



(Incorporated in the Republic of Singapore)

(Company Registration No. 201424372N)

**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

PART I - INFORMATION REQUIRED FOR FIRST QUARTER ANNOUNCEMENT

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/year.

	Group		
	Three months period ended		
	30 June 2019 Q1 FY2020 (Unaudited) S\$'000	30 June 2018 Q1 FY2019 (Unaudited) S\$'000	Change %
Revenue	49,030	48,986	0.1%
Cost of sales	(18,827)	(16,063)	17.2%
Gross profit	30,203	32,923	-8.3%
Other income			
- Interest	8	95	-91.6%
- Others	125	374	-66.6%
Other (losses)/gains - net	(42)	333	-112.6%
Administrative expenses	(15,409)	(18,881)	-18.4%
Finance expenses	(4,663)	(3,224)	44.6%
Share of (loss)/profit of associated companies and joint venture	(27)	14	-292.9%
Profit before income tax	10,195	11,634	-12.4%
Income tax expense	(2,726)	(2,513)	8.5%
Net profit for the financial period	7,469	9,121	-18.1%
Other comprehensive (loss)/income, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation			
- (losses)/gains	(2,477)	44	-5729.5%
Total comprehensive income	4,992	9,165	-45.5%
Profit attributable to:			
Equity holders of the Company	6,950	7,245	-4.1%
Non-controlling interests	519	1,876	-72.3%
	7,469	9,121	-18.1%
Total comprehensive income attributable to:			
Equity holders of the Company	4,498	7,277	-38.2%
Non-controlling interests	494	1,888	-73.8%
	4,992	9,165	-45.5%

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

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

	Group		Change %
	Three months period ended		
	30 June 2019	30 June 2018	
	Q1 FY2020 (Unaudited) S\$'000	Q1 FY2019 (Unaudited) S\$'000	
Amortisation of film rights	2,645	230	1050.0%
Amortisation of film intangibles and film inventories	102	116	-12.1%
Amortisation of intangible assets	281	310	-9.4%
Depreciation of property, plant and equipment	1,675	2,638	-36.5%
Depreciation of right-of-use assets	5,387	-	100.0%
Employees compensation	5,656	5,760	-1.8%
Interest expenses	3,683	3,224	14.2%
Accretion of interest on lease liabilities	980	-	100.0%
Gain on disposal of property, plant and equipment	-	(6)	-100.0%
Loss/(Gain) on foreign exchange, net	42	(326)	-112.9%
Interest income	(8)	(95)	-91.6%

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 2019	31 Mar 2019	30 June 2019	31 Mar 2019
	FY2020	FY2019	FY2020	FY2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	25,336	18,566	946	600
Trade and other receivables	173,436	180,656	297,404	288,372
Inventories	421	363	-	-
Other current assets	79,119	66,156	-	-
Film products and films under production	6,103	21,882	-	-
Income tax recoverable	272	-	-	-
	284,687	287,623	298,350	288,972
Non-current assets				
Trade and other receivables	4,000	3,500	-	-
Financial assets, at fair value through profit or loss	710	710	-	-
Investments in subsidiaries	-	-	69,459	69,459
Investments in associated companies	2,632	2,658	2,525	2,525
Investment in a joint venture	94	99	-	-
Property, plant and equipment	34,452	36,437	-	-
Right-of-use assets	77,015	-	-	-
Intangible assets and goodwill ⁽¹⁾	309,266	289,652	-	-
Film rights	50,835	29,234	-	-
Film intangibles and film inventories	14,621	14,434	-	-
Deferred income tax assets	1,416	1,377	-	-
	495,041	378,101	71,984	71,984
TOTAL ASSETS	779,728	665,724	370,334	360,956
LIABILITIES				
Current liabilities				
Trade and other payables	122,235	131,356	62,392	57,995
Contract liabilities	21,795	17,053	-	-
Borrowings	64,284	36,820	44,378	29,746
Operating lease liabilities	14,405	-	-	-
Current income tax liabilities	13,750	10,329	-	-
	236,469	195,558	106,770	87,741
Non-current liabilities				
Borrowings	192,437	186,172	119,090	125,750
Operating lease liabilities	62,895	-	-	-
Provisions	4,825	4,841	-	-
Derivative financial instruments	5,905	5,905	-	-
Deferred income tax liabilities	5,576	6,619	-	-
	271,638	203,537	119,090	125,750
TOTAL LIABILITIES	508,107	399,095	225,860	213,491
NET ASSETS	271,621	266,629	144,474	147,465
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	152,870	152,870	152,870	152,870
Reserves	(16,907)	(14,455)	-	-
Retained profits/(accumulated losses)	82,698	75,748	(8,396)	(5,405)
	218,661	214,163	144,474	147,465
Non-controlling interests	52,960	52,466	-	-
TOTAL EQUITY	271,621	266,629	144,474	147,465

