



(Incorporated in the Republic of Singapore)

(Company Registration No. 201424372N)

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**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020**

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**PART I - INFORMATION REQUIRED FOR FIRST HALF-YEARLY 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.

	Group		Change %
	Six months period ended		
	30 Sept 2020 1H FY2021 (Unaudited) S\$'000	30 Sept 2019 1H FY2020 (Unaudited) S\$'000	
Revenue	19,907	117,431	-83.0%
Cost of sales	(19,777)	(59,230)	-66.6%
<b>Gross profit</b>	<b>130</b>	<b>58,201</b>	<b>-99.8%</b>
Other income			
- Interest	30	44	-31.8%
- Others	8,033	284	2728.5%
Other (losses)/gains - net	(1,374)	171	-903.5%
Administrative expenses	(22,453)	(31,015)	-27.6%
Finance expenses	(9,610)	(10,203)	-5.8%
Share of profits/(losses) of associated companies and joint venture	234	(13)	-1900.0%
(Loss)/Profit before income tax	(25,010)	17,469	-243.2%
Income tax expense	(783)	(4,683)	-83.3%
<b>Net (loss)/profit for the financial period</b>	<b>(25,793)</b>	<b>12,786</b>	<b>-301.7%</b>
<b>Other comprehensive loss, net of tax:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation - losses	(85)	(73)	16.4%
<b>Total comprehensive (loss)/ income for the financial period</b>	<b>(25,878)</b>	<b>12,713</b>	<b>-303.6%</b>
<b>(Loss)/Profit attributable to:</b>			
Equity holders of the Company	(22,415)	9,176	-344.3%
Non-controlling interests	(3,378)	3,610	-193.6%
	<b>(25,793)</b>	<b>12,786</b>	<b>-301.7%</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company	(22,484)	9,129	-346.3%
Non-controlling interests	(3,394)	3,584	-194.7%
	<b>(25,878)</b>	<b>12,713</b>	<b>-303.6%</b>

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

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

	Group		Change %
	Six months period ended		
	30 Sept 2020 1H FY2021 (Unaudited) S\$'000	30 Sept 2019 1H FY2020 (Unaudited) S\$'000	
Amortisation of film rights	4,684	6,066	-22.8%
Amortisation of film intangibles and film inventories	608	337	80.4%
Amortisation of intangible assets	794	582	36.4%
Property, plant and equipment written off	554	-	100.0%
Depreciation of property, plant and equipment	4,267	4,264	0.1%
Depreciation of right-of-use assets	11,277	11,223	0.5%
Employees compensation	9,122	13,151	-30.6%
Expected credit loss on financial assets	(15)	-	100.0%
Interest income	(30)	(44)	-31.8%
Interest expenses on borrowings	7,658	7,867	-2.7%
Interest on lease liabilities	1,952	2,336	-16.4%
Government grants, including JSS grant	(3,117)	(30)	10290.0%
Waiver of lease liabilities payment (rental rebate)	(4,751)	-	100.0%
Gain on fair value changes in derivative financial instrument	(54)	-	100.0%
Gain on disposal of property, plant and equipment	(15)	-	100.0%
Loss/(Gain) on foreign exchange, net	949	(171)	-655.0%

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 period/year.

