CITYNEON HOLDINGS LIMITED
(Co Regn.: 199903628E)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

TABLE OF CONTENTS

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 9 MONTHS RESULT

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group					
	Third Quarter Ended 30 Sept		**Change**	**9 Months Ended 30 Sept**		**Change**
	2018	**2017 Restated**		**2018**	**2017 Restated**	
	S$'000	**S$'000**	%	**S$'000**	**S$'000**	%
Revenue	30,064	17,974	67.3	85,460	66,381	28.7
Cost of sales	(14,201)	(10,875)	30.6	(35,434)	(37,326)	(5.1)
Gross profit	**15,863**	**7,099**	123.5	**50,026**	**29,055**	72.2
Other operating income	205	68	201.5	723	441	63.9
Marketing and distribution expenses	(962)	(877)	9.7	(2,090)	(1,500)	39.3
Administrative and other operating expenses	(3,638)	(2,851)	27.6	(10,467)	(7,960)	31.5
Amortisation and depreciation expenses	(3,387)	(1,628)	108.0	(8,887)	(4,522)	96.5
Staff costs	(4,736)	(3,348)	41.5	(13,346)	(9,212)	44.9
Total operating expenses	(12,723)	(8,704)	46.2	(34,790)	(23,194)	50.0
Finance costs	(2,207)	(495)	345.9	(5,315)	(1,001)	431.0
Share of results of associate, net of tax	-	31	(100.0)	(4)	(61)	(93.4)
Profit/(Loss) before income tax	1,138	(2,001)	156.9	10,640	5,240	103.1
Income tax credit/(expenses)	(364)	99	N.M.	3,089	(746)	N.M.
Profit/(Loss) for the period	774	(1,902)	140.7	13,729	4,494	205.5
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Exchange difference on translation of foreign operations, net of tax amounting to $Nil (2017: $Nil)	(455)	(560)	(18.8)	498	(2,521)	119.8
Total comprehensive income for the period, net of tax	**319**	**(2,462)**	113.0	**14,227**	**1,973**	621.1
Profit attributable to:						
Owners of the parent	778	(1,877)	141.4	13,734	4,509	204.6
Non-controlling interests	(4)	(25)	(84.0)	(5)	(15)	(66.7)
	774	**(1,902)**	140.7	**13,729**	**4,494**	205.5
Total comprehensive income attributable to:						
Owners of the parent	323	(2,437)	113.3	14,232	1,988	615.9
Non-controlling interests	(4)	(25)	(84.0)	(5)	(15)	(66.7)
	319	(2,462)	113.0	14,227	1,973	621.1
Gross profit margin	52.8%	39.5%	33.7	58.5%	43.8%	33.6
Profit before tax margin	3.8%	(11.1%)	134.2	12.5%	7.9%	58.2
Net profit attributable to owners of the parent as a percentage of revenue	2.6%	(10.4%)	125.0	16.1%	6.8%	136.8

Additional Information:

Profit from operation is determined after charging/(crediting):

Allowance for doubtful debt - trade	-	-	N.M.	23	2	N.M.
Amortisation expense	884	398	122.1	2,694	825	226.5
Depreciation of property, plant and equipment	2,556	1,230	107.8	6,347	3,848	64.9
Loss/(Gain) on disposal of property, plant and equipment	5	(7)	171.4	4	(6)	166.7
Foreign exchange loss, net	336	469	(28.4)	912	863	5.7
Government grants	(21)	(3)	600.0	(47)	(114)	(58.8)
Interest income	(7)	(20)	(65.0)	(29)	(44)	(34.1)
Property, plant and equipment written off	-	-	N.M.	-	8	(100.0)

Note:
N.M. - 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.