⁽¹⁾ Included in this amount is goodwill arising from consolidation amounted to S\$259,293,000 (31 March 2019: S\$259,915,000).

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 2019 (Unaudited)		As at 31 Mar 2019 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
64,284	-	36,820	-

Amount repayable after one year

As at 30 June 2019 (Unaudited)		As at 31 Mar 2019 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
192,437	-	186,172	-

Details of any collateral

The Group's secured portion of borrowings are secured by corporate guarantees from the Company and its subsidiaries, certain subsidiaries' ordinary shares and a subsidiary's leasehold property.

- 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/year.

Consolidated Statement of Cash Flows

	Group	
	Three months period ended	
	30 June 2019 Q1 FY2020 (Unaudited) S\$'000	30 June 2018 Q1 FY2019 (Unaudited) S\$'000
Cash flows from operating activities		
Net profit	7,469	9,121
Adjustments for:		
- Income tax expense	2,726	2,513
- Interest income	(8)	(95)
- Finance expenses	4,663	3,224
- Amortisation of film rights	2,645	230
- Amortisation of film intangibles and film inventories	102	116
- Amortisation of intangible assets	281	310
- Depreciation of property, plant and equipment	1,675	2,638
- Depreciation of right-of-use assets	5,387	-
- Share of (loss)/profit of associated companies and joint venture	27	(14)
- Gain on disposal of property, plant and equipment	-	(6)
- (Gain)/Loss on unrealised foreign exchange	(1,142)	280
Operating cash flows before working capital changes	<u>23,825</u>	<u>18,317</u>
Change in working capital:		
- Trade and other receivables	(3,032)	(18,693)
- Inventories	(62)	10
- Other current assets	(12,984)	(2,690)
- Film products and films under production	(648)	(2,075)
- Film intangible and film inventories	(317)	(1,965)
- Trade and other payables	(10,475)	(5,114)
- Contract liabilities	4,741	1,981
Cash generated from/(used in) operations	<u>1,048</u>	<u>(10,229)</u>
Income tax paid	(658)	(1,163)
Net cash generated from/(used in) operating activities	<u>390</u>	<u>(11,392)</u>
Cash flows from investing activities		
Additions of film rights	(7,826)	(2)
Additions to intangible assets	(10,169)	-
Additions to property, plant and equipment	(86)	(968)
Deposit paid for subscription of convertible notes by a subsidiary	(500)	-
Interest received	8	95
Proceeds from disposal of property, plant and equipment	-	14
Proceeds from disposal of partial investment in a subsidiary	-	25,800
Repayment of deferred consideration	-	(215,000)
Net cash used in investing activities	<u>(18,573)</u>	<u>(190,061)</u>
Cash flows from financing activities		
Release of fixed deposit pledged	-	1,000
Interest paid	(3,530)	(512)
Proceeds from issuance of convertible bonds and notes	5,000	-
Proceeds from borrowings	29,521	174,500
Repayments of borrowings	(476)	(11,232)
Repayments of lease liabilities	(5,985)	(16)
Net cash generated from financing activities	<u>24,530</u>	<u>163,740</u>
Net changes in cash and cash equivalents	6,347	(37,713)
Cash and cash equivalents		
Beginning of financial period	18,566	92,180
Effects of currency translation on cash and cash equivalents	(66)	(21)
End of financial period	<u>24,847</u>	<u>54,446</u>
Cash and cash equivalent comprise:		
Cash and bank balances	23,803	49,693
Fixed deposits	1,533	4,753
Bank overdraft	(489)	-
Cash and cash equivalents as per consolidated statement of cash flows	<u>24,847</u>	<u>54,446</u>