	Group		Company	
	30 Sept 2020 FY2021 (Unaudited) S\$'000	31 Mar 2020 FY2020 (Audited) S\$'000	30 Sept 2020 FY2021 (Unaudited) S\$'000	31 Mar 2020 FY2020 (Audited) S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	11,076	29,383	229	308
Trade and other receivables	126,806	138,434	273,938	281,976
Inventories	299	412	-	-
Other current assets	86,975	84,498	-	-
Film products and films under production	2,825	2,825	-	-
Income tax recoverable	353	277	-	-
	228,334	255,829	274,167	282,284
<b>Non-current assets</b>				
Trade and other receivables	20,867	21,603	-	-
Financial assets, at fair value through profit or loss ("FVPL")	4,808	4,765	-	-
Investments in subsidiaries	-	-	70,226	70,225
Investments in associated companies	2,792	2,522	2,675	2,425
Investment in a joint venture	49	87	-	-
Property, plant and equipment	103,141	112,894	166	89
Intangible assets and goodwill	282,458	279,812	-	-
Film rights	37,714	41,635	-	-
Film intangibles and film inventories	26,499	16,442	-	-
Deferred income tax assets	382	1,721	-	-
	478,710	481,481	73,067	72,739
<b>TOTAL ASSETS</b>	<b>707,044</b>	<b>737,310</b>	<b>347,234</b>	<b>355,023</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	85,693	91,720	68,081	70,671
Contract liabilities	13,856	11,662	-	-
Borrowings	181,897	131,693	94,499	43,713
Lease liabilities	18,248	23,093	57	67
Derivative financial instruments	177	163	-	-
Current income tax liabilities	4,138	5,929	-	-
	304,009	264,260	162,637	114,451
<b>Non-current liabilities</b>				
Borrowings	82,457	126,144	52,373	103,631
Lease liabilities	61,980	61,743	-	23
Derivative financial instruments	44	113	-	-
Provisions	4,956	5,009	-	-
Deferred income tax liabilities	5,870	6,435	-	-
	155,307	199,444	52,373	103,654
<b>TOTAL LIABILITIES</b>	<b>459,316</b>	<b>463,704</b>	<b>215,010</b>	<b>218,105</b>
<b>NET ASSETS</b>	<b>247,728</b>	<b>273,606</b>	<b>132,224</b>	<b>136,918</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	152,870	152,870	152,870	152,870
Reserves	(14,504)	(14,435)	-	-
Retained profits/(accumulated losses)	56,667	79,082	(20,646)	(15,952)
	195,033	217,517	132,224	136,918
Non-controlling interests	52,695	56,089	-	-
<b>TOTAL EQUITY</b>	<b>247,728</b>	<b>273,606</b>	<b>132,224</b>	<b>136,918</b>

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 Sept 2020 (Unaudited)		As at 31 Mar 2020 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
175,410	6,487	125,206	6,487

Amount repayable after one year

As at 30 Sept 2020 (Unaudited)		As at 31 Mar 2020 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
82,457	-	126,144	-

Details of any collateral

The Group's secured portion of borrowings are secured by:

- (i) corporate guarantees from the Company and certain subsidiaries
- (ii) certain subsidiaries' ordinary shares
- (iii) a subsidiary's leasehold property; and
- (iv) assignment of all of a subsidiary's rights, title, benefits and interests in connection with the agreement executed relating to a project.

1(b)(iii) Additional information.

	Group	
	30 Sept 2020 (Unaudited) FY2021 S\$'000	31 Mar 2020 (Audited) FY2020 S\$'000
<b><u>(A) Property, plant and equipment</u></b>		
Property, plant and equipment	35,567	29,227
Right-of-use assets	67,574	83,667
	103,141	112,894
<b><u>(B) Intangible assets and goodwill</u></b>		
Goodwill	248,846	248,974
Intangible assets	33,612	30,838
	282,458	279,812
<b><u>(C) Trade and other receivables - Current</u></b>		
Trade receivables	86,036	88,010
Accrued revenue	681	2,245
Other receivables and deposits	40,089	48,179
	126,806	138,434
<u>Trade receivables analysed by ageing</u>		
Below 3 months	10,444	48,077
3 - 6 months	26,260	4,343
Above 6 months	52,327	38,663
	89,031	91,083
Expected credit loss ("ECL")	(2,995)	(3,073)
	86,036	88,010
<b><u>(D) Trade and other payables - Current</u></b>		
Trade payables	48,847	44,972
Other payables and accruals	36,846	46,748
	85,693	91,720

