we are creators.

media & content for asia

mm2 Asia Ltd.
Annual Report 2018

Contents

Corporate Profile

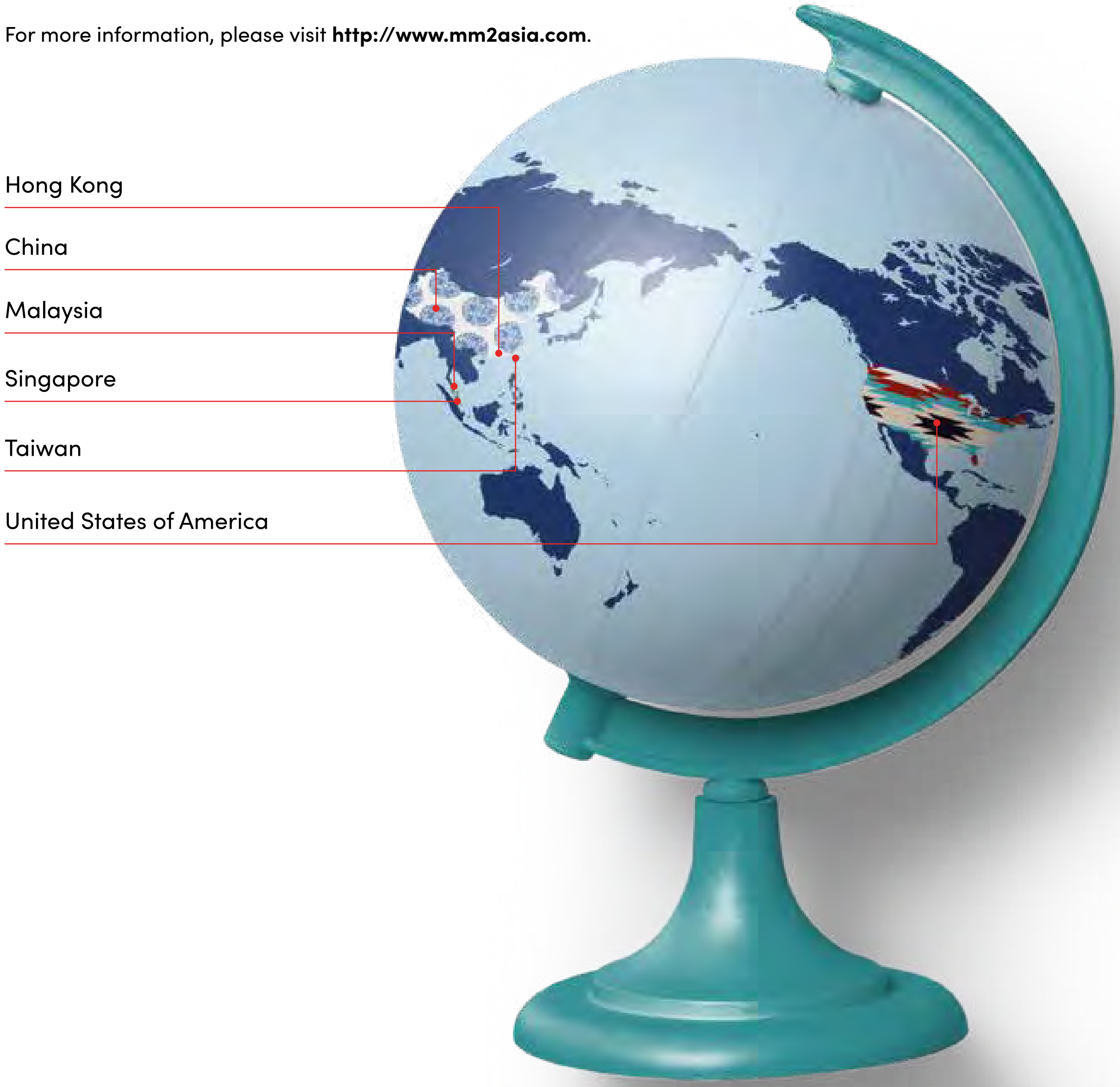
Headquartered in Singapore, mm2 Asia Ltd. champions "Content and Media for Asia", with businesses in the production, distribution and sponsorship of film, TV and online content, post-production, cinema operation, event production and concert promotion in Singapore, Malaysia, Hong Kong, Taiwan, China and the United States of America.

Since being listed on the SGX Catalist in December 2014, mm2 Asia has strengthened its competitive advantage through its acquisition of a majority stake in an award-winning Singaporean 3D animation company, Vividthree Productions, and event-and-concert production company, UnUsUaL Limited (SGX stock code: 1D1). With the establishment of mmCineplexes and the acquisition of Cathay Cineplexes Pte. Ltd., mm2 Asia is currently one of the key cinema operators in Malaysia and Singapore.

On 7 August 2017, mm2 Asia successfully transferred to the SGX Mainboard (SGX stock code: 1B0), becoming the first Singaporean film production company to have achieved this.

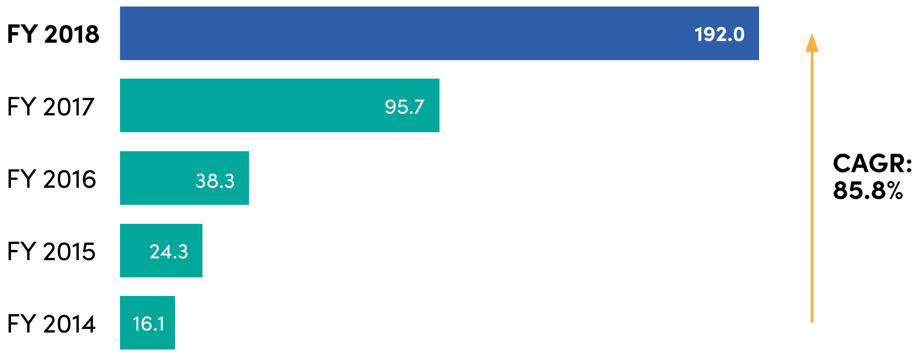
The Group's primary business activities are:
1. Core Business – Production, Distribution and Sponsorship
2. Post-Production and Content Production
3. Cinema Operation
4. Event Production and Concert Promotion

For more information, please visit **http://www.mm2asia.com**.

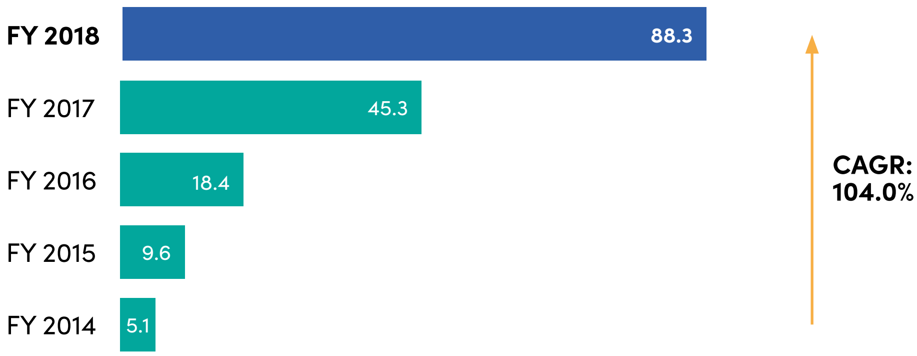


Financial Highlights

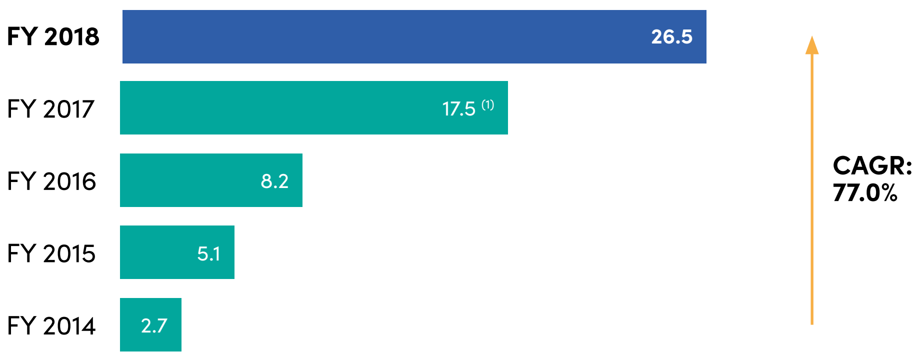
REVENUE
(S$ million)



GROSS PROFIT
(S$ million)