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

Consolidated Statement of Changes in Equity

Group (Unaudited)	Attributable to equity holders of the Company				Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Total S\$'000		
As at 1 April 2019	152,870	(14,455)	75,748	214,163	52,466	266,629
Net profit for the financial period	-	-	6,950	6,950	519	7,469
Other comprehensive loss for the financial period	-	(2,452)	-	(2,452)	(25)	(2,477)
Total comprehensive income for the period	-	(2,452)	6,950	4,498	494	4,992
As at 30 June 2019	152,870	(16,907)	82,698	218,661	52,960	271,621
As at 1 April 2018	152,870	(30,907)	56,610	178,573	29,891	208,464
Net profit for the financial period	-	-	7,245	7,245	1,876	9,121
Other comprehensive income for the financial period	-	32	-	32	12	44
Total comprehensive income for the period	-	32	7,245	7,277	1,888	9,165
Dilution of interest in subsidiary without loss of control	-	(171)	-	(171)	171	-
Disposal of partial investment in a subsidiary without loss of control	-	13,003	-	13,003	12,797	25,800
As at 30 June 2018	152,870	(18,043)	63,855	198,682	44,747	243,429

Company (Unaudited)	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
As at 1 April 2019	152,870	(5,405)	147,465
Net loss for the financial period	-	(2,991)	(2,991)
As at 30 June 2019	152,870	(8,396)	144,474
As at 1 April 2018	152,870	(3,645)	149,225
Net loss for the financial period	-	(2,507)	(2,507)
As at 30 June 2018	152,870	(6,152)	146,718

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.

<u>Shares Capital - Ordinary Shares</u>	Number of shares	Issued and paid-up share capital S\$
Ordinary shares of the Company		
As at 30 June 2019	<u>1,162,804,610</u>	<u>152,869,417</u>
As at 31 March 2019	<u>1,162,804,610</u>	<u>152,869,417</u>

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.

	30 June 2019	31 Mar 2019
Total number of issued shares	<u>1,162,804,610</u>	<u>1,162,804,610</u>

The Company did not have any treasury shares as at 30 June 2019 and 31 March 2019.

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.

Except as disclosed in paragraph 5, the accounting policies and methods of computation have been consistently applied by the Group and the Company and are consistent with the financial statements for the financial period ended 30 June 2019.

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

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations ("SFRS(I) INT") which became effective for the accounting periods beginning on or after 1 April 2019. Except for the adoption of SFRS(I) 16 Leases, the adoption of the other new and revised SFRS(I) and SFRS(I) INT are currently assessed to have insignificant financial impact on the Group's financial statements for the current financial period reported on, as disclosed below:

Adoption of SFRS(I)16 Leases

SFRS(I)16 Leases introduces a single, on-balance sheet lease accounting model for lessees where the distinction between operating and finance leases is removed. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The accounting for lessors has not changed significantly.

The Group adopted SFRS(I)16 on 1 April 2019, using the modified retrospective approach, where comparative figures for the financial period prior to first adoption will not be restated.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 April 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with SFRS(I)16. Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and any accumulated impairment losses while the carrying amount of lease liabilities will take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The subsequent adoption of SFRS(I)16 have the following impact on the unaudited statement of financial position for the financial period ended 30 June 2019.