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

**Consolidated Statement of Cash Flows**

	Group	
	Six months period ended	
	30 Sept 2020	30 Sept 2019
	1H FY2021	1H FY2020
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Net profit	(25,793)	12,786
Adjustments for:		
- Income tax expense	783	4,683
- Interest income	(30)	(44)
- Finance expenses	9,610	10,203
- Amortisation of film rights	4,684	6,066
- Amortisation of film intangibles and film inventories	608	337
- Amortisation of intangible assets	794	582
- Depreciation of property, plant and equipment	4,267	4,264
- Depreciation of right-of-use assets	11,277	11,223
- Gain on fair value changes in derivative financial instrument	(54)	-
- Gain on disposal of property, plant and equipment	(15)	-
- Expected credit loss on financial assets	(15)	-
- Property, plant and equipment written off	554	-
- Share of (profits)/losses of associated companies and joint venture	(234)	13
- Loss on unrealised foreign exchange	802	182
Operating cash flows before working capital changes	<u>7,238</u>	<u>50,295</u>
Changes in working capital:		
- Trade and other receivables	10,462	(2,968)
- Inventories	111	(45)
- Other current assets	(2,614)	(19,986)
- Film products and films under production	-	(696)
- Film intangible and film inventories	(10,680)	(892)
- Trade and other payables	(6,463)	(24,008)
- Contract liabilities	2,195	5,566
Cash generated from operations	<u>249</u>	<u>7,266</u>
Income tax paid	(1,877)	(5,593)
<b>Net cash (used in)/generated from operating activities</b>	<b><u>(1,628)</u></b>	<b><u>1,673</u></b>
<b>Cash flows from investing activities</b>		
Additions of film rights	(776)	(11,536)
Additions to investment in financial assets, FVPL	-	(1,350)
Deposit paid for potential investment in unquoted shares	-	(500)
Additions to intangible assets	(2,577)	(6,702)
Additions to property, plant and equipment	(6,033)	(1,655)
Interest received	23	35
Proceeds from disposal of property, plant and equipment	16	-
<b>Net cash used in investing activities</b>	<b><u>(9,347)</u></b>	<b><u>(21,708)</u></b>
<b>Cash flows from financing activities</b>		
Interest paid	(6,551)	(7,785)
Proceeds from issuance of convertible bonds and notes	-	5,000
Proceeds from borrowings	11,500	39,727
Repayments of borrowings	(7,449)	(8,130)
Repayments of lease liabilities	(4,726)	(9,806)
<b>Net cash (used in)/generated from financing activities</b>	<b><u>(7,226)</u></b>	<b><u>19,006</u></b>
<b>Net changes in cash and cash equivalents</b>	<b>(18,201)</b>	<b>(1,029)</b>
<b>Cash and cash equivalents</b>		
At beginning of financial period	28,087	18,566
Effects of currency translation on cash and cash equivalents	(122)	(47)
<b>At end of financial period</b>	<b><u>9,764</u></b>	<b><u>17,490</u></b>
<b>Cash and cash equivalent comprise:</b>		
Cash and bank balances	9,343	18,148
Fixed deposits	1,733	431
Bank overdraft	(1,312)	(1,089)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b><u>9,764</u></b>	<b><u>17,490</u></b>

- 1(d) 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.

**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	Reserves S\$'000	Retained profits S\$'000	Total S\$'000		
<b>As at 1 April 2020</b>	<b>152,870</b>	<b>(14,435)</b>	<b>79,082</b>	<b>217,517</b>	<b>56,089</b>	<b>273,606</b>
Net loss for the financial period	-	-	(22,415)	(22,415)	(3,378)	(25,793)
Other comprehensive loss for the financial period	-	(69)	-	(69)	(16)	(85)
Total comprehensive loss for the financial period	-	(69)	(22,415)	(22,484)	(3,394)	(25,878)
<b>As at 30 September 2020</b>	<b>152,870</b>	<b>(14,504)</b>	<b>56,667</b>	<b>195,033</b>	<b>52,695</b>	<b>247,728</b>
<b>As at 1 April 2019</b>	<b>152,870</b>	<b>(14,455)</b>	<b>75,748</b>	<b>214,163</b>	<b>52,466</b>	<b>266,629</b>
Net profit for the financial period	-	-	9,176	9,176	3,610	12,786
Other comprehensive loss for the financial period	-	(47)	-	(47)	(26)	(73)
Total comprehensive (loss)/income for the financial period	-	(47)	9,176	9,129	3,584	12,713
Acquisition of non-controlling interest	-	(77)	-	(77)	77	-
<b>As at 30 September 2019</b>	<b>152,870</b>	<b>(14,579)</b>	<b>84,924</b>	<b>223,215</b>	<b>56,127</b>	<b>279,342</b>