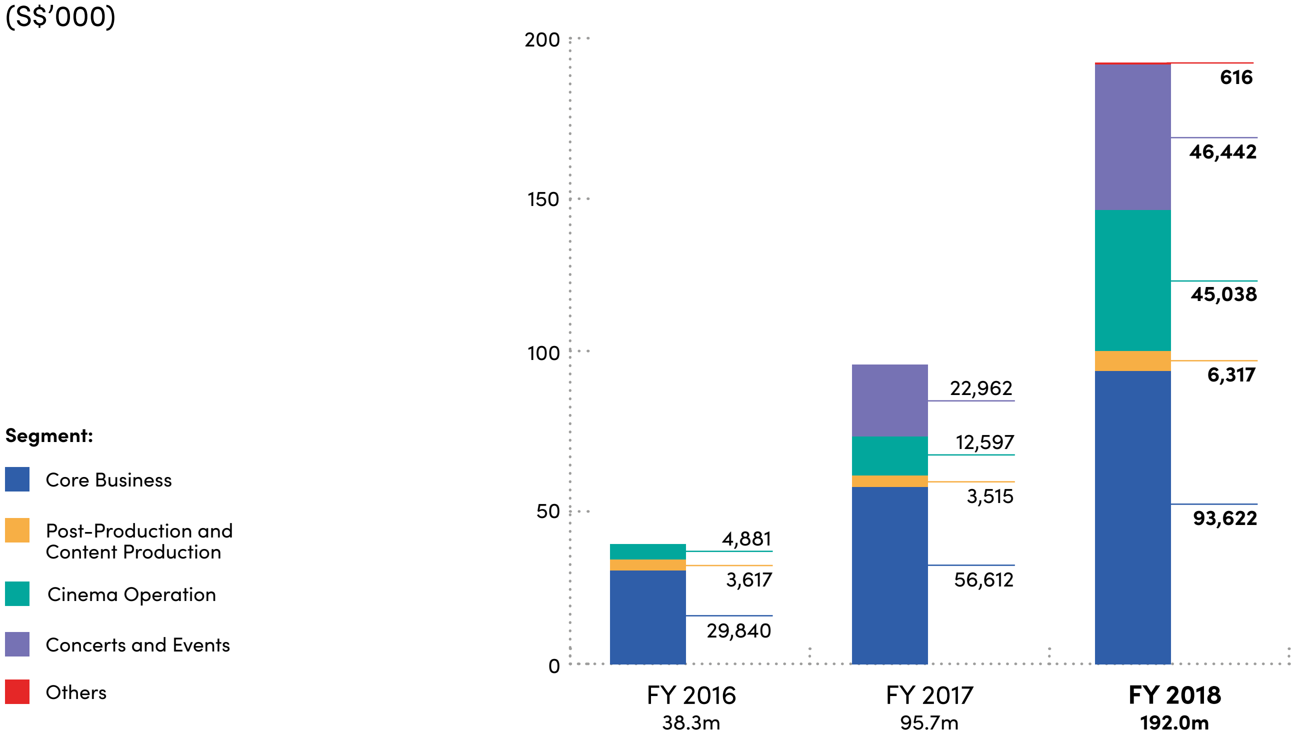


NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(S$ million)

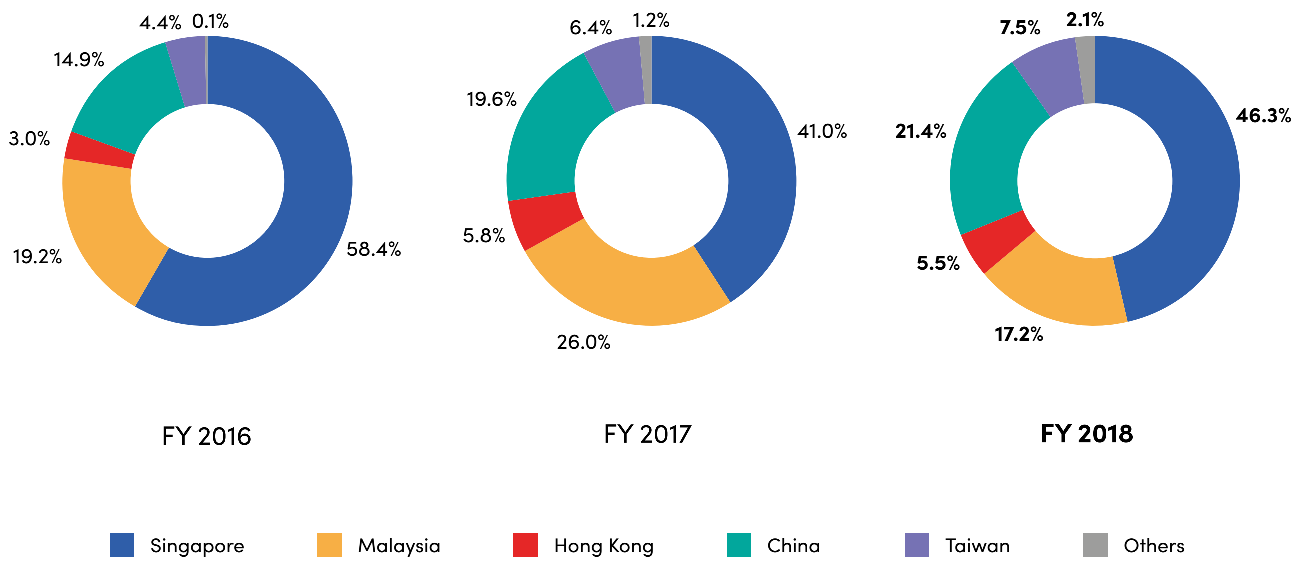


(1) Restated

REVENUE BREAKDOWN BY BUSINESS SEGMENTS
(S$'000)



REVENUE BREAKDOWN BY GEOGRAPHICAL LOCATION



Our Business

CORE BUSINESS – PRODUCTION, DISTRIBUTION AND SPONSORSHIP

The Group's core business lies in film, TV and online content production, distribution and sponsorship. As a producer, mm2 Asia provides services across the entire content value chain, allowing us to derive revenue from all relevant stages of the filmmaking process – from inception to exhibition.

Production Income
The Group derives production income from producer and consultancy fees, producer's bonuses, government subsidies, script development, exploitation of copyrights, pre-production, principal photography and other contributions.

Distribution Income
Distribution income is derived through the distribution of content produced by the Group or third parties across various platforms – cinemas, Pay TV, Free TV, online, DVD, airlines and others. For films mm2 Asia has a stake in, we are entitled to a percentage of net receipts from the films distributed across these platforms. The Group also receives commissions from script licensing and other post-release licensing agreements such as adaptation and sequel rights.

Sponsorship Income
The Group derives sponsorship income through offering advertisers content and platform solutions to promote their products and services.

POST-PRODUCTION AND CONTENT PRODUCTION

vividthree

The Group also offers post-production and content production services and immersive experiences through Vividthree Productions Pte. Ltd. ("Vividthree Productions"), a leading multi-award winning visual effects, computer generated imagery and virtual reality studio in Singapore. Vividthree Productions caters to commercial, film and television content and immersive experiences, and has a global clientele of renowned directors and broadcasters across commercial, corporate and government sectors.

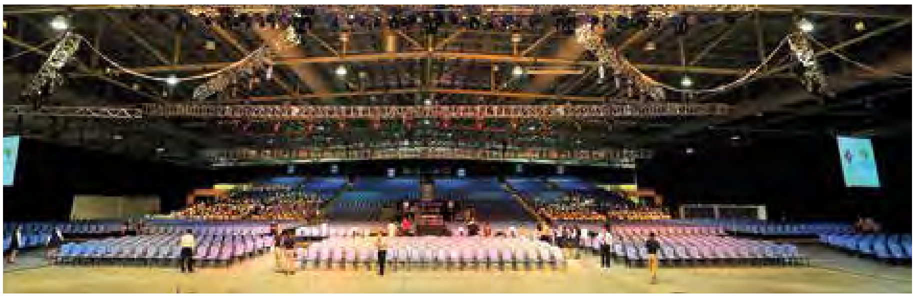
Notable Post-Production Works

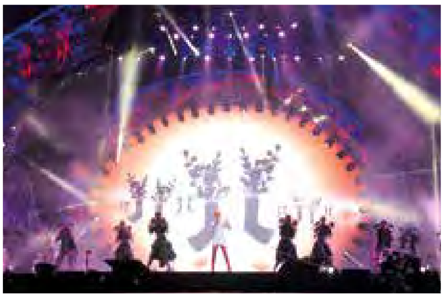
CINEMA OPERATION

The Group is currently the only cinema operator with a significant presence in Malaysia and Singapore. As a result of the Group's acquisition of assets from Cathay Cineplexes Malaysia, Lotus Fivestar Cinemas and Mega Cinemas, the Group operates mmCineplexes, the Group's cinema brand, with 133 screens across 18 locations in Malaysia. Whereas in Singapore, the Group operates 64 screens across 8 locations under the brand "Cathay Cineplexes Pte. Ltd.".