Group	Before	Adoption for	After
30 June 2019	adoption for	SFRS(I) 16 impact	adoption for
	SFRS(I) 16 impact	SFRS(I) 16 impact	SFRS(I) 16 impact
	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
<u>Statement of comprehensive income</u>			
Revenue	49,030	-	49,030
Cost of sales	(18,827)	-	(18,827)
Gross profit	<u>30,203</u>	-	<u>30,203</u>
Other income			
- Interest	8	-	8
- Others	125	-	125
Other (losses)/gains - net	(42)	-	(42)
Administrative expenses	(16,121)	712	(15,409)
Finance expenses	(3,683)	(980)	(4,663)
Share of profits of associated companies and joint venture	(27)	-	(27)
Profit before income tax	<u>10,463</u>	(268)	<u>10,195</u>
Income tax expense	(2,726)	-	(2,726)
Net profit for the financial period	<u><u>7,737</u></u>	<u><u>(268)</u></u>	<u><u>7,469</u></u>
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")	<u><u>18,849</u></u>	<u><u>6,099</u></u>	<u><u>24,948</u></u>
<u>Statement of financial position</u>			
Non-current assets			
Right-of-use assets	-	77,015	77,015
Current liabilities			
Operating lease liabilities	-	14,405	14,405
Non-current liabilities			
Operating lease liabilities	-	62,895	62,895

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.

	Group	
	Three months period ended	
	30 June 2019 Q1 FY2020	30 June 2018 Q1 FY2019
Earnings per share ("EPS")		
Profit attributable to equity holders of the Company (S\$'000) ⁽¹⁾	6,950	7,245
Weighted average number of ordinary share issued	1,162,804,610	1,162,804,610
Basic and fully diluted basis EPS (cents) ^{(2) (3) (4)}	<u>0.60</u>	<u>0.62</u>

(1) *The basic EPS of the Group for the respective periods/years was calculated based on the weighted average number of ordinary shares in issue for the respective periods.*

(2) *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.*

(3) *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.*

(4) *The Group's outstanding convertible bonds/notes were issued by the Company's wholly-owned subsidiary, mm Connect Pte. Ltd. which is convertible to mm Connect Pte. Ltd.'s shares. Accordingly, the Group's outstanding convertible bonds/notes do not have impact to the Company's ordinary shares.*

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 2019	30 June 2018	30 June 2019	30 June 2018
Net asset value attributable to equity holders of the Company (S\$'000)	218,661	214,163	144,474	147,465
Number of ordinary shares issued	1,162,804,610	1,162,804,610	1,162,804,610	1,162,804,610
Net asset value per ordinary share (S\$)	<u>0.19</u>	<u>0.18</u>	<u>0.12</u>	<u>0.13</u>

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 FY2020 vs 1Q FY2019

Revenue

In 1QFY2020, total revenue from core and cinema segment increased marginally by S\$1.6 million as compared to last corresponding period due to better performance in core and cinema segment. Other segment also recorded higher revenue by S\$0.3 million as compared to 1QFY2019 due to the incorporation of new subsidiary, AsiaOne Online Pte. Ltd. in 2QFY2019. However, the increase in core and cinema segment and other segment offsets with lower revenue from event and concert and post-production segments by S\$1.7 million and S\$0.2 million respectively. In overall, the Group's revenue in 1QFY2020 is fairly consistent with last corresponding period.

Cost of sales

Cost of sales increased by S\$2.7 million, or 16.8%, from S\$16.1 million in 1Q FY2019 to S\$18.8 million in 1Q FY2020. The increase is in tandem with higher sales in core and cinema segments and as well as higher charges in amortisation of film rights approximately by S\$2.4 million in 1QFY2020.

Gross profit

Group's gross profit decreased by S\$2.7 million, or 8.2%, from S\$32.9 million in 1Q FY2019 to S\$30.2 million in 1Q FY2020. The decrease is mainly contributed by higher amortisation charges in film rights. As a result, the overall Group's gross profit margin has decreased from 67.2% in 1QFY2019 to 61.6% in 1QFY2020.