**Company (Unaudited)**

	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>As at 1 April 2020</b>	<b>152,870</b>	<b>(15,952)</b>	<b>136,918</b>
Net loss for the financial period	-	(4,694)	(4,694)
<b>As at 30 September 2020</b>	<b>152,870</b>	<b>(20,646)</b>	<b>132,224</b>
<b>As at 1 April 2019</b>	<b>152,870</b>	<b>(5,405)</b>	<b>147,465</b>
Net loss for the financial period	-	(5,416)	(5,416)
<b>As at 30 September 2019</b>	<b>152,870</b>	<b>(10,821)</b>	<b>142,049</b>

**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.**

<b><u>Shares Capital - Ordinary Shares</u></b>	<b>Number of shares</b>	<b>Issued and paid-up share capital S\$</b>
<b>Ordinary shares of the Company</b>		
As at 30 September 2020	<u>1,162,804,610</u>	<u>152,869,417</u>
As at 31 March 2020	<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.**

	<b>30 Sept 2020</b>	<b>31 Mar 2020</b>
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 September 2020 and 31 March 2020.

**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 period 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 period, 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.

**3 (a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, the financial statements have been adequately disclosed.**

**3 (a)(i) Updates on the efforts taken to resolve each outstanding audit issue.**

**3 (a)(ii) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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.**

Same as disclosed in paragraph 5 below, 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 September 2020 compared to the audited financial statements for the financial year ended 31 March 2020.

**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 2020, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial period or prior financial periods/years.

**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	
	Six months period ended	
	30 Sept 2020 1H FY2021	30 Sept 2019 1H FY2020
<b>(Loss)/Earnings per share ("LPS" / "EPS")</b>		
(Loss)/Profit attributable to equity holders of the Company (S\$'000) <sup>(1)</sup>	(22,415)	9,176
Weighted average number of ordinary share issued	1,162,804,610	1,162,804,610
Basic and fully diluted basis (LPS)/EPS (cents) <sup>(1) (2) (3)</sup>	<u>(1.93)</u>	<u>0.79</u>

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

<sup>(2)</sup> The fully diluted basis EPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue plus number of shares that may be issued on conversion of outstanding convertibles and share allotment for the respective periods.

<sup>(3)</sup> 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 Sept 2020	31 Mar 2020	30 Sept 2020	31 Mar 2020
Net asset value attributable to equity holders of the Company (S\$'000)	195,033	217,517	132,224	136,918
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>0.17</u>	<u>0.19</u>	<u>0.11</u>	<u>0.12</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)**

##### **1H FY2021 vs 1H FY2020**

##### **Revenue**

Group's revenue have declined significantly by \$97.5 million or 83.0%, from \$117.4 million in 1H FY2020 to \$19.9 million in 1H FY2021 is mainly due to adverse impact from the outbreak of COVID-19 to all the Group's business segments since January 2020.

Core business's commercial activities has been slow-down from the beginning of the period, nevertheless, Core business has completed and delivered several projects to customers during 1H FY2020. Revenue from Core business decreased by \$16.0 million or 54.4% from \$29.4 million in 1H FY2020 to \$13.4 million in 1H FY2021, mainly due to lesser number of projects delivered and distribution income also have been affected due to cinema closure during the first 3 months of the financial period.

Revenue from Cinema segment decreased by approximately \$45.9 million or 92.7% from \$49.5 million in 1H FY2020 to \$3.6 million in 1H FY2021. In current period under review, Cinema segment is significantly affected by COVID-19 as its operations have been temporarily closed due to directives of both Singapore and Malaysia governments, from beginning of the financial period and resumed operation in July 2020 with limited capacity because of social distancing measures.