EVENT PRODUCTION AND CONCERT PROMOTION

UnUsUaL Limited [1] ("UnUsUaL"), currently listed on the SGX Catalist Board (SGX Stock Code: 1D1), is the Group's event production and concert promotion arm. UnUsUaL produces and promotes large-scale events and concerts for renowned artistes and showrunners, offering comprehensive creative and technical solutions for events and concerts in Singapore and the region.





[1] UnUsUaL Limited was listed on the SGX Catalist Board on 10 April 2017

Our Year in Review

OPERATIONS REVIEW

FY2018 saw mm2 Asia's development in three areas, following the growth trajectories set in FY2017:

1. **Growth of Core Business in North Asia**
   Continuing our focus on North Asia, revenue from North Asia contributed to 34.4% of the Group's total revenue, up from 31.7% in FY2017. We also enabled several projects in these markets for our Group's subsidiaries.

2. **Expansion of Cinema Business**
   Enlarging the Group's cinema operations, we completed the acquisition of cinema businesses and assets across 13 locations from Lotus Fivestar Cinemas (M) Sdn.Bhd. in Malaysia, in September 2017. Furthermore, the Group's strategic acquisition of Cathay Cineplexes Pte. Ltd. in Singapore has made the Group the only cinema operator currently present in both Malaysia and Singapore.

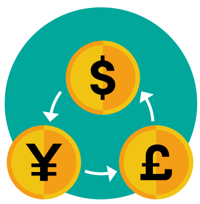
3. **Continual Growth of Event Production and Concert Promotion Business**
   Our majority stake in UnUsUaL Limited has proven to be a strong revenue stream for the Group. Our presence in the live entertainment industry has granted us access to more resources and networks for our expansion as a full-fledged media and content company, offering more opportunities of engagement to regional artistes.

GROWTH
OF CORE BUSINESS
IN NORTH ASIA

REVENUE FROM NORTH
ASIA CONTRIBUTED TO
34.4%
OF THE GROUP'S TOTAL
REVENUE

RECOGNISED ON
FORBES AS ASIA'S
200 BEST
UNDER A BILLION

COMPLETED THE
ACQUISITION OF CINEMA
BUSINESSES AND ASSETS
ACROSS **18** LOCATIONS
IN MALAYSIA AND **8**
LOCATIONS IN SINGAPORE



ESTABLISHMENT OF
US$300 MILLION
GUARANTEED
MULTICURRENCY
MEDIUM TERM NOTE
PROGRAMME

ISSUANCE OF
$47.85 MILLION
CONVERTIBLE BONDS &
NOTES BY MM CONNECT
(CINEMA BUSINESS)

Corporate Milestones

DATE	DESCRIPTION
December 2014	Listed on the SGX Catalist Board
April 2015	Completion of 51% stake acquisition in Vividthree Productions Pte. Ltd.
June 2015	Issuance of S$2.875 million Convertible Bonds to Phillip Asia Pacific Opportunity Fund Ltd.
July 2015	Issuance of S$2.6 million with S$1.3 million greenshoe option Exchangeable Convertible Bonds to 3VS1 Asia Growth Fund 2 Ltd.
November 2015	Completion of acquisition of 2 cinemas' businesses and assets from Cathay Cineplexes Sdn. Bhd.
December 2015	Placement of S$5 million to three investors
	Completion of 70% stake acquisition in mm2View Pte. Ltd. ("mm2view")
February 2016	Completion of Share Split of 1 ordinary share to 2 ordinary shares
March 2016	Placement Agreement with StarHub Ltd ("StarHub") to acquire 9% stake in mm2 Asia for S$18 million
July 2016	Completion of acquisition of 3 cinemas' businesses and assets from Mega Cinemas
August 2016	Completion of 51% stake acquisition in UnUsUaL Pte. Ltd.
	Recognised on Forbes as Asia's 200 Best under a Billion
October 2016	Completion of Share Split of 1 ordinary share to 2 ordinary shares
November 2016	Incorporation of subsidiary mm2 Entertainment USA, Inc in California, United States of America
	Binding term sheet with Lotus Fivestar Cinemas (M) Sdn. Bhd. to acquire cinema businesses and assets in 13 locations in Malaysia
February 2017	Incorporation of subsidiary 满满哆文化传媒(上海)有限公司 mm2 International Co., Ltd. in Shanghai, China
March 2017	Announced that The Voice, Talpa Global B.V.'s flagship format, will be co-produced by mm2 Entertainment Pte. Ltd., StarHub and Astro Malaysia Holdings Berhad for Singapore and Malaysia
April 2017	Appointment of Mr. Chang Long Jong as Chief Executive Officer of mm2 Asia
	Listing of UnUsUaL Limited on SGX Catalist Board
May 2017	Appointment of Mr. Ong Hock Seng as Chief Executive Officer of the Group's Cinema Business
	Partnership with Malaysia's Rhizophora Ventures and Pinewood Iskandar Malaysia Studio
	Signing of Co-Production Deal with Turner for 5 Features Films in 3 Years
July 2017	Placement Agreement with StarHub Ltd ("StarHub") to acquire 2.3% stake in mm2 Asia for S$15 million
Aug 2017	Commencement of Trading on SGX Mainboard
September 2017	Completion of acquisition of 13 cinemas' businesses and assets from Lotus Fivestar Cinemas
November 2017	Completion of Acquisition of Cathay Cineplexes Pte. Ltd.
February 2018	Issuance of S$47.85 million Convertible Bonds and Notes by MM Connect Pte. Ltd. (Cinema Business)
	Signing of Binding Term Sheet by Vividthree Productions to Develop "Train to Busan" Virtual Reality Tour Show
March 2018	Establishment of US$300,000,000 Guaranteed Multicurrency Medium Term Note Programme

Financial Review

REVENUE

In the financial year ended 31 March 2018 ("FY2018"), the Group recorded revenue of $192.0 million, an increase of $96.3 million or 101% from $95.7 million recorded in financial year ended 31 March 2017 ("FY2017").

The increase was mainly due to our completion of acquisitions of cinema business assets from Lotus Fivestar Cinemas (M) Sdn. Bhd. on 15 September 2017 and a subsidiary, Cathay Cineplexes Pte. Ltd., on 24 November 2017, which contributed to an increase of $32.4 million in revenue from cinema operation during the financial year. The increase in revenue was also contributed by our event production and concert promotion business, UnUsUaL Limited ("UnUsUaL"), which recorded an increase of $23.5 million as the Group consolidated UnUsUaL's financial results for the full year in FY2018 as opposed to 5 months in FY2017, since UnUsUaL was acquired by the Group in August 2016. On top of that, the Group's core business revenue also saw double-digit growth of 65% or $37.0 million, from $56.6 million in FY2017, to $93.6 million in FY2018.

GROSS PROFIT

The Group's gross profit increased by $43.1 million or 95%, from $45.2 million in FY2017, to $88.3 million in FY2018. The increase corresponded to the revenue growth in our core business, cinema business and event production and concert promotion business.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by $26.9 million or 133%, from $20.2 million in FY2017, to $47.1 million in FY2018. The increase in administrative expenses was mainly due to the consolidation of our newly acquired business assets and subsidiary, in addition to professional fees arising from the acquisitions during the financial year.

FINANCE EXPENSES

Finance expenses increased by $0.2 million or 14%, from $1.4 million in FY2017, to $1.6 million in FY2018. The increase was a result of the issuance of convertible bonds and notes and bank borrowings in relation to the acquisitions of our cinema business assets and subsidiary during the financial year. However, this was offset by the decrease in finance expenses in relation to the unwinding of discount on deferred purchase consideration.

PROFIT BEFORE TAX

As a result, the Group recorded an increase of $16.9 million or 70% in profit before tax from $24.0 million in FY2017, to $40.9 million in FY2018.

FINANCIAL POSITION

As at 31 March 2018, the Group maintained a healthy financial position. Total assets amounted to $586.2 million, an increase of $420.2 million from 31 March 2017, while total liabilities amounted to $373.6 million, from $69.5 million as at 31 March 2017.

Non-current assets increased by $280.6 million or 402%, from $69.9 million as at 31 March 2017, to $350.5 million as at 31 March 2018, representing 60% of the Group's total assets. The increase in non-current assets was largely due to the increase of $228.0 million in goodwill and $30.0 million in property, plant and equipment as a result of the acquisitions of our cinema business assets and a subsidiary during the financial year. The goodwill arising from these acquisitions in the financial year was provisionally determined as the purchase price allocation exercise of these acquisitions is currently being assessed.