Other income

Other income decreased by S\$0.4 million or 80.0%, from S\$0.5 million in 1Q FY2019 to S\$0.1 million in 1Q FY2020. It is mainly due to lesser grant receipts from government during the periods of 1QFY2020 as well as in last corresponding period, post-production segment recorded one-off income arising from the waiver of debts.

Other gains/(losses) - net

Other gains/(losses)-net decreased by S\$375,000 or 112.6%, from other gains amounted to S\$333,000 in Q1FY2019 to losses amounted to S\$42,000 in Q1FY2020. It is mainly due to the decrease in foreign exchange losses as compared with 1Q FY2019.

Administrative expenses

Administrative expenses decreased by S\$3.5 million or 18.5%, from S\$18.9 million in Q1FY2019 to S\$15.4 million in Q1FY2020. The decrease was mainly due to lower depreciation charges from property, plant and equipment as well as the effect of adoption of SFRS(I)16 from beginning of FY2020.

Finance expenses

Finance expenses increased by S\$1.5 million or 46.9%, from S\$3.2 million in 1Q FY2019 to S\$4.7 million in 1Q FY2020. Included in the finance expenses is accretion of interest from lease liabilities upon adoption of SFRS(I)16 in 1QFY2020 amounted to S\$0.98 million. Increase in bank borrowings in current quarter also contributed higher finance expenses in 1QFY2020.

Share of (loss)/profit of associated companies and joint venture

The share of profits of associated companies and joint venture decreased by S\$41,000 or 292.9%, from profit of S\$14,000 in 1Q FY2019 to loss S\$27,000 in 1Q FY2020. This was mainly due to losses generated from associated companies in 1Q FY2020 as compared with 1Q FY2019.

Profit before income tax

As a result of the analysis above, we have registered a profit before tax of S\$10.2 million in 1Q FY2020, compared to S\$11.6 million in 1Q FY2019.

- 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:**

REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

30 June 2019 vs 31 March 2019

Current assets

Current assets decreased by S\$2.9 million or 1.0%, from S\$287.6 million as at 31 March 2019 to S\$284.7 million as at 30 June 2019. This represents 36.5% of our total assets and comprised the following:

- (i) Cash and cash equivalents reported at S\$25.3 million as at 30 June 2019, representing an increase of S\$6.7 million or 36.0%, from S\$18.6 million as at 31 March 2019 mainly due to cash drawdown and utilisation for operations as follows:
 - (a) An increase of S\$5 million proceeds from issuance of convertible bonds and notes in cinema segment;
 - (b) An increase of S\$29.5 million proceeds from bank borrowings drawdown in core segment and concert and event segment;
 - (c) A decrease of S\$0.5 million deposit paid for subscription of convertible notes in post and content production segment;
 - (d) A decrease of S\$8.0 million for acquisition of intangible assets in concert and event segment; and
 - (e) A decrease of S\$0.3 million in other segments which consist of café operations and media advertising activities.
- (ii) Trade and other receivables reported at S\$173.4 million (consist of trade receivables S\$136.7 million and other receivables S\$36.7 million) as at 30 June 2019, representing a net decrease of S\$7.3 million or 4.0% from S\$180.7 million (consist of trade receivables S\$139.5 million and other receivables S\$41.2 million) as at 31 March 2019. This was mainly due to:
 - (a) An increase of S\$5.0 million in our core segment;
 - (b) A decrease of S\$3.1 million in cinema segment;
 - (c) A decrease of S\$7.2 million in concert and event segment is mainly because of S\$8.0 million deposit paid for acquisition intangible assets as at 31 March 2019 has been classified as intangible assets as at 30 June 2019 as the full payment have been completed during the periods;
 - (d) A decrease of S\$1.9 million in post and content production segment; and
 - (e) A decrease of S\$22,000 in other segments which consist of café operations, and media advertising activities.
- (iii) Inventories reported at S\$421,000 as at 30 June 2019, representing a decrease of S\$58,000 or 16.0%, from S\$363,000 as at 31 March 2019. This was mainly contributed from cinema segments.
- (iv) Other current assets reported at S\$79.1 million as at 30 June 2019, representing an increase of S\$12.9 million or 19.5%, from S\$66.2 million as at 31 March 2019. This was mainly contributed by core segment amounting to S\$9.0 million and concert and event segment amounting to S\$3.4 million.
- (v) Film products and films under production reported at S\$6.1 million as at 30 June 2019, representing a decrease of S\$15.8 million or 72.1% from S\$21.9 million as at 31 March 2019. This was mainly due to transfer of the film products to film rights in core segment.