Revenue from Concert and event ("Event") segment decreased by approximately \$32.9 million or 96.8%, from \$34.0 million in 1H FY2020 to \$1.1 million in 1H FY2021. This is mainly due to the segment did not hold any live entertainment event/concert during 1H FY2021 as most of the large-scale projects have been deferred as to contain the spread of COVID-19.

Revenue from Post and digital content production ("Post-production") segment declined by approximately \$3.1 million or 91.2%, from \$3.4 million in 1H FY2020 to \$0.3 million in 1H FY2021 is mainly due the segment did not produce any live entertainment such as new tour show/ MICE ("Meetings Incentives, Conferences and Exhibitions") during this period and many of its customers have been rescheduling due to the uncertainty of the COVID-19, although the segment has delivered some smaller scale of post-production work projects.

##### **Cost of sales**

Cost of sales decreased by approximately \$39.4 million or 66.6%, from \$59.2 million in 1H FY2020 to \$19.8 million in 1H FY2021. The decrease in cost of sales was in line with the decrease in revenue from respective business segments except for other direct fixed cost have been incurred consistently throughout the period such as depreciation and amortisation.

##### **Gross profit**

Gross profit decreased by \$58.1 million or 97.3%, from \$58.2 million in 1H FY2020 to \$0.1 million in 1H FY2021, and gross profit margin decreased from 49.6% in 1H FY2020 to 0.7% in 1H FY2021. This is mainly due to lower revenue and incurred some recurring direct fixed cost such as depreciation, amortisation and direct staff cost continually during the period under review.

##### **Other income**

Other income increased by approximately \$7.7 million, from \$0.3 million in 1H FY2020 to \$8.0 million in 1H FY2021, was mainly due to (i) grant receipts of approximately \$3.0 million from Jobs Support Scheme ("JSS") and (ii) waiver of lease liability repayment (i.e. rental rebate) from Cinema segment for approximately \$4.7 million.

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

Group recorded net other losses approximately of \$1.4 million in 1H FY2021 compared to net gains of \$0.2 million in 1H FY2020. The net other losses in 1H FY2021 mainly attributed to (i) loss on foreign exchange approximately by \$1.1 million and (ii) property, plant and equipment written off attributable rationalising part of Cinema segment and cafe business (Others segment), affected by COVID-19 pandemic of \$0.2 million and \$0.4 million respectively.

- 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 PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)** (continued)

**Administrative expenses**

The Group implemented cost containment measures at the beginning of this financial period which saw administrative expenses reduced by approximately \$8.5 million or 27.4%, from \$31.0 million in 1H FY2020 to \$22.5 million in 1H FY2021. The cost savings were mainly derived from (i) staff costs reduced by \$2.9 million due to group-wide salary reductions and (ii) cinema operation building maintenance expenses reduced by \$4.5 million mainly consist of utilities, cleaning fee, repair and maintenance cost and other operations expenses due to cinema closure during the first 3 month of the financial period.

**Finance expenses**

Finance expenses comprising:

- (a) interest expense on borrowings of \$7.6 million (1H FY2020: \$7.9 million), decreased marginally by \$0.3 million or 3.8% mainly due to lower bank borrowings as compared to last corresponding period.
- (b) interest expense on lease liabilities of \$2.0 million (1H FY2020: \$2.3 million), decreased by \$0.3 million or 13%. The decrease is mainly due to lower lease liabilities as compared to last corresponding period.

Overall, the total finance expenses decreased slightly by \$0.6 million or 5.9%, from \$10.2 million in 1H FY2020 to \$9.6 million in 1H FY2021.

**Share of profits/(losses) of associated companies and joint venture**

The share of profits of associated companies and joint venture increased by approximately \$0.2 million, was mainly due to better financial performance from an associated company in 1H FY2021 as compared with 1H FY2020 losses in the associated company.