Current assets increased by $139.6 million or 145%, from $96.1 million as at 31 March 2017, to $235.7 million as at 31 March 2018, representing 40% of the Group's total assets. Cash and bank balances improved by $67.4 million, mainly due to proceeds from the issuance of convertible bonds and notes during the financial year. On the other hand, trade and other receivables increased by $69.0 million, mainly contributed by our core business and event production and concert promotion business in the fourth quarter of FY2018.

Non-current liabilities increased by $74.4 million or 1014%, from $7.3 million as at 31 March 2017, to $81.7 million as at 31 March 2018, representing 22% of the Group's total liabilities. This was mainly due to the drawdown of bank loans and proceeds from the issuance of convertible bonds and notes to finance the acquisitions of our cinema business and assets, and provisions for restoration cost for cinema halls.

Current liabilities increased by $229.8 million or 370%, from $62.1 million as at 31 March 2017, to $291.9 million as at 31 March 2018, representing 78% of the Group's total liabilities. Trade and other payables increased by $228.0 million, largely contributed by the deferred purchase consideration for the acquisition of a subsidiary, of $215 million, and subsequent to financial year ended 31 March 2018, the Group has paid the deferred purchase consideration.

CASH POSITION

As at 31 March 2018, the Group's cash and bank balances amounted to $93.2 million as compared to $25.8 million as at 31 March 2017.

Net Cash Provided by Operating Activities

In FY2018, the Group generated net cash inflows of $63.1 million from operating activities before net working capital changes of $62.4 million in cash outflows. The Group's net working capital outflow was mainly attributable to our core business and event production and concert promotion business.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to $73.7 million, of which $60.6 million was used for acquisition purposes, $10.2 million for capital expenditure and $3.4 million to acquire other intangible assets. On top of that, there was a net cash generated of $0.5 million from bank interest earned.

Net Cash Generated from Financing Activities

Net cash of S$140.6 million generated from financing activities, was mainly due to cash inflows of $115.5 million pursuant to the issuance of convertible bonds and notes by our cinema business, out of which $67.2 million was subsequently redeemed in November 2017. Moreover, there was a cash inflow of $64.1 million pursuant to the placement of shares to the financial institutions and StarHub Ltd and $29.1 million proceeds from the bank loan for recent acquisitions. On top of that, there was also cash inflows of $17.5 million pursuant to the issuance of shares by our subsidiary, UnUsUaL Limited. Meanwhile, the repayment of bank loan, convertible bonds and notes, finance lease and payment of interest amounted to $85.5 million.

Financial Review

FUTURE OUTLOOK

In FY2018, the Group's growth was attributable to the 3 drivers of growth as set out in FY2017, namely,

Copyrights
The Group's content creation capabilities now extend beyond films and TV, as shown by the foray into virtual reality tour shows by Vividthree Productions Pte. Ltd., now a virtual reality, visual effects and computer-generated imagery studio. In February 2018, Vividthree Productions Pte. Ltd. entered into a binding term sheet with Contents Panda, owner of the popular 2016 Korean blockbuster – "Train to Busan", to create VR tour shows based on the movie. Vividthree is entitled to jointly operate the self-created shows with partners in all territories other than South Korea. As such, the shows have garnered interest from investors in China. Our signing of a co-production deal with Turner to produce 5 feature films in the next 3 years was also a testament to our belief that the creation, acquisition and exploitation of unique copyrights will be the main driver of the Group's growth in the medium-to-long term. Moreover, our production capabilities in more formats, including branded content and online series, allow us to work with advertisers to appeal to content-focused audiences through different channels.

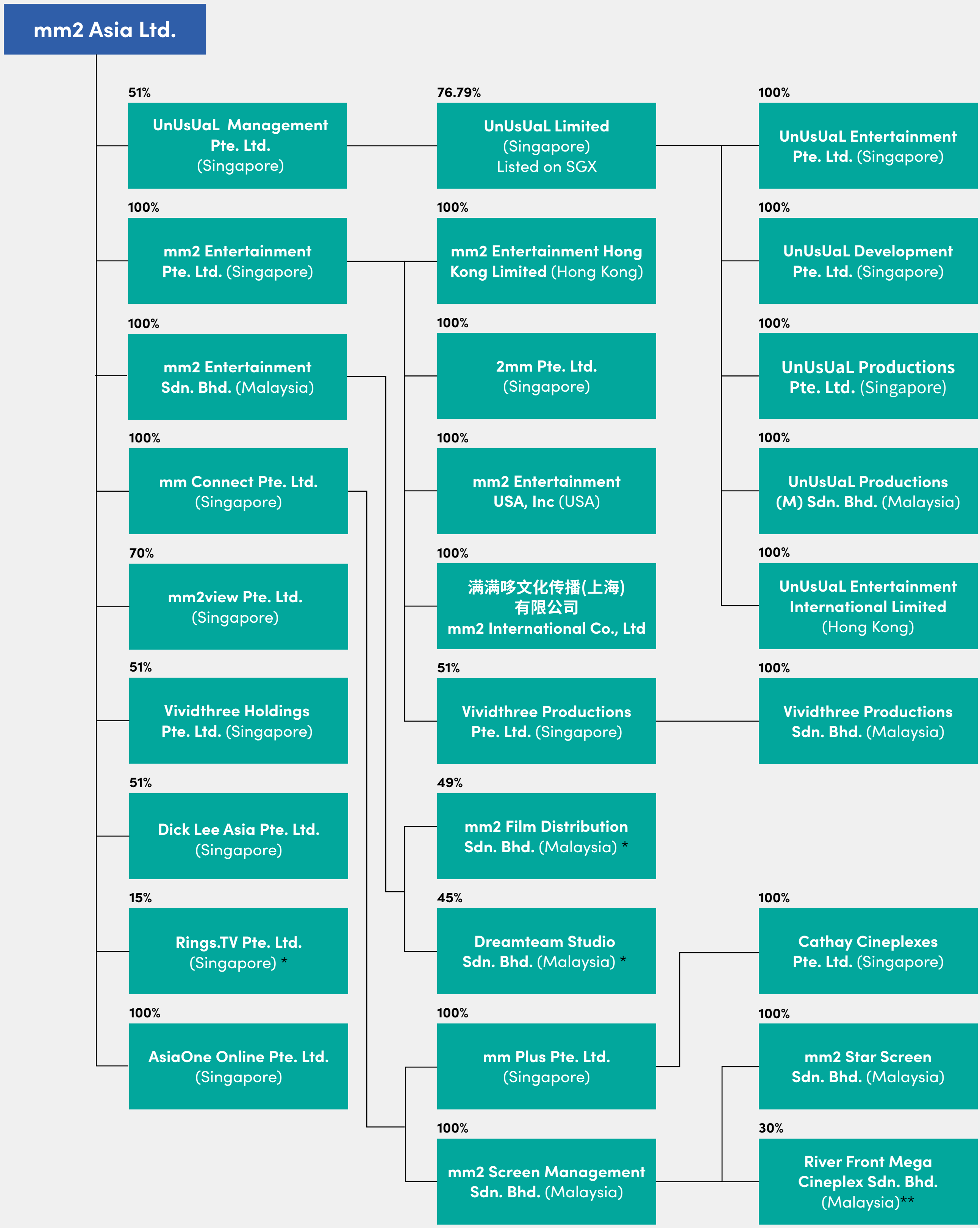
Regional Expansion into North Asia
The Group expects to see a higher number of film productions and co-productions coming out of Hong Kong, Taiwan and China, as exemplified by the fact that 34.4% of the Group's production revenue was derived from North Asia in FY2018. We believe revenue contribution from North Asia will increase as we leverage our strong network of contacts and talents, as evident from UnUsUaL Limited's proposed acquisition of Beijing Wish Entertainment Co. Ltd., UnUsUaL's signing of a letter of intent with Feld Entertainment to present 48 "Disney on Ice" shows in South Korea and Taiwan, and UnUsUaL's collaboration with JJ Lin's music production company - JFJ Productions in Taiwan. In addition, the Group is making meaningful strides in non-Chinese speaking markets as well, such as Thailand, Indonesia, South Korea and USA.

Platform Business
Upon the completion of the acquisition of Lotus Fivestar Cinemas' businesses and assets in 13 locations in Malaysia in September 2017, and the acquisition of Cathay Cineplexes Pte. Ltd. in November 2017, we have strengthened our presence in multiple platform businesses. The Group has also signed a binding term sheet with Singapore Press Holdings to form a company that operates the AsiaOne website, making it a lifestyle, entertainment and news portal for urbanites in Asia.

Overall, the Group will continue to actively pursue business opportunities to expand and strengthen our capabilities and competencies to become a leading media and content company in Asia.