Non-current assets

Non-current assets increased by S\$116.9 million or 30.9%, from S\$378.1 million as at 31 March 2019 to S\$495.0 million as at 30 June 2019. Main variances are as follows:

- (i) With the adoption of SFRS(I)16, the Group had recognised right-of-use assets amounting to S\$77.0 million during the period which is mainly contributed by cinema segment amounting to S\$75.8 million.
- (ii) Intangible assets and goodwill increased by S\$19.6 million, which mainly due to the acquisition of intangible assets by concert and event segment amounting to S\$18.4 million; and
- (iii) Film rights increased by S\$21.6 million or 74.0% due to the completion of film under production and acquisition of film rights during the periods under review.

Current liabilities

Current liabilities increased by S\$40.9 million or 20.9%, from S\$195.6 million as at 31 March 2019 to S\$236.5 million as at 30 June 2019, representing 46.5% of our total liabilities. Main variances are as follows:

- (i) Trade and other payables reported at S\$122.2 million (consist of trade payables S\$68.6 million and other payables and accruals S\$53.6 million) as at 30 June 2019, representing a decrease by S\$9.2 million or 7%, from S\$131.4 million (consist of trade payables S\$73.6 million and other payables and accruals S\$57.8 million) as at 31 March 2019. The decrease was mainly due to decrease of S\$4.3 million in concert and event segment and S\$5.0 million in core segment;
- (ii) Contract liabilities reported at S\$21.8 million as at 30 June 2019, representing an increase by S\$4.7 million or 27.5%, from S\$17.1 million as at 31 March 2019. The increase was mainly contributed by concert and event segment S\$3.1 million and cinema segment S\$1.0 million.

- 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 (continued):**

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

30 June 2019 vs 31 March 2019

Current liabilities (continued)

- (iii) Short-term borrowings reported at S\$64.3 million as at 30 June 2019, representing an increase by S\$27.5 million or 74.7%, from S\$36.8 million as at 31 March 2019. The increase was mainly contributed by core segment amounting to S\$21.1 million; and
- (iv) With the adoption of SFRS(I)16, the Group had recognised operating lease liabilities amounting to S\$14.4 million during the period and mainly contributed by cinema segment amounting to S\$13.5 million.

Non-current liabilities

Non-current liabilities reported at S\$271.6 million as at 30 June 2019, representing an increase by S\$68.1 million or 33.5%, from S\$203.5 million as at 31 March 2019. The increase was mainly due to the additional loans obtained from banks and additional lease liabilities with the adoption of SFRS(I)16 as described under Current Liabilities, Note (iii) and (iv).

REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW)

As at 30 June 2019 (3M Q1FY2020), our cash and cash equivalents amounted to approximately S\$24.8 million, as compared to S\$54.4 million as at 30 June 2018 (3M Q1FY2019).

Net cash used in operating activities

In Q1FY2020, we generated a net cash inflow of approximately S\$23.8 million from operating activities before net working capital changes. After applying net working capital changes, there was a net cash inflow of approximately S\$0.4 million arising from the following:

- (1) S\$3.0 million from increase in trade and other receivables;
- (2) S\$62,000 from increase in inventories;
- (3) S\$13.0 million from increase in other current assets;
- (4) S\$0.6 million from increase in film products and films under production;
- (5) S\$0.3 million from increase in film intangibles and film inventories;
- (6) S\$10.5 million from increase in trade and other payables; and offset by
- (7) S\$4.7 million from decrease in contract liabilities; and
- (8) S\$0.7 million in tax paid during the year.

