to collaborate closely with SMGL to expand its footprint into the North American market.

The Group had on 28 February 2023 announced that SMGL, and one of SMGL's wholly-owned subsidiaries, Crystal Planet Limited, entered into a share exchange agreement (the "**Agreement**") with Spackman Equities Group Inc. (a company listed on TSX VENTURE: SQG) ("**SQG**") pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of CPL from SMGL in consideration of the issuance of new listed shares of SQG, which is a shareholder of the Group. The transaction will result in SQG becoming a subsidiary of SMGL (the "**Proposed Transaction**"). The Group wishes to update that the Proposed Transaction is currently in progress and the Group will make further announcements in compliance with the requirements of the Catalist Rules, when there are material developments in respect of the Proposed Transaction.

From the Group's understanding from SMGL, the Proposed Transaction will allow SMGL's artists to be better positioned to enter the North American film market by leveraging on the geographical advantage of SQG being listed in Canada, and to have more opportunities to obtain financing for growth from the capital market in Canada, through its ownership of SQG.

As for new content production projects or partnerships, the Group will announce if there are any material updates or if definitive agreements have been entered for, as and when necessary.

² WION, Netflix plans to invest \$2.5 bn in South Korea's OTT content
<https://www.wionews.com/business-economy/netflix-plans-to-invest-25-bn-in-south-koreas-ott-content-585847>, 25 April 2023

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

6. Dividend Information

- a) *Current Financial Period Reported on:* Any dividend declared for the current financial period reported on?
No dividend is declared.
- b) *Corresponding Period of the Immediately Preceding Financial Year:* Any dividend declared for the corresponding period of the immediately preceding financial year?
No.
- c) Date payable: Not applicable
- d) Record date: Not applicable

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

No dividend is recommended for the half year ended 30 June 2023 (30 June 2022: Nil) as the Group intends to conserve cash for working capital use.

8. 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 has not obtained a general mandate from shareholders for interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
None	Not applicable	Not applicable

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

9. Use of Proceeds

The Company refers to the net proceeds amounting to approximately KRW 17,820 million or US\$15.02 million raised from the completion of the disposal of Zip Cinema.

The status of the use of the proceeds as of the date of this announcement is as follows:

Use of proceeds (million)	Value (KRW)	Value (USD)	Amount after reallocation ⁽²⁾⁽³⁾ (USD)	Total amount utilised (USD)	Total balance as of today (USD)
Production/ Investments of film projects	4,500	3.79	2.89	(1.92)	0.97
Acquisition/ Investment of new business	5,500	4.63	0.33	—	0.33
Repayment of borrowings	1,800	1.52	1.52	(1.52)	—
Share buyback	1,000	0.84	0.59	(0.24)	0.35
Payment of tax related to the disposal of Zip Korea	2,000	1.69	1.74	(1.74)	—
Working capital ⁽¹⁾	3,020	2.55	7.95	(7.12)	0.83
Total	17,820	15.02	15.02	(12.54)	2.48

**Based on an exchange rate of USD1:KRW1,182*

Notes:

(1) US\$7.12 million of working capital utilised for:

- Personnel expenses (US\$2,109,409);
- Audit and professional fees (US\$2,081,113);
- Rental expenses (US\$865,683); and
- Others (US\$2,064,610)

(2) Please refer to the Company's announcements dated 30 December 2021, 12 August 2022, 11 November 2022 and 28 February 2023 on the previous reallocations.

(3) As of the date of this announcement, US\$1.95 million was reallocated from the production/investments of film projects (US\$0.90 million), the acquisition/investment of new business (US\$0.80 million) and share buyback (US\$0.25 million) to working capital.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

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 received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

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(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

12. Negative Assurance Confirmation on Interim Financial Results Pursuant to Rule 705(5) of the Listing Manual

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial results for the half year ended 30 June 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Na Kyoungwon
Executive Director, Chief Executive Officer
and President

Anthony Wei Kit Wong
Non-Executive and Independent Chairman

Date: 14 August 2023

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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