Group Structure

As at 22 June 2018



* Associated company
** Joint venture

Executive Chairman & CEO's Statement

MELVIN ANG
Founder and Executive Chairman

FY2018, in short, presented many opportunities to learn and grow for mm2 Asia, both as a public company and as a content creator. We kicked off FY2018 with the listing of UnUsUaL on the SGX Catalist Board in April 2017. It was the first instance of a subsidiary's successful spin-off from the Group, and I am extremely glad that it has unlocked tremendous value for our shareholders since then. Subsequently, mm2 Asia also started trading on the SGX Mainboard in August 2017, which has given the Group access to new groups of investors. These have been significant corporate milestones for the Group as we establish ourselves as Asia's leading media and content company by gaining the trust of our shareholders from all around the world.

As a content creator, the increasing popularity of digital media and live entertainment in Asia has allowed us to focus on strengthening our presence and capabilities across all stages of the content value chain, to really embody the old saying of "Content is King." We also believe in helping the industry develop, wherever we are present. In FY2018, we concluded our first mm2 Movie Makers Awards in Hong Kong, and the results were incredibly encouraging.

All of our industry development initiatives help us discover talents from all across our markets. We identify good talent and copyrights to create greater content for each market, tapping into our strong network in the region and ability to be a central connecting bridge for Chinese-speaking markets across Asia.

I would like to congratulate Mr Chang Long Jong for having displayed strong leadership qualities since he joined us in April 2017. I believe he will continue to drive the Group to the next growth stage.

On behalf of the Group, I would like to thank all our shareholders and business partners, my fellow Board members and all management and staff of the Group for their continued support.

As a relatively young company, there is still plenty we can learn and we are committed to become a leader in content and media for Asia.

CHANG LONG JONG
Group CEO

FY2018 marks my first year with mm2 Asia and it has been an incredible journey. The year saw the achievement of a number of significant milestones, including our transfer to the SGX Mainboard, the acquisition of Cathay Cineplexes and a new record in our financial results. Our business is propelled by three key growth areas, namely content and IP development and exploitation, business expansion into North Asia, and delivery of platform experiences.

Producing movies continues to be one of the major thrusts of our core business. "Ah Boys To Men 4", "Take Me To The Moon", "Turn Around" and "Wonderful Liang Xi Mei" were among the most notable movies produced or co-produced in FY2018. "Shuttle Life", a movie co-produced with our regional partners, won multiple accolades at the 20th Shanghai International Film Festival. The track records we have built over the years as an accomplished movie producer have paved the way for us to forge strategic partnerships with the likes of Fox Networks Group, Turner Asia Pacific and most recently, CJ E&M in regional movie co-productions.

Beyond the silver screen, there is also growing demand for content for digital platforms and experiences. We have a production unit that focuses on producing digital content for clients and various platforms. We also produce cross-border content for TV platforms, for example, "The Voice 决战好声" which broke the viewership records of Astro and StarHub in Malaysia and Singapore, respectively. Our subsidiary, Vividthree Productions has started to develop and acquire IPs that could deliver compelling VR experiences, as part of larger interactive and immersive entertainment experiences for consumers. Live entertainment is another important driver of our Group's growth. With the listing of UnUsUaL, the company has embarked on its expansion plans to acquire more shows and IPs that are well sought after in Singapore and the region, especially North Asia.

Our North Asia growth has been remarkable, fuelled by the huge market demand from China, Taiwan and Hong Kong. During the year, we stepped up collaborations with co-producing partners to deliver an unprecedented number of movies and shows in those markets. With the business and talent networks we have established in North Asia, we are well positioned to drive further growth there, not just for movie and digital content, but also our live entertainment and event business.

Following the acquisition of Cathay Cineplexes, we are now the only cinema operator with a presence in both Singapore and Malaysia. There is an abundance of synergistic opportunities for us to tap on as a producer, distributor and exhibitor of films in these two markets, to build commercial values for our stakeholders. In addition, our cinemas provide an excellent platform for us to directly engage the consumers, enhance our brand experience, and build stronger customer relationships.

Our industry thrives on the contributions of talents. We have been fortunate to have worked with many talented people, including our employees, our networks of directors, writers, creative professionals and actors. I would like to thank all of them for their immense contributions in the year, without which our success would not have been possible.

I would also like to thank Melvin for his tireless and inspiring leadership as our Executive Chairman, the Board of directors for their support and the management for the tremendous efforts in growing our business. My heartfelt gratitude also goes to our shareholders and business partners for their great confidence and support. Moving forward, we will stay true to our motto - "Content and Media for Asia."

Board of Directors

MELVIN ANG
Founder, Executive Chairman

Melvin Ang is the Executive Chairman of mm2 Asia, responsible for supervising the overall business operations and management of the Group, as well as business planning and providing executive leadership and supervision to the Group's senior management team.

Mr Ang graduated from Macquarie University with a Master of Business Administration in 1996. In August 1997, he was employed by the Television Corporation of Singapore as Vice President, Business Development. Mr Ang was subsequently employed by SPH MediaWorks Ltd as the Chief Operating Officer of its Media Business Group between November 2000 and April 2003.

Between July 2003 and March 2007, Mr Ang was employed as Managing Director of MediaCorp Studios. Before setting up mm2 Malaysia and mm2 Singapore in January 2009, he served as Media Prima Berhad's ("Media Prima") Executive Advisor between July 2007 and December 2008.

TAN LIANG PHENG
Lead Independent Director

Tan Liang Pheng is the Group's Lead Independent Director and Chairman of the Remuneration Committee. He worked for 35 years in two multinational corporations, responsible for their accounting, treasury and financial functions. He later sat on the Board of Directors of Tetra Pak Group of Companies in Singapore. In 2009, Mr Tan was appointed as General Manager of Iviria Pte. Ltd. and was subsequently promoted to Executive Director in 2010. Mr Tan served as Executive Director of Iviria Pte. Ltd. until November 2012.

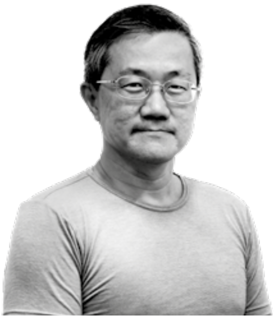
Mr Tan was admitted as a Fellow member of the Association of Chartered Certified Accountants (UK) in 2003. He is a member of the Institute of Singapore Chartered Accountants.

JACK CHIA
Independent Director

Jack Chia is an Independent Director and the Chairman of the Audit Committee. He graduated from the National University of Singapore with a degree in Accountancy and from the International University of Japan with a Master of Arts in International Relations. Mr Chia is qualified as a Fellow of the Institute of Singapore Chartered Accountants and has also completed the General Manager Program at Harvard Business School.

After twenty years in both the private and public sectors, substantially in Japan and China, with Arthur Andersen, Singapore Technologies, Government of Singapore Investment Corporation and the Enterprise Singapore Board, Mr Chia decided to embark on a career as a professional director, specializing in corporate governance. Mr Chia's present directorships include Combine Will International Holdings Limited, Debao Property Development Limited, Dukang Distillers Holdings Limited, Shanghai Turbo Enterprises Limited and AGV Group Limited.

Currently, Mr Chia spends most of his time in Chongqing and Singapore.



Thomas Lei is an Independent Director and the Chairman of the Nominating Committee. He was admitted to the Singapore Bar in 1989 and has been in active practice ever since, primarily advising on commercial law and litigation matters. Mr Lei is currently a director of Lawrence Chua Practice LLC, a law firm based in Singapore. Mr Lei started his career at Chor Pee & Co (later Chor Pee and Partners) and subsequently joined the firm of Engelin Teh & Partners in April 2000.

Mr Lei read law at the National University of Singapore where he obtained a LL.B. and is a member of the Law Society of Singapore.

THOMAS LEI
Independent Director

Terry Mak is a Non-Executive Director. He is the founder of Media Station Ltd which has been providing consultancy services to clients in Information, Media and Technology sectors since 2005. In 1991, he joined TVB International Ltd as Divisional Manager (Southeast Asia) and, in 2001, was promoted to Assistant General Manager to oversee its worldwide content distribution business. After working at TVB for 14 years, Mr Mak left TVB in 2005, to work for Celestial Pictures Ltd, as its Executive Vice President, where he was responsible for managing Celestial's film library and movie channel network. Mr Mak held the position of Chief Operating Officer at MyChinaChannel Pte. Ltd. between 1 June 2012 and 31 July 2014.

TERRY MAK
Non-Executive Director

He graduated from Hong Kong Baptist University with a Bachelor of Science in Chemistry in 1979 and from University of Connecticut in 1981 with an MBA.