Consolidated Statements of Financial Position

	Note	Group			Company	
		30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017
			Restated	Restated		
		S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS						
Non-Current						
Property, plant and equipment		89,028	80,176	43,437	-	-
Intangible assets		28,704	31,298	6,954	-	-
Goodwill		15,795	12,513	2,935	-	-
Investment in subsidiaries		-	-	-	52,447	52,447
Investment in associate		68	72	260	-	-
Prepayments		-	-	496	-	-
		133,595	124,059	54,082	52,447	52,447
Current						
Inventories		858	682	731	-	-
Contract assets		48,513	23,640	12,715	-	-
Trade and other receivables	A	62,388	63,172	28,717	112,585	80,035
Cash and cash equivalents		11,768	17,931	23,779	652	211
		123,527	105,425	65,942	113,237	80,246
TOTAL ASSETS		257,122	229,484	120,024	165,684	132,693
EQUITY						
Capital and Reserves						
Share capital		50,376	50,376	50,376	50,376	50,376
Reserves		20,381	6,149	11,746	297	2,265
Equity attributable to owners of the parent		70,757	56,525	62,122	50,673	52,641
Non-controlling interests		291	296	313	-	-
TOTAL EQUITY		71,048	56,821	62,435	50,673	52,641
LIABILITIES						
Non-Current						
Finance lease obligations		361	464	37	-	-
Deferred tax liabilities		5,417	10,521	809	-	-
Loan from immediate holding company		-	10,705	-	-	10,705
Borrowings and loan		63,980	23,000	-	40,980	-
		69,758	44,690	846	40,980	10,705
Current						
Contract liabilites		1,867	359	1,282	-	-
Trade and other payables	B	44,346	58,282	26,783	20,051	12,279
Borrowings and loan		67,311	66,523	24,717	53,980	57,068
Loan from ultimate holding company *		-	-	3,500	-	-
Finance lease obligations		112	122	24	-	-
Income tax payable		2,680	2,687	437	-	-
		116,316	127,973	56,743	74,031	69,347
TOTAL LIABILITIES		186,074	172,663	57,589	115,011	80,052
TOTAL EQUITY AND LIABILITIES		257,122	229,484	120,024	165,684	132,693

** As at 29 August 2017, Lucrum 1 Investment Limited, a consortium led by Mr. Tan Aik Ti, Ron, Executive Chairman and Group CEO of Cityneon, has completed the acquisition of 51% shares from Star Media Group Berhad and Star Media Group Berhad ceased to be the ultimate holding company of Cityneon.*

Notes to Statements of Financial Position

A Trade and other receivables

	Group			Company	
	30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017
		Restated	Restated		
	S$'000	S$'000	S$'000	S$'000	S$'000
Trade receivables	23,459	43,053	18,086	20	17
Unbilled trade receivables	19,615	1,852	818	-	-
Other receivables	7,748	8,365	5,126	317	261
Amount owing by subsidiaries	-	-	-	111,960	79,689
Deposits	2,540	2,816	729	-	1
Prepayments	9,026	7,086	3,958	288	67
	62,388	63,172	28,717	112,585	80,035

B Trade and other payables

	Group			Company	
	30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017
		Restated	Restated		
	S$'000	S$'000	S$'000	S$'000	S$'000
Trade payables	6,999	10,718	8,716	-	-
Deferred revenue	1,281	14,316	8,044	-	-
Other payables, accruals and provisions	36,066	33,248	10,023	4,225	2,518
Amount owing to subsidiaries	-	-	-	15,826	9,761
	44,346	58,282	26,783	20,051	12,279

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

		Group	
		30 Sep 2018	31 Dec 2017
		S$'000	S$'000
Amount repayable within one year:			
- secured	Note 1	26,443	26,502
- unsecured		40,980	40,143
		67,423	66,645
Amount repayable after one year but within five years:			
- secured	Note 2	64,341	23,464
- unsecured		-	10,705
		64,341	34,169

Details of any collateral

1 The bank loans are secured by leasedhold land and building, fixed deposit and corporate guarantees.
The finance lease obligations of the Group are secured by the rights to the leased motor vehicles and office equipment.