**(Loss)/Profit before income tax**

As result of the aforementioned, the Group reported a loss before income tax of approximately \$25.0 million in 1H FY2021, compared to net profit \$17.5 million in 1H FY2020, a decrease of \$42.5 million or 242.9% as compared to 1H FY2020. It is mainly derived from Cinema segment reported loss before tax of \$16.5 million and Event segment reported loss before tax of \$3.9 million as both segments' revenue and operations were adversely affected by the COVID-19 pandemic.

**Earnings before amortisation, depreciation, taxation and interest expense (EBITDA)**

Included in the profit or loss are amortisation expenses of \$6.1 million mainly derive from Core business's film rights, film intangible and film inventories and depreciation expense of \$15.5 million mainly derived from Cinema segment's fixed assets. Accordingly, Group's EBITDA reported at \$6.2 million in 1H FY2021 as compared to \$50.1 million reported in 1H FY2020, a decrease of \$43.9 million or 87.6%.

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 PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)** (continued)

**Pro forma consolidated statement of profit or loss analysis**

From 1 April 2019, the Group has adopted SFRS(I) 16 "Leases". The new accounting standard requires that lease agreements with a fixed or minimum rent are recognised in the Group's Statement of Financial Position as a right-of-use asset (presented in property, plant and equipment) and a lease liability. SFRS(I)16 has a significant impact on the Group's Statement of Financial Position and Statement of Comprehensive Income. The pro forma EBITDA has increased on an SFRS(I) 16 basis significantly as the reported rental expense on operating leases decreased while depreciation of the right-of-use assets and interest expenses on the lease liability increased.

In the view of this, a pro forma of consolidated income statement have been prepared to illustrate the Group's financial performance by excluding the SFRS(I) 16 impact in the current and comparative period.

	Adjustment for exclusion					
	As reported		SFRS(I) 16 impact		Pro forma	
	1H FY2021	1H FY2020	1H FY2021	1H FY2020	1H FY2021	1H FY2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	19,907	117,431	-	-	19,907	117,431
Cost of sales	(19,777)	(59,230)	-	-	(19,777)	(59,230)
Gross profit	<b>130</b>	<b>58,201</b>	-	-	<b>130</b>	<b>58,201</b>
Other income						
- Interest	30	44	-	-	30	44
- Others	8,033	284	-	-	8,033	284
Other (losses)/gains - net	(1,374)	171	-	-	(1,374)	171
Administrative expenses	(22,453)	(31,015)	(888)	(1,102)	(23,341)	(32,117)
Finance expenses	(9,610)	(10,203)	1,952	2,336	(7,658)	(7,867)
Share of profits/(losses) of associated companies and joint venture	234	(13)	-	-	234	(13)
(Loss)/Profit before income tax	(25,010)	17,469	1,064	1,234	(23,946)	18,703
Income tax expense	(783)	(4,683)	-	-	(783)	(4,683)
Net (loss)/ profit for the financial period	<b>(25,793)</b>	<b>12,786</b>	<b>1,064</b>	<b>1,234</b>	<b>(24,729)</b>	<b>14,020</b>
Adjusted earnings/(loss) before interest, tax, depreciation and amortisation ("EBITDA"/("LBITDA"))	<b>6,230</b>	<b>50,144</b>	<b>12,165</b>	<b>12,325</b>	<b>(5,935)</b>	<b>37,819</b>

**Pro forma administrative expenses**

Pro forma administrative expenses has reduced by approximately \$8.8 million or 27.4% from \$32.1 million in 1H FY2020 to \$23.3 million in 1H FY21. The decrease is mainly contributed by:

- (i) staff costs reduced by \$2.9 million due to group-wide salary reductions; and
- (ii) cinema operation building maintenance expenses reduced by \$4.5 million mainly consist of utilities, cleaning fee, repair and maintenance cost and other operations expenses due to cinema closure during the first 3 month of the financial period.

**Pro forma finance expenses**

Pro forma interest expense decreased marginally by \$0.3 million or 3.8%, from \$7.9 million in 1H FY20 to \$7.7 million in 1H FY2020, mainly due to lower bank borrowing as compared to last corresponding period.