Dennis Chia was appointed as Non-Executive Director of mm2 Asia Ltd on 31 August 2017. Mr Chia is currently the Chief Financial Officer of StarHub Ltd. In his prior roles, he was the Senior Vice President and Chief Financial Officer of STATS ChipPAC (Worldwide), a leading provider of advanced semiconductor packaging and test services; Vice President of Finance, Asia Pacific Operations (APO) of Lear Corporation; and the Chief Financial Officer of Behringer Corporation and Frontline Technologies Corporation, where he led their successful listings on the Singapore Exchange. Dennis is a Chartered Accountant and currently a council member with the Institute of Singapore Chartered Accountants. He has a Bachelor's (Honours) degree in Accountancy from the National University of Singapore and also holds a Master's degree in Business Administration from University of Hull, United Kingdom.

DENNIS CHIA
Non-Executive Director

Our Team

CHANG LONG JONG
Group CEO

Chang Long Jong is our Group CEO and is responsible for overseeing and managing the Group's business operations, especially the production division, as well as sourcing new business opportunities for the Group. Prior to joining the Group in April 2017, Mr Chang was Deputy CEO and Chief Customer Officer of MediaCorp Pte Ltd ("MediaCorp"), overseeing all of MediaCorp's major media assets including TV, Radio, Newspaper, Magazines and Over-the-Top (OTT) service Toggle. He has a 30-year career in the business with invaluable experience in channel management, content development and production, content licensing and distribution, media business development and talent management.

CHONG HOW KIAT
Chief Financial Officer

With close to 20 years of financial experience in property management and development, construction and media industries, Chong How Kiat is responsible for all finance related matters of the Group.

HOCK ONG
Chief Corporate Development Officer, mm2 Asia
Chief Executive Officer, Cinema Operation, mm2 Asia

Hock Ong has extensive debt and capital markets experience spanning Hong Kong, Malaysia, Thailand, Vietnam and China, and has played key roles in several multi-million dollar transactions in different markets. He oversees the Group's cinema business and is responsible for all corporate finance matters related to the Group.

NG SAY YONG
Chief Content Officer, mm2 Asia
Managing Director, mm2 Singapore

Ng Say Yong previously held management positions at MediaCorp TV and has produced and directed numerous highly-successful TV dramas and films. He is responsible for the overall creative content development of the Group's productions.

ESTEE LEE
Group Finance Manager, mm2 Asia

With years of experience in the Group, Estee Lee is responsible for the Group's finance and accounting functions.

LESLIE ONG
Chief Executive Officer and Executive Director, UnUsUaL

With over 20 years of extensive experience in concert and evenet production and promotion, Leslie Ong is responsible for UnUsUaL's overall management operations, strategic planning and business development.

TOONG SOO WEI
General Manager, mm2 Singapore

Previously holding management positions at J Team Productions, Neo Studios and Homerun Asia, Toong Soo Wei has produced over 25 films since 2008 and is responsible for the overall operations of mm2 Singapore.

GARY GOH
General Manager, mm2 Singapore

Gary heads the New Business Department to drive the commercial short form content business. He is also responsible for developing movie projects in new markets such as Thailand, Indonesia and USA, forming business partnerships and spearheading market development for the Group.

ANGELIN ONG
General Manager, mm2 Malaysia/ North Asia
Chief Operating Officer, Cinema Operation, mm2 Asia

Angelin Ong is vastly experienced in operations management, initiating new business ideas, brand management and content acquisition and distribution across various platforms. She is responsible for the overall operations of the Group's cinema business and operations in mm2 Malaysia and North Asia markets.

LAI CHEAH YEE
General Manager, mm2 Malaysia

Having held management positions at Media Prima, Lai Cheah Yee is experienced in brand management, programming and content acquisition. She is responsible for the operations in mm2 Malaysia.

HA YU
Executive Director, mm2 Hong Kong

A veteran actor with over 50 years of experience acting, directing and producing films, Ha Yu is responsible for the overall strategy of the mm2 Hong Kong office.

CHARLES YEO

Chief Executive Officer, Vividthree Productions

As CEO of Vividthree Productions, Charles Yeo is experienced in identifying new businesses and investments and is the overall-in-charge of the company's business strategy.

SKY LI

Chief Operating Officer, Vividthree Productions

With numerous Executive CG Producer credits on box office hit films, Sky Li is also experienced in operations and project management and is responsible for the overall operations of Vividthree Productions.

JAY HONG

Chief Technology Officer, Vividthree Productions

As an award-winning VFX/CGI Director with a portfolio of works across local and overseas commercial and film projects, Jay Hong is in charge of leading all aspects of technology development at Vividthree Productions.

KOK POOI WAI

Financial Controller, Vividthree Productions

Kok Pooi Wai has over 12 years of accumulated experience in audit in KPMG and finance in property development of a listed company in Malaysia. He had been involved in various industries during his tenure with KPMG such as manufacturing, construction & property development, hotel and cement. Kok Pooi Wai is responsible for all finance related matters of Vividthree Productions Pte. Ltd.

ANDREW CHENG

Director, Dick Lee Asia
Creative Consultant, mm2 Singapore

Andrew Cheng has over 40 years of television experience in Hong Kong and Singapore, holding senior positions at Rediffusion Television and Mediacorp. He is responsible for the overall operations of Dick Lee Asia, and also assists the Group's Chief Content Officer in content development.

DICK LEE

Chief Creative Offier, Dick Lee Asia

With a music career spanning over 40 years, Dick Lee is an established performer and composer. His multiple accolades include receiving the Cultural Medallion as well as being the two-time recipient of the Hong Kong Film Awards for Best Original Movie Theme Song. He is responsible for all creative matters of Dick Lee Asia.

MIZUSHIMA EMI

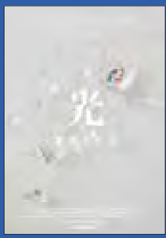
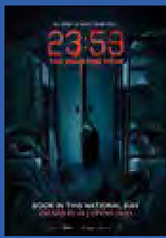
Manager, Sales and Sponsorship, Cathay Cineplexes

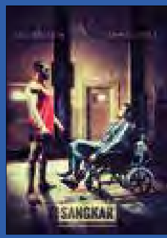
With prior experience in sales and marketing spanning across various industries, Mizushima Emi's primary role is to lead the sales team in achieving revenue-driven business goals. These include increasing revenue streams and securing strategic collaborations in Singapore for the cinema business.

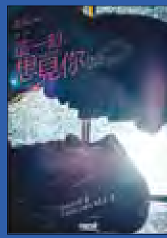
Order Book

UPCOMING FILMS

Singapore/ Malaysia

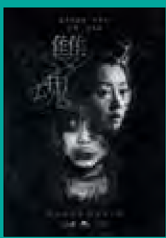
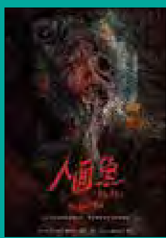
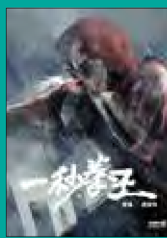


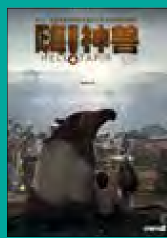


North Asia







More Films

- 忠犬流浪记
- 江湖无难事
- 看不见的小孩

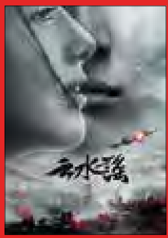
THAILAND/ INDONESIA/ USA

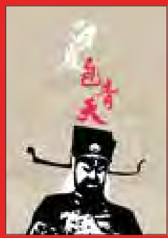
More Films

- A Portrait of a Beauty
- Dread Out: Tower of Hell
- The Classic
- Sunny
- Into the Woods
- Our Love Forever
- Get lost Mr. Tumour

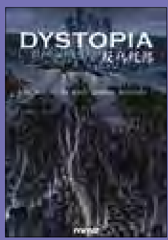
UPCOMING TV / ONLINE SERIES

China





International



More Series

- 娱乐实习生
- 夏日柠檬草

DISTRIBUTION TITLES TO BE RELEASED

EUROPE RAIDERS (HONG KONG)
欧洲攻略

TAKE POINT (KOREA)

MIRAI NO MIRAI (JAPAN)

PEE NAK (THAILAND)

FIND YOUR VOICE (HONG KONG)
热血合唱团

ON YOUR WEDDING DAY (KOREA)

MY LITTLE MONSTER (JAPAN)

TEACHER MONARCH (JAPAN)

BELIEVER (KOREA)

HERSTORY (KOREA)

THE NIGHT OF SHADOWS (HONG KONG)
神探蒲松龄之兰若仙踪

PROJECT GUTENBURG (HONG KONG)
无双

THEORY OF AMBITIONS (HONG KONG)
风再起时

PAPILLON (US)