2 A loan amount of approximately SGD40,980,000 (US$30,000,000) is secured by Lucrum 1 Investment Limited's ordinary shares in the Company that has been placed into a designated securities account in favour of the Lender.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Note	Group Third Quarter Ended 30 Sept 2018		Group 9 Months Ended 30 Sept 2018	
		2018	2017 Restated	2018	2017 Restated
		S$'000	S$'000	S$'000	S$'000
Operating Activities					
Profit/(Loss) before income tax		1,138	(2,001)	10,640	5,240
Adjustments for:					
Depreciation of property, plant and equipment		2,503	1,230	6,193	3,697
Depreciation of property, plant and equipment charged to cost of sales		53	-	154	151
Amortisation expense		884	398	2,694	825
Interest income		(7)	(20)	(29)	(44)
Interest expense		2,207	495	5,315	1,001
Property, plant and equipment written off		-	-	-	8
Loss/(Gain) on disposal of property, plant and equipment		5	(7)	4	(6)
Allowance for doubtful debt - trade		-	-	23	2
Unrealised exchange loss		283	323	738	523
Share of results of associate, net of tax		-	(31)	4	61
Operating cash flows before working capital changes		7,066	387	25,736	11,458
Changes in working capital:					
Inventories		(112)	(56)	(174)	(101)
Trade and other receivables		(8,688)	(10,431)	(3,936)	(22,237)
Net contract assets/liabilites		(22,532)	(387)	(23,335)	(925)
Trade and other payables		17,074	2,680	(15,740)	2,279
Cash used in operations		(7,192)	(7,807)	(17,449)	(9,526)
Interest paid		(2,207)	(222)	(2,926)	(728)
Income taxes paid, net		(1,048)	(23)	(2,039)	(930)
Net cash used in operating activities		(10,447)	(8,052)	(22,414)	(11,184)
Investing Activities					
Purchase of property, plant and equipment		(4,289)	(1,468)	(12,577)	(6,862)
Proceeds from disposal of property, plant and equipment		(2)	7	62	7
Acquisition of subsidiaries		-	(25,839)	-	(25,839)
Interest received		7	20	29	44
Net cash used in investing activities		(4,284)	(27,280)	(12,486)	(32,650)
Financing Activities					
Repayment of finance lease obligations		(25)	(19)	(115)	(60)
Proceeds of borrowings from bank and financial institution		18,497	52,272	70,249	60,425
Repayment of borrowings to bank		(5,573)	(20,360)	(30,760)	(25,533)
Term loan received from immediate holding company		-	10,827	-	10,827
Repayment of loan from immediate holding company		-	-	(10,705)	-
Decreased in long-term fixed deposits		-	-	-	1,152
Net cash generated from financing activities		12,899	42,720	28,669	46,811
Net (decrease)/increase in cash and cash equivalents		(1,832)	7,388	(6,231)	2,977
Cash and cash equivalents at beginning of the financial period		13,166	17,505	17,430	22,611
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		(66)	(201)	69	(896)
Cash and cash equivalents at end of the financial period	A	11,268	24,692	11,268	24,692

Notes:

A Cash and cash equivalents comprised of:

	Group 9 Months Ended 30 Sept 2018	
	2018	2017
	S$'000	S$'000
Cash and bank balances	11,768	24,692
Less: bank deposit pledged	(500)	-
	11,268	24,692

1(d)(i) A statement (for the issuer and group) showing either (i) all changed 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 year.

Statements of Changes in Equity

Group (S$'000)	Attributable to owners of the parent								
	Share capital	Retained earnings	Statutory reserve	Share option reserve	Currencies translation reserve	Premium paid on acquisition of non-controlling interests	Total	Non-controlling interests	Total equity
2017									
As at 1 January 2017, as previously reported	**50,376**	**19,423**	**149**	**3**	**(645)**	**(10)**	**69,296**	**313**	**69,609**
Effects of adopting SFRS(I)	**-**	**(7,819)**	**-**	**-**	**645**	**-**	**(7,174)**	**-**	**(7,174)**
As at 1 January 2017 (Restated)	**50,376**	**11,604**	**149**	**3**	**-**	**(10)**	**62,122**	**313**	**62,435**
Profit for the period	-	6,386	-	-	-	-	6,386	10	6,396
Other comprehensive income: Exchange differences on translating foreign operations, net of tax	-	-	-	-	(1,961)	-	(1,961)	-	(1,961)
Total comprehensive income for the period	-	6,386	-	-	(1,961)	-	4,425	10	4,435
As at 30 June 2017 (Restated)	**50,376**	**17,990**	**149**	**3**	**(1,961)**	**(10)**	**66,547**	**323**	**66,870**
Profit for the period	-	(1,877)	-	-	-	-	(1,877)	(25)	(1,902)
Other comprehensive income: Exchange differences on translating foreign operations, net of tax	-	-	-	-	(560)	-	(560)	-	(560)
Total comprehensive income for the period	-	(1,877)	-	-	(560)	-	(2,437)	(25)	(2,462)
As at 30 September 2017 (Restated)	**50,376**	**16,113**	**149**	**3**	**(2,521)**	**(10)**	**64,110**	**298**	**64,408**
2018									
As at 1 January 2018, as previously reported	**50,376**	**36,803**	**162**	**3**	**(4,462)**	**(10)**	**82,872**	**296**	**83,168**
Effects of adopting SFRS(I)	**-**	**(27,926)**	**-**	**-**	**1,579**	**-**	**(26,347)**	**-**	**(26,347)**
As at 1 January 2018 (Restated)	**50,376**	**8,877**	**162**	**3**	**(2,883)**	**(10)**	**56,525**	**296**	**56,821**
Profit for the period	-	12,956	-	-	-	-	12,956	(1)	12,955
Other comprehensive income: Exchange differences on translating foreign operations, net of tax	-	-	-	-	953	-	953	-	953
Total comprehensive income for the period	-	12,956	-	-	953	-	13,909	(1)	13,908
As at 30 June 2018	**50,376**	**21,833**	**162**	**3**	**(1,930)**	**(10)**	**70,434**	**295**	**70,729**
Profit for the period	-	778	-	-	-	-	778	(4)	774
Other comprehensive income: Exchange differences on translating foreign operations, net of tax	-	-	-	-	(455)	-	(455)	-	(455)
Total comprehensive income for the period	-	778	-	-	(455)	-	323	(4)	319
As at 30 September 2018	**50,376**	**22,611**	**162**	**3**	**(2,385)**	**(10)**	**70,757**	**291**	**71,048**