Net cash used in investing activities

In Q1FY2020, net cash used in investing activities amounted to approximately S\$18.6 million, mainly due to:

- (1) S\$7.8 million for the acquisition of film rights;
- (2) S\$10.2 million for the acquisition of other intangible assets;
- (3) S\$86,000 for the purchase of property, plant and equipment;
- (4) S\$0.5 million deposit paid for subscription of convertible notes by a subsidiary; and offset by
- (5) S\$8,000 of interest earned from fixed deposit.

Net cash generated from financing activities

In Q1FY2020, net cash generated from financing activities amounted to approximately S\$24.5 million, mainly due to:

- (1) S\$5 million proceeds from issuance of convertible bonds and notes by a subsidiary, mm Connect Pte. Ltd.;
- (2) S\$29.5 million in proceeds arising from drawdown of bank loan; and offset by
- (3) A cash outflow of S\$10.0 million for the repayment of bank loans, a finance lease and interest payments.

Net changes in cash and cash equivalents

As a result, the Group recorded a net cash increase of approximately S\$6.3 million in Q1FY2020, as compared to a net cash decrease of approximately S\$37.7 million in Q1FY2019.

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 FY2020, the Group continues to maintain its focus on the following three areas in Asian entertainment and media:

(i) Regional expansion

The Group continues to enter into slate deals to co-produce high-quality digital and live content with international content distributors. North Asia, in particular Taiwan and Hong Kong, contributed 32% of the Group's revenue in previous financial year, and remains a region brimming with growth opportunities. In December 2018, a regional Chinese movies channel announced their intention to invest in, and co-produce a slate of four feature films developed by our subsidiary, mm2 Entertainment Pte. Ltd. Previously, 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 a 3-year period. The Group aims to further enhance its corporate profile, branding and market awareness in the North Asia markets where it currently operates.

(ii) Synergised content and platform businesses

The Group sees great potential in developing strategic platforms and capabilities to deliver our content to urbanising Asian audiences, primarily through cinemas, concerts, virtual reality tour shows and digital platforms. In September 2018, our subsidiary, Vividthree Holdings Ltd ("Vividthree") was successfully listed on the SGX Catalist board, under the stock code SGX:OMK. Notably, Vividthree had completed the production of Train to Busan Virtual Reality Tour Show in Beijing in previous financial year and the tour show travelled to Xiamen, China in July 2019. In previous financial year, the Group had invested 51%-owned subsidiary, AsiaOne Online Pte Ltd, with minority stake held by Singapore Press Holdings Limited, will also be promoting entertainment-focused content to an increasingly digitally apt content consumers. Apart from that, in the previous financial year, the Group took up a minority stake in a kids performing arts school, Académie of Stars Pte Ltd, to enhance our ability to scout and groom budding talents.

(iii) Content creation capabilities

The Group continues to create content for cinema, TV and other formats. To date, the Group has won several awards for our films. Among our productions, Singapore film "A Land Imagined" won the Golden Leopard at the 71st Locarno Film Festival, and Malaysian film "Guang" was nominated for Best Film, Best Director, Best Actor and Best Actress in the Asian New Talent Award category at the 21st Shanghai International Film Festival. The Group will continue to invest in talent development and high-quality, regionally appealing content to strengthen our value proposition as a content creator for Asia. In July 2019, UnUsUaL Limited, with an American production partner, launched APOLLO, a show that celebrates the 50th anniversary of man's first steps on the moon. UnUsUaL is moving up the supply chain to become an intellectual property (IP) owner.

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 and the reason(s) for the decision.

There was no dividend declared or recommended for the current reporting period as the Group intends to conserve cash for expansion and other business opportunities.

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 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 first quarter and 3 months ended 30 June 2019, to be false or misleading, in any material aspect.

15 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 2019