THE ISLAND (CHINA)
一出好戏

SCARY STORIES TO TELL IN THE DARK (US)

AMERICAN ANIMALS (US)

Corporate Information

BOARD OF DIRECTORS

Melvin Ang *(Executive Chairman and Executive Director)*
Tan Liang Pheng *(Lead Independent Director)*
Jack Chia *(Independent Director)*
Thomas Lei *(Independent Director)*
Terry Mak *(Non-Executive Director)*
Dennis Chia *(Non-Executive Director)*

AUDIT COMMITTEE

Jack Chia *(Chairman)*
Tan Liang Pheng
Thomas Lei

REMUNERATION COMMITTEE

Tan Liang Pheng *(Chairman)*
Terry Mak
Thomas Lei

NOMINATING COMMITTEE

Thomas Lei *(Chairman)*
Melvin Ang
Tan Liang Pheng

COMPANY SECRETARY

Lissa Siau Kuei Lian *(ACIS)*

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1002 Jalan Bukit Merah
#07-11 Redhill Industrial Estate
Singapore 159456

PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

B-06-03, B-09-01, B-15-3A,
Menara Bata PJ Trade Centre
No. 8 Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya, Selangor, Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop No. 1
2nd Floor International Plaza
No. 20 Sheung Yuet Road
Kowloon Bay, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

Room 1602
No. 150 Hui Xin International Building
Pu Hui Tang Road
Shanghai, China 200030

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

EXTERNAL AUDITORS

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-in-charge
Philip Tan Jing Choon
(Appointed since financial year ended 31 March 2016)

PRINCIPAL BANKERS

Hongkong and Shanghai Banking Corporation
21 Collyer Quay
HSBC Building
Singapore 049320

Standard Chartered Bank
Marina Bay Financial Centre Tower 1
8 Marina Boulevard, Level 20
Singapore 018981

Maybank Banking Berhad
2 Battery Road
#06-01 Maybank Tower
Singapore 049907

COMPANY WEBSITE

http://www.mm2asia.com

STOCK CODE

1B0

Corporate Governance Report

The Board of Directors (the "**Board**") of mm2 Asia Ltd. (the "Company", and together with its subsidiaries, the "**Group**") are firmly committed to set in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long-term sustainability of the Group's business and performance are met.

This report outlines the Group's main corporate governance structures and practices that were in place throughout and/ or during the financial year ended 31 March 2018 ("**FY2018**") or which will be implemented and where appropriate, with specific reference made to the Code of Corporate Governance 2012 (the "**Code**") issued in May 2012 and the Disclosure Guide on Compliance with the Code developed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in January 2015, which forms part of the continuing obligations of the Listing Manual of the SGX-ST ("**Listing Manual**"). The Company has provided explanations for deviation from the Code.

BOARD MATTERS

Board's Conduct Of Its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises management ("**Management**"). To fulfil this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

The principal functions of the Board, apart from its statutory responsibilities, include:

(1) providing entrepreneurial leadership and setting the overall strategy and direction of the Group, consider sustainabilities issues, e.g. environmental and social factors as part of its strategic formulation;

(2) reviewing and overseeing the Management of the Group's business affairs, financial controls, performance and resource allocation;

(3) approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;

(4) overseeing the processes of risk management, financial reporting and compliance and evaluating the adequacy of internal controls and safeguarding the shareholders' interests and the Group's assets;

(5) approving the release of the Group's quarterly and full-year financial results, related party transactions of material nature and the submission of the relevant checklists to the SGX-ST;

(6) appointing Directors and key management personnel including the review of performance and remuneration packages; and

(7) assuming the responsibilities for corporate governance.

All Directors objectively discharge their duties and responsibilities at all times and make objective decisions in the interests of the Company.

To assist in the execution of its responsibilities, the Board is supported by three Board Committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively the "**Board Committees**"). These Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

The Board holds regular scheduled meetings to review the Group's key activities, business strategies, funding decisions, financial performance and to approve the release of the results of the Group. Ad-hoc meetings are convened when circumstances require. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction. Meetings via telephone or video conference are permitted by the Company's Constitution.

The number of meetings held and the attendance of each member at the Board's meetings and Board Committees' meetings for FY2018 are as follows:

	Board		AC		NC		RC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Tan Liang Pheng	4	4	4	4	1	1	2	2
Melvin Ang Wee Chye ("**Melvin Ang**")	4	4	4	4*	1	1	2	2*
Chia Seng Hee, Jack ("**Jack Chia**")	4	4	4	4	1	Not Applicable	2	1*
Lei Chee Kong Thomas ("**Thomas Lei**")	4	4	4	4	1	1	2	2
Mak Chi Hoo ("**Terry Mak**")	4	4	4	3*	1	1*	2	2
Dennis Chia Choon Hwee ("**Dennis Chia**") (1)	4	1	4	Not Applicable	1	Not Applicable	2	Not Applicable
Mock Pak Lum(2)	4	1	4	1	1	Not Applicable	2	Not Applicable

Notes:

* By invitation.

(1) Mr. Dennis Chia Choon Hwee appointed as Non-Executive Director on 31 August 2017.
(2) Mr. Mock Pack Lum resigned on 31 August 2017.

The Group has adopted a set of internal guidelines setting forth the financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

Matters requiring the Board's decision and approval include the following:

(1) Approval of the Group's major investments/divestments and funding decisions;

(2) Approval of the Group's quarterly financial updates, quarterly and full-year financial result announcements for release to the SGX-ST;

(3) Approval of any agreement which is not in the ordinary course of business;

(4) Approval of any major borrowings or corporate guarantees in relation to borrowings;

(5) Entering into any profit-sharing arrangement;

(6) Incorporation or dissolution of any subsidiary;

(7) Issuance of shares or declaration of dividends;

(8) Approval of the annual report and audited financial statements;

(9) Convening of general meetings;

(10) Approval of corporate strategies;

(11) Approval of material acquisitions and disposal of assets; and

(12) Approval of announcements or press releases concerning the Group for release via the SGXNet.

The Directors are also updated regularly with changes to the SGX-ST MainBoard Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or members of the Board Committees.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST MainBoard Listing Rules that affect the Company and/or the Directors in discharging their duties.

The Company had arranged the training and updates to the Directors and the Management during FY2018 which included the following:

(1) Changes in Capital;

(2) Interested Person Transactions and Potential Conflicts of Interest;

(3) Acquisitions and Disposals;

(4) Disclosure of Changes in Substantial Shareholdings (by Directors / Substantial Shareholders / Company);

(5) Common Compliance and Disclosure Issues / Regulatory Concerns;

(6) Prohibited Market Conduct including Insider Trading and Dealing in the Company's Securities; and

(7) Takeovers

Newly-appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. Directors will also be given opportunities to visit the Group's operational facilities and meet with the Management so as to gain a better understanding of the Group's business.

Formal letters of appointment were furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently, the Board comprises one Executive Director, two Non-Executive Director and three Independent Directors, as follows:

Name of Directors	Date of First Appointment	Date of Last Re-election	Board	AC	NC	RC
Tan Liang Pheng	4 November 2014	20 July 2016	Lead Independent Director	Member	Member	Chairman
Melvin Ang	20 August 2014	27 July 2017	Executive Chairman	-	Member	-
Jack Chia	4 November 2014	27 July 2017	Independent Director	Chairman	-	-
Thomas Lei	4 November 2014	22 July 2015	Independent Director	Member	Chairman	Member
Terry Mak	4 November 2014	20 July 2016	Non-Executive Director	-	-	Member
Dennis Chia[(1)]	31 August 2017	-	Non-Executive Director	-	-	-

Note:

(1) Mr. Dennis Chia was appointed as Non-Executive Director on 31 August 2017.

Presently, there is a strong and independent element on the Board. The Company is in compliance with Guideline 2.2 of the Code where Independent Directors make up half of the Board. Three out of six Directors of the Company are Independent Directors, of which their independence is reviewed by the NC.

Independent Directors

The NC considers an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC has reviewed the independence of each Independent Director annually and is of the view that these Directors are independent.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

The NC has reviewed the size and composition of the Board. The NC is satisfied that the current size and composition of the Board is appropriate and provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company, which facilitates effective decision-making. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The Board is made up of Directors who are qualified and experienced in various fields including business administration, strategic planning, business management, legal, accounting and finance. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and manage the Group's businesses and operations.

The Non-Executive Directors and Independent Directors exercise no management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Directors and Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed, rigorously examined and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of their performance. The NC considers its Non-Executive Director and Independent Directors to be of sufficient calibre and size, and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

The Company co-ordinates informal meeting sessions for the Non-Executive Directors and Independent Directors to meet as needed without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

The profile of each Director is set out on pages 14 and 15 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company practices a clear division of responsibilities between the Chairman and Chief Executive Officer ("CEO") to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The roles of the Chairman and CEO are separate.