Statements of Changes in Equity (Continued)

Company (S$'000)	**Share capital**	**Share option reserve**	**Retained earnings**	**Total**
2017				
As at 1 January 2017	**50,376**	**175**	**830**	**51,381**
Total comprehensive income for the period	-	-	(502)	(502)
As at 30 June 2017	**50,376**	**175**	**328**	**50,879**
Total comprehensive income for the period	-	-	(305)	(305)
As at 30 September 2017	**50,376**	**175**	**23**	**50,574**
2018				
As at 1 January 2018	**50,376**	**175**	**2,090**	**52,641**
Total comprehensive income for the period	-	-	(1,460)	(1,460)
As at 30 June 2018	**50,376**	**175**	**630**	**51,181**
Total comprehensive income for the period	-	-	(508)	(508)
As at 30 September 2018	**50,376**	**175**	**122**	**50,673**

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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.

Share Capital

	Group and Company			
	Number of Shares		S$	S$
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Issued and fully-paid	244,656,195	244,656,195	50,376,302	50,376,302

Share Options

Since the end of the previous financial year, no new share option was granted during the financial period. There were Nil (31 December 2017: Nil) share options under the Scheme granted by the Company as at 30 September 2018.

1(d)(iii) 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.

	Group and Company	
	30 Sep 2018	31 Dec 2017
Total number of issued shares excluding treasury shares	244,656,195	244,656,195

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 does not have any treasury shares during and as at the end of the current financial period ended 30 September 2018.

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.

Not applicable. There was no subsidiary holdings during and as at the end of the current financial period ended 30 September 2018.

2 Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

Certain financial information set out in section 1, 4, 5, 6 and 11 of this announcement has been extracted from the interim financial information which have been reviewed by the Company's independent auditors in accordance with Singapore Standard on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Refer to the attached review report.

4 Whether the same accounting policies and method of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2017, except for those disclosed in paragraph 5 below.

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.

On 29 May 2014, the Accounting Standards Council announced that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standard.

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards that are effective for current period beginning on or after 1 January 2018. The relevant impacts are detailed as follows:

SFRS(I) 1 – First-time Adoption of Singapore Financial Reporting Standards (International)
On transition to SFRS(I), the Group restated comparative period financial statements to retrospectively apply SFRF(I) where applicable, except where SFRS(I) 1 specifically prohibited such retrospective applications and where optional exemption from retrospective applications were elected.

The Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, has reclassified S$645,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

SFRS(I) 15 – Revenue from Contracts with Customers
The Group adopted SFRS(I) 15 using the full retrospective approach and applied all practical expedients available. Under the application for SFRS(I) 15, the opening retained earnings of the Group as at 1 January 2018 has decreased by S$26.8m, the translation reserve has increased by S$0.5m, trade and other payables increased by S$13.6m and trade and other receivables decreased by S$12.7m.

6 **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares on issued and (b) on a fully diluted basis (detailing any adjustments made to the earnings).**

	Group		Group	
	Third Quarter Ended		9 Months Ended	
	30 Sept		30 Sept	
	2018	2017 Restated	2018	2017 Restated
	(cents)	(cents)	(cents)	(cents)
EPS (based on consolidated net profit attributable to owners of the parent)				
- Basic earnings per share (cents)	0.3	(0.8)	5.6	1.8
- Diluted earnings per share (cents)	0.3	(0.8)	5.6	1.8

Note

1 Basic earnings per share is calculated by dividing profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares in issue of 244,656,195 (30 September 2017: 244,656,195) during the financial period.

2 Diluted earnings per share is computed based on the weighted average number of ordinary shares after adjusting for the effects of potential dilutive ordinary shares is 244,656,195 (30 September 2017: 244,656,195) for the financial period.