**Pro forma LBITDA**

Included in the profit or loss are amortisation expenses of \$6.1 million mainly derive from Core business's film rights, film intangible and film inventories and depreciation expense of \$4.3 million mainly derived from Cinema segment's fixed assets. Accordingly, Group's pro forma LBITDA reported at \$1.2 million in 1H FY2021 as compared to \$37.8 million reported in 1H FY2020, a decrease of \$36.6 million or 96.8%.

- 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)**

***30 September 2020 vs 31 March 2020***

**Current assets**

Current assets decreased by \$27.5 million or 10.8%, from \$255.8 million as at 31 March 2020 to \$228.3 million as at 30 September 2020, was attributable from:

- (i) net reduction of trade and other receivables by approximately \$11.6 million or 8.4%, from \$138.4 million as at 31 March 2020 to \$126.8 million as at 30 September 2020. The net movement comprising the following:
  - total net decrease in trade receivables and unbilled receivables by approximately \$3.5 million; and
  - net decrease in other receivables and deposits for approximately \$8.1 million is mainly due to reduction in project deposits paid for approximately \$2.0 million in Core and Post-production segment and reduction in prepayment of \$5.4 million in Event segment.
- (ii) decrease in cash and cash equivalents by approximately \$18.3 million or 62.2%, from \$29.4 million as at 31 March 2020 to \$11.1 million as at 30 September 2020, was mainly due to cash utilisation in operation, investing and financing activities of \$1.6 million, \$9.3 million and \$7.2 million respectively (refer to Review of Cash Position for details);
- (iii) increase in other current assets (i.e. costs incurred by the Group in fulfilling a contract with its customers (third party commissioned projects) by approximately \$2.5 million or 3.0%, from \$84.5 million as at 31 March 2020 to \$87.0 million as at 30 September 2020, was mainly due to:
  - production costs incurred for new and existing on-going projects; and
  - certain project handover have deferred to later date and hence did not recognised to profit or loss as at date of review.

**Non-current assets**

Non-current assets decreased by \$2.8 million or 0.6%, from \$481.5 million as at 31 March 2020 to \$478.7 million as at 30 September 2020, was mainly due to:

- (i) decrease in long term non-trade receivables was contributed by Events Segment by \$0.7 million or 3.2% was due to loss in revaluation of foreign currency balance (i.e. unrealised foreign exchange loss) during the period;
- (ii) decrease in property, plant and equipment ("PPE") by \$9.8 million or 8.7% was mainly due to:
  - PPE written off approximately \$0.6 million arising from rationalising part of Cinema and cafe segment (Other segment), affected by the COVID-19 pandemic of \$0.2 million and \$0.4 million respectively.
  - monthly depreciation charges on PPE, including Right-of-use, approximately \$15.5 million.Offset with additions of property, plant and equipment approximately \$6.0 million from Event segment.
- (iii) decrease in film rights by \$3.9 million or 9.4% was mainly due to amortisation of film rights amounted \$4.7 million during the period;
- (iv) additional of intangible assets and goodwill by \$2.6 million or 0.9% was mainly attributable to Post-production segment as to increase their acquired rights for their future post and digital content productions projects.
- (v) additional of film intangibles and film inventories by \$10.1 million or 61.0% was mainly attributable to :
  - additional of film inventories for approximately \$8.0 million in Core segment; and
  - Post-production segment approximately \$2.0 million as to increase their future post and digital content productions projects.

- 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 September 2020 vs 31 March 2020***

**Current liabilities**

Current liabilities increased by \$39.7 million or 15.0%, from \$264.3 million as at 31 March 2020 to \$304.0 million as at 30 September 2020, was mainly due to:

- (i) increase in short-term borrowings by approximately \$50.2 million or 38.1%, from \$131.7 million as at 31 March 2020 to \$181.9 million as at 30 September 2020, was mainly due to the reclassification of Medium Term Note Programme ("MTN") amounted \$50.0 million from non-current to current liabilities in accordance with the terms and conditions of MTN;
- (ii) decrease in trade and other payable by \$6.0 million or 6.5% was mainly due to repayment of creditors during the period under review;
- (iii) decrease in lease liabilities by \$4.9 million or 21.2% was mainly attributable to Cinema segment's waiver of lease liabilities payment (i.e. rental rebate) from landlords for approximately \$4.7 million during the period under review;
- (vi) increase in contract liabilities (advance billing but services yet to be delivered) by \$2.2 million or 18.8% was mainly attributable to Core and Cinema segments amounted \$1.4 million arising from increase in progress billing for on-going projects and deferred income from unutilised cinemas' sales of voucher; and
- (v) decrease in current income tax liabilities by \$1.8 million or 30.5% was mainly due to repayment of tax during the period;

**Non-current liabilities**

Non-current liabilities decreased by approximately \$44.1 million or 22.1%, from \$199.4 million as at 31 March 2020 to \$155.3 million as at 30 September 2020. The decrease was mainly due to the reclassification of MTN from non-current to current liabilities.

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

As at 30 September 2020 (1H FY2021), our cash and cash equivalents amounted to approximately \$9.8 million, as compared to \$17.5 million as at 30 September 2019 (1H FY2020). The decrease in cash and cash equivalents is mainly arising from:

**(a) Net cash used in operating activities**

In 1H FY2021, the Group generated approximately \$7.2 million (1H FY2020: \$50.3 million) net cash from operating activities before net working capital changes. After applying net working capital changes, it generated net cash outflows of approximately \$1.6 million (1H FY2020: net cash inflows \$1.7 million). The net working capital changes derived from:-

- (i) decrease in trade and other receivables of \$10.5 million;
- (ii) increase in contract liabilities of \$2.2 million due to increase in progress billing for on-going projects;
- (iii) increase in other current assets of \$2.6m million due to incurring production cost for on-going projects;
- (iv) increase in film intangibles and film inventories of \$10.6 million due to additional investment by Core and Post-production segment.
- (v) decrease in trade and other payables of \$6.5 million; and
- (vi) corporate tax payment of \$1.9 million during the periods.

- 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 CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW)** (continued)

**(b) Net cash used in investing activities**

In 1H FY2021, net cash used in investing activities amounted to approximately \$9.3 million as compared to 1H FY2020 of \$21.7 million, was mainly contributed by:

- (i) acquisition of film rights for approximately \$0.8 million from Core business;
- (ii) increase in intangible assets by Post-production segment for \$2.6 million which arising from project investment; and
- (iii) additions to property, plant and equipment for \$6.0 million which mainly contributed by Events segment.

**(c) Net cash generated from financing activities**

In 1H FY2021, net cash outflows from financing activities amounted to approximately \$7.3 million (1H FY2020: net cash inflows \$19.0 million), mainly contributed by:

- (i) proceeds from bank borrowing approximately \$11.5 million. Included this proceeds is temporary bridging loan under Enterprise Financing Scheme amounted to \$10.0 million.
- (ii) borrowing repayment for \$7.5 million, mainly derived from Core and Event segments;
- (iii) reduction in lease liabilities for \$4.7 million; and
- (iv) interest payment of \$6.6 million (comprising interest on bank borrowing of \$4.6 million and interest on lease liabilities of \$2.0 million).

As aforesaid mentioned, the Group recorded a net cash decrease of approximately \$18.2 million in 1H FY2021, as compared to a net cash decrease of approximately \$1.0 million in 1H FY2020.

- 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.**

The COVID-19 pandemic has been continuing for several months, with many parts of the world still facing increasing cases. Nevertheless, most of the markets the Group operates in are gradually opening up and moving towards favourable conditions for the Group's businesses, particularly in China, Taiwan and Hong Kong.

The Group remains optimistic about the market as content and entertainment remain part of many people's lifestyles, and an upswing demand can happen quickly when market confidence remains, especially in markets where COVID-19 cases are well contained.

The Group's short-term challenges will be to operate well in results-contributing markets and managing costs well in challenging markets for the time-being. The Group is confident our nimble operations are quick to adapt to combat the near to mid-term market uncertainties.

**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.

**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 half year ended 30 September 2020, 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 November 2020