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

NET ASSET VALUE PER SHARE	Group		Company	
	30 Sep 2018	31 Dec 2017 Restated	30 Sep 2018	31 Dec 2017
	(cents)	(cents)	(cents)	(cents)
Net assets value per share based on existing issued share capital as at the respective dates	29.0	23.2	20.7	21.5

Net asset value per share is computed based on the number of issued shares of 244,656,195 as at 30 September 2018 (31 December 2017: 244,656,195).

8 **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 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. Any material factors that affected the cash flows, working capital, assets or liabilities of the group during the current financial period reported on.**

Revenue

9M2018 vs 9M2017

The Group's 9-month revenue for period ended 30 September 2018 ("9M2018") increased by 28.7% from S$66.4m to S$85.5m recorded a year ago ("9M2017"). The increase was approximately S$19.1m.

The major revenue movements are as follows:

1. Increased contributions from Intellectual Properties Experiences (“IPE”) business segment arising from of the new additional revenue contributions from Avengers S.T.A.T.I.O.N. Set 3 (“AVG3”), Avenger S.T.A.T.I.O.N. Set 4 (“AVG4”), Transformers Autobot Alliance Set 1 (“TF1”) and Jurassic World - The Exhibition (“JW1”). There were only two Avengers S.T.A.T.I.O.N. sets (“AVG1” and “AVG2”) in operation during 9M2017.
2. IPE business segment increased by 103.5% in revenue YOY against 9M2017.
3. Opening of AVG2 in Melbourne, Australia (operated by Disney Australia & New Zealand), AVG3 in Moscow, Russia, AVG4 in Norrkoping, Sweden, TF1 in Chongqing, China and subsequently in Jeju, Korea contributed to the revenue increases. Furthermore, work done for forthcoming opening of JW1 in Madrid followed by Seoul, Korea, AVG3 in Changsha (China) and AVG4 in London contributed to further revenue growth.
4. Approximately 92% completion and revenue recognized for the Group Brunei’s Project for the Legacy Business. The project is expected to be completed in 4Q2018.
5. Improved performance in the Group’s Singapore Exhibitions business segment with revenue increament of 12.6% YOY against 9M2017.

As a result, the IPE business segment contributed almost half of the total revenue in 9M2018, in which the Gross Profit (“GP”) increased by 128.6% from S$17.5m in 9M2017 to S$40.0m in 9M2018 – due to the higher revenue contribution from IPE business segments. In the same corresponding period, IPE business segment contributed about 31.3% of the revenue in 9M2017. The aggregate Gross Profit Margin (“GPM”) improved from 43.8% in 9M2017 to 58.5% in 9M2018 as result of the higher revenue contribution from the IPE business segment.

Other Operating Income

9M2018 vs 9M2017

Other operating income increased by S$0.3m in 9M2018 mainly due to rental income generated from office units rented out in the Cityneon Building. This is expected to increase in contribution for FY2018 as a result of the acquisition of Cityneon Building in December 2017. The building achieved 100% occupancy and of which 30% was leased out to other tenants.

Operating Expenses

9M2018 vs 9M2017

Marketing and distribution expenses

Marketing and distribution expenses increased by S$0.6m or 39.3% in 9M2018 mainly due to one-off cost incurred in the corporate rebranding exercise undertaken by the Group of S$0.2m. There had also been increased travelling and marketing costs as a results of increased IPE businesses in various parts of the world.

Administrative and other operating expenses

Administrative and other operating expenses increased by S$2.5m from S$8.0m in 9M2017 to S$10.5m in 9M2018. The increase was mainly due to the following:

1. Increased professional fees as a result of various one-off expenses, including recruitment expenses for the creative team, Group's compensation and benefits analysis, restructuring exercise, and legal fees pertaining to loans arrangement. Other increased professional fees include the higher audit fees as result of expanded scope of the Group's businesses.
2. Newly incurred property taxes as result of the acquisition of the new Cityneon Building in December 2017.
3. Additional and one-off freight charges incurred for the shipment of traveling exhibitions in the IPE business segments – including the take over of the exhibition sets for Lionsgate's Hunger Games: The Exhibition ("HG1"), Universal's JW1, move of sets from Moscow to Changsha, from Norrkoping to London and Chongqing to Jeju.
4. Foreign exchange losses as result of unfavourable USD movements against SGD.

Amortisation and depreciation expenses

The Group's Amortisation expense increased by S$1.9m from S$0.8m in 9M2017 to S$2.7m in 9M2018 due to the amortisation of the intangible assets arising from of the acquisition of the new Jurassic World IP (JP Exhibition LLC) in FY2017. The acquisition would enable the Group to exploit the Jurassic World Intellectual Property under Universal globally.

The Group's depreciation expenses increased by 67.5% or S$2.5m from S$3.7m in 9M2017 to S$6.2m in 9M2018. The increase was due to:

1. The opening of 2 new exhibition sets in 9M2018 – AVG4 and TF1;
2. The depreciation of the newly acquired JW1 set in 9M2018; and
3. The depreciation of the newly acquired Cityneon Building in December 2017.

The newly acquired Lionsgate's HG1 was not accounted for as depreciation item as the set was negotiated and provided to the Group at zero costs for its exploitation.

Staff costs

Staff costs increased by S$4.1m to S$13.3m from S$9.2m as a result of:

1. An increase in headcount with the acquisition of JP Exhibition LLC – technical expertise to maintain and operate the dinosaurs in JW1.
2. Expanded creative team primarily in the Group's Las Vegas office, including the newly appointed Group Chief Creative Officer – in line with Group's strategy of shifting from Legacy Business to that of Creative Business.
3. Expanded operations and technical resources to cater to new exhibitions sets as compared to 9M2017 (AVG4, TF1, JW1).
4. Strengthened corporate team with the hiring of senior management personnel in Corporate, Human Resources and Finance.

Finance costs

Finance cost increased by approximately S$4.3m from S$1.0m in 9M2017 to S$5.3m in 9M2018 as a result of interest expense incurred for the following:

1. New China Construction Bank Corporation (Triple Wise Assets Holdings Ltd) loan of US$30m for the acquisition of JP Exhibition LLC in 4Q2017.
2. New Financial Institution Loan of US$30m for the construction and update of four new exhibitions sets – AVG3, AVG4, TF1, JW1 and for the preparation of the opening (creative, design, installation) of HG1 at MGM Las Vegas in 1H2019.
3. Project financing for the completion of Brunei's Project for the Legacy Business – expected in 4Q2018.
4. New Property Loan of S$23.0m for the Cityneon Building acquired in December 2017.

Income tax expenses

As a result of the reduced corporate tax rate of 21% (w.e.f. 1 Jan 2018) in the United States of America under the Trump's Administration, the Group was able to recognise a S$4.5m write back of deferred tax liabilities pertaining to its IP licenses categorized as intangible assets on its balance sheet. The one-off write back resulted in a positive S$3.1m tax credit for the Group in 9M2018. The lower tax rate of 21% will benefit the Group on an ongoing basis.

EBITDA & profit for the period

	Group		Change	Group		Change
	Third Quarter Ended 30 Sept			9 Months Ended 30 Sept		
	2018	2017		2018	2017	
	S$'000	S$'000	%	S$'000	S$'000	%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	6,778	102	6,545.1	24,967	10,870	129.7

In 9M2018, the EBITDA of the Group increased by 129.7% from S$10.9m in 9M2017 to S$25.0m in 9M2018.

Net profit after tax registered a 205.5% increase of S$9.2m from S$4.5m in 9M2017 to S$13.7m in 9M2018.

Review of Financial Position

The net assets value ("NAV") of the Group as at 30 Sept 2018 was S$70.8m which translates into 29.0 cents per ordinary share, representing a 25.0% increase from 31 December 2017 ("FY2017").

The major movements in balance sheet items are summarised as follows:

Assets

(i) Increase in Property, Plant & Equipment ("PPE") from S$80.2m to S$89.0m was mainly due to the newly constructed and commissioned exhibitions sets – AVG4 and TF1, and the Group commencing to contruct Jurassic Exhibition - Set 2 (JW2) and Hunger Games set in the period under review.

(ii) The reduction in intangible asset of S$2.6m was due to the amortisation already taken into account in the Group's Profit & Loss ("P&L") in the period under review.

(iii) The increase in goodwill of S$3.3m was resulting from a change to the provisional amount recognised for the liability due to new information obtained during the measurement period relating to the acquisition of JP Exhibition LLC in FY2017.

(iv) Net contract assets/liabilities increased by S$23.3m as result of more contract work completed vis-à-vis the Legacy Business' billing milestones.

(v) Trade and other receivables decreased by S$0.8m from S$63.2m as at 31 December 2017 to S$62.4m as at 30 September 2018.

Out of the S$62.4m, the Trade debtors as at 30 September 2018 stood at S$23.5m (37.7% of total trade and other receivables), a significant decrease of 45.5% from S$43.1m as a result of successful collections in the period under review of the Legacy Business Brunei's Project and the scheduled payments of the IPE business segment.

Unbilled trade receivables increased from S$1.9 to S$19.6m due to new touring exhibition agreement signed, whereby the scheduled payment is not yet due. Other receivables, deposits and prepayments also contributed another S$19.3m (31.0%) of the total trade and other receivables of the Group.

(vi) Cash and cash equivalent decreased from S$17.9m to S$11.8m as a result of the following:
a. Advanced payments for the completion of the Group's Legacy business of the Brunei's Project, due for completion in 4Q2018;
b. Group's additional investments in 2 new exhibition sets – AVG4 and TF1;
c. Group's preparation for the opening of HG1 at MGM Las Vegas 1H2019; and
d. Group's initial investment for design and construction of JW2.

Liabilities

(i) Trade and other payables decreased by S$14.0m or 23.9% from S$58.3m to S$44.3m as a result of the following:
a. Advanced payments made for the completion of the Group's Legacy Business of the Brunei's Project, due for completion in 4Q2018.
b. Payment of the contingent consideration on acquisition of JP Exhibition LLC.
c. Recognition of deferred revenue in 9M2018.

As at 30 September 2018, the Group's trade payables stood at S$7.0m (15.8% of total Trade and Other Payables) – primarily for the Group's Legacy Business segments.

(ii) Non-current borrowings and loan increased from S$33.7m to S$64.0m, while current borrowing increased from S$66.5m to S$67.3m as at 30 September 2018. The movements on the borrowings are summarised as below:

a. The total borrowings of the Group stood at S$131.3m as of 30 September 2018. The breakdown is as follow:
   i. US$30m from China Construction Bank Corporation (Triple Wise Assets Holdings Ltd) –
      - For purpose of JP Exhibition LLC acquisition in FY2017
      - For the global rights of Universal Studio's Jurassic World IP and the exhibition set JW1.
   ii. US$30m from Financial Institution –
      - For the consolidation and repayments of loans post Lucrum 1's acquisition of shares from Star Media Group in August 2017.
      - Design, upgrade and build of new exhibition sets to increase from the Group's three Avengers S.T.A.T.I.O.N. sets as at December 2017 to seven exhibitions sets (Avengers S.T.A.T.I.O.N., Transformers Autobot Alliance, Jurassic World - The Exhibition, The Hunger Games: The Exhibition) as at 30 September 2018.
      - Advanced payments for the construction for JW2. The Group is in the process to commission the design and build of JW3 and JW4 in 4Q2018.
      - Advance payment for the completion of the Brunei's Project for the Legacy Business in 4Q2018.

b. S$23.0m from Hong Leong Finance – For the acquisition of Cityneon Building.
c. S$26.3m from other banks – For the regular financing of the Group's Legacy Business segments and working capital purpose.

Cash Flow Review

As at 30 September 2018, the Group recorded positive operating cash flow before working capital changes of S$25.7m as compared to S$11.5m in 9M2017. The major movements in the changes in working capital are as follows:

(i) Reduction of S$18.3m of trade and other receivables in 9M2018 as a result of successful collection of partial payment of the Legacy Business Brunei's Project and scheduled payments of License Fees of the various IPE contracts. The collection effort has been mitigated with the increase in unbilled trade receivables in relation to new touring exhibition agreement signed;

(ii) Significant outflow due to the trade and other payables of S$15.7m is as a result of payments made for the completion of the Group's Legacy business of the Brunei's Project due for completion in 4Q2018, payment of the contingent consideration on acquisition of JP Exhibition LLC and the recognition of deferred revenue in 9M2018; and

(iii) Increase in net contract assets/liabilities by S$23.3m, mainly due to progress revenue recognized for legacy business projects for which bills will be due later on milestone completion and approvals.

As a result, the net cash used in operating activities was S$22.4m.

The Group recorded net cash used in investing activities of S$12.5m in 9M2018 due to the:

(i) Design and construction of AVG4.

(ii) Design and construction of TF1.

(iii) Continued upgrade of the existing AVG1, AVG2, and AVG3 in line with the latest Marvel Studios' movie releases (Black Panther, Infinity Stones, Thanos, WASP).

(iv) Commenced design and build of JW2 and HG1.

In 9M2018, the Group recorded net cash generated from financing activities of S$28.7m. The major movements include the followings:

(i) Drawdown of S$70.2m of loan from China Construction Bank Corporation and other financial institutions.

(ii) Repayment of current borrowings of S$30.8m.

(iii) Repayment of shareholder loans of S$10.7m procured from Lucrum 1 during the bridging period when Lucrum 1 acquired its shares from Star Media Group in 2H2017.

As a result of the above, the Group's cash and cash equivalents at the end of 30 September 2018 stood at S$11.3m.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual result.

There is no forecast or prospect statement 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.

The Group has grown from one exhibition set (AVG1) when it acquired VHE in September 2015 to today's seven exhibition sets (AVG1, AVG2, AVG3, AVG4, TF1, JW1, and HG1) exhibiting in different parts of the world. The Group's IP exhibition sets had travelled to 19 different cities globally, with twenty-four visits (with some cities more than once).

- o North America – 6 cities, 7 visits.
- o Europe – 4 cities, 5 visits.
- o Asia Pacific – 9 cities, 12 visits.

For the rest of 2H2018, the Group has also scheduled the following travel routes for its exhibition sets:

- o AVG3 – Changsha, China
- o AVG4 – London, United Kingdom
- o TF1 – Jeju, Korea
- o JW1 – Madrid, Spain and thereafter to Seoul, Korea

The Group has planned its tour schedules for all its Avengers S.T.A.T.I.O.N. and Transformers Autobots Alliance exhibition sets for the rest of 2019, and has signed a long-term touring deal for its JW1 exhibition set in Seoul, Korea, after Madrid, Spain.

In addition, the Group is expecting to open the HG1 exhibition set in MGM Las Vegas in 1H2019 – making this the 2nd semi-permanent installation for the Group in Las Vegas, USA. The opening of HG1 will leverage on the current Group's stronger performances of its AVG1 set at Treasure Island, Las Vegas, USA since June of 2016. We expect further improvements in economies of scale in Las Vegas as a result.

The Group has also announced the design and construction of JW2, and has plans to open the exhibition set (JW2) in Las Vegas, USA, in time for Jurassic World 3 movie in 2021. The Group intends to complete the design and construction of TF2 for the re-opening of the experiences in China in 2019.

The Group is currently in discussion for the 5th Intellectual Property and is expecting to conclude its negotiations in 2018.

The Group is still in the process of transforming its business from that of the Legacy's to one of Intellectual Property and Creative and Design led business.

11 Dividend

(a) Current Financial Period reported on

Any dividend declared for the current financial period reported on? No

(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) Books closure date

Not Applicable

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

No dividend has been declared or recommended for the current financial period ended 30 September 2018.

12 Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	$'000	**$'000**
Lucrum 1 Investment Limited (interest on Shareholder's loan)	223	NA

13 Confirmation by the Board pursuant to Rule 705(5) of the listing manual

The Board of Directors of the Company confirms that to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited results for the third quarter and the 9-month period ended 30 September 2018 to be false or misleading in any material respects.

14 Confirmation that issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX Listing Manual.

The Company has procured undertakings from all directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

15 Directors' responsibilities

The Directors of the Company (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that there are no material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement."

16 Subsequent event

On 29 October 2018, a mandatory unconditional cash offer was made by Credit Suisse (Singapore) Limited, for and on behalf of the Offeror for all issued and paid-up ordinary shares in the capital of the Company, other than those shares already owned or agreed to be acquired by the Offeror. Please refer to the Offer Announcement dated 29 October 2018 for more information.

The Singapore Code on Take-Overs and Mergers

The unaudited results for the third quarter and the 9-month period ended 30 September 2018 have been reported on in accordance with The Singapore Code on Take-overs and Mergers.

Auditors' Consent

BDO LLP, the auditors of the Company in relation to the condensed consolidated statement of financial position of the Group, the condensed statement of financial position of the Company as at 30 September 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the third quarter and the 9-month period ended 30 September 2018, and selected explanatory notes (the "Interim Financial Information"), has given and has not withdrawn its written consent to the release of its review letter dated 12 November 2018 on the Interim Financial Information of the Group for purpose of attachment to the Company's announcement on its unaudited results for the 9-month period ended 30 September 2018, and all references to its name in the form and context in which they appear herein.

Independent Financial Adviser's Consent

Novus Corporate Finance Pte. Ltd., the independent financial adviser to the directors of the Company who are considered independent for the purposes of the offer by the Offeror for all the issued ordinary shares of the Company, has given and has not withdrawn its written consent to the release of its letter dated 12 November 2018 in relation to the Interim Financial Information of the Group for purpose of attachment to the Company's announcement on its unaudited results for the 9-month period ended 30 September 2018, and all references to its name in the form and context in which they appear herein.

BY ORDER OF THE BOARD

Cho Form Po
Company Secretary
13 November 2018