Mr. Melvin Ang is the Executive Chairman of the Company.

Mr. Chang Long Jong is the CEO of the Company. The Executive Chairman and the CEO are not related.

The Executive Chairman ensures effective and comprehensive Board discussion on matters brought to the Board including strategic issues. The Executive Chairman supervises the overall business operations and management of the Group as well as business planning and provides executive leadership and supervision to the CEO Key Management Personnel of the Company and the Group.

The responsibilities of the Executive Chairman include:

(1) Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;

(2) Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;

(3) Ensuring the Group's compliance with the Code; and

(4) Acting in the best interest of the Group and of the shareholders.

The Company Secretary may be called to assist the Executive Chairman in any of the above.

The role of the CEO includes overseeing and managing the business operations especially the production division as well as sourcing new business opportunities for the Group. The CEO would report to the Executive Chairman.

All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

The Company is in compliance with Guideline 3.3 of the Code with Mr. Tan Liang Pheng appointed as the Lead Independent Director of the Company on 9 January 2017. Mr. Tan will co-ordinate and lead the Independent Directors to provide a non-executive and independent perspective and contribute to balance view points on the Board. He is the main liaison on Board issues and in accordance with the Code, will serve as an alternative channel to address shareholders' concerns.

The Independent Directors, led by the Lead Independent Directors, will meet among themselves without the presence of the other Directors, where necessary, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC currently comprises of one Executive Director and two Independent Directors, a majority of whom are independent, including the NC Chairman.

Nominating Committee

Mr. Thomas Lei (Chairman)
Mr. Tan Liang Pheng
Mr. Melvin Ang

The NC has its terms of reference which sets out their duties and responsibilities. It includes the following:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regarded the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. All Directors should be required to submit themselves for re- nomination and re-election at regular intervals and at least every three years;

(b) to determine annually whether or not a Director is independent;

(c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such a director is able to and has been adequately carrying out his/her duties as director, with regards to the competing time commitments that are faced when serving on multiple boards;

(d) to review and approve any new employment of related persons and the proposed terms of their employment; and

(e) to decide how the Board's performance is to be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long term shareholder value. The Board will also implement a process to be proposed by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable).

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required as well as evaluate the profession, knowledge and experience of the candidate to enable the Board to fulfil its responsibilities.

The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration and/or approval.

The NC makes recommendations to the Board on re-appointment of Directors based on, among others, the Director's attendance record at meetings of the Board and Board Committees, participation at meetings and contributions to the Group's business and affairs.

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

Regulation 107 of the Company's Constitution requires one-third of the Board to retire by rotation at every Annual General Meeting ("**AGM**"). Each Director shall retire from office once every three years. Pursuant to Regulation 117 of the Company's Constitution, Directors of the Company who were newly-appointed by the Board since the last AGM will have to retire at the forthcoming AGM. A retiring Director shall be eligible for re-election at the meeting at which he retires. Each of the retiring Directors had abstained from all discussions and recommendations in respect of their own re-election.

The NC has recommended to the Board that Mr. Thomas Lei and Mr. Terry Mak, who are subject to retiring pursuant to Regulation 107 of the Company's Constitution; and Mr Dennis Chia who is subject to retiring pursuant to Regulation 117 of the Company's, be nominated for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and able to exercise judgment on the corporate affairs of the Group independent of the Management.

Despite some Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

There are no alternate directors being appointed to the Board.

The key information regarding Directors, such as academic and professional qualifications, Board Committees served, directorships, chairmanships or as a member both present and past held over the preceding three years in other listed companies and other major appointments or its related corporations, whether the appointment is executive or non-executive are set out in pages 39 and 41 of the Annual Report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

In line with the principles of good corporate governance, the Board has implemented a process to evaluate its performance as a whole. The performance criteria include financial targets, the contribution by Directors, their expertise, their independence and their industry knowledge. This encourages constructive feedback from the Board and leads to an enhancement of its performance over time. The Board has met to discuss the evaluation of the Board's performance and has adopted a formal evaluation process to assess the effectiveness of the Board as a whole, its Board Committees and Individual Directors.

The results of the evaluation exercise will be collated by the Company Secretary for the NC's review and consideration, which then makes recommendations to the Board on enhancements to improve the effectiveness of the Board, as a whole, and its Board Committees. The NC, having reviewed the overall performance of the Board, Board Committees and Individual Directors based on the evaluation criteria setting out in the formal evaluation form for the Board as a whole, Board Committees and Individual Directors for FY2018, is of the view that the performance of the Board as a whole, Board Committees and Individual Directors have been satisfactory. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. No external facilitator was used in the evaluation process.

The performance of the Directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria includes short-term and long-term measures and cover financial and non-financial performance indicators such as the strength of his experience and stature and his contribution to the proper guidance of the Group and its businesses.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfil its responsibilities, the Management strives to provide Board members with adequate and timely information for Board and Board Committees' meetings on an on-going basis. The Board and Board Committees' meeting materials are prepared for each meeting and are disseminated to the members before the meetings. The Board and Board Committees' meeting materials include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees' meetings. Directors are given separate and independent access to the key management personnel of the Group at all times and has unrestricted access to the Company's records and information.

The Directors have separate and independent access to the Company Secretary at all times to address any enquiries. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the concurrence of the Chairman or the Chairmen of the Board Committees requiring such advice) will be appointed at the Company's expense.

The Company Secretary or her representative administers, attends and prepares minutes of all Board and Board Committees' meetings and assists the Chairman of the Board and/or the Board Committees in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively. The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Directors, either individually or as a group have the right to seek independent professional advice, if necessary, in furthering their duties. The costs of such services will be borne by the Company.

REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC currently comprises of one Non-Executive Director and two Independent Directors, majority of whom are independent, including the RC Chairman.

Remuneration Committee

Mr. Tan Liang Pheng (Chairman)
Mr. Thomas Lei
Mr. Terry Mak

The RC has its terms of reference, setting out their duties and responsibilities, which include the following:

(a) to recommend to the Board a framework of remuneration for the Directors and Executive Officers, and to determine specific remuneration packages for each Executive Director and any CEO (or executive of equivalent rank) and key management personnel if such CEO and key management personnel is not an Executive Director, such recommendations are to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;

(b) in the case of service contracts (if any) for any Director or Executive Officer, to consider what compensation commitments the Directors' or Executive Officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) in respect of any long-term incentive schemes, including share schemes, as may be implemented, to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

No Director will be involved in determining his own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

The RC recommended, and the Board had approved, an aggregate amount of S$275,000 Directors Fees for the year ending 31 March 2019 and S$124,178 as additional Directors Fees for the year ended 31 March 2018 for Non-Executive and Independent Directors subject to the approval from shareholders

There were no remuneration consultants engaged by the Company in FY2018.

In reviewing the service agreements of the Company's Executive Directors and key management personnel, the RC will review the Company's obligations in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Corporate Governance Report

BOARD PERFORMANCE

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The remuneration for the Executive Directors and certain key management personnel comprise a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and key management personnel.

The Company has entered into a service agreement with Mr. Melvin Ang for an initial period of three years with effect from 9 December 2014 and shall be automatically renewed on the terms and subject to the conditions to be agreed between the Executive Director and the Company.

The Company has adopted the mm2 Performance Share Plan ("**mm2 PSP**"). The Group's Executive Directors and Non-Executive Directors (including Independent Directors), controlling shareholders or associates of a controlling shareholder are eligible to participate in the mm2 PSP in accordance with the rules of the mm2 PSP.

The Independent Directors and Non-Executive Director receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors and Non-Executive Director shall not be overcompensated to the extent that their independence may be compromised. There are no share-based compensation schemes in place for Independent Directors and Non-Executive Directors.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of a breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The details of the level and mix of remuneration of the Directors of the Group for the services rendered during FY2018 are as follows:

Remuneration Band and Name of Directors	Salary (%)	Bonus (%)	Other Benefits (1) (%)	Share Options (%)	Directors' Fees (%)	Total (%)
Between S$3,250,000 and S$3,500,000						
Melvin Ang	7	92	1	-	-	100
Below S$250,000						
Tan Liang Pheng	-	-	63	-	37	100
Jack Chia	-	-	56	-	44	100
Thomas Lei	-	-	63	-	37	100
Terry Mak	-	-	63	-	37	100
Dennis Chia (2)	-	-	-	-	-	-
Mock Pak Lum (3)	-	-	-	-	-	-

On 28 May 2018, the RC recommended, and the Board had approved, an aggregate amount of the proposed increase of non-executive directors' base fee and Board Commitees' Chairman's fees amounted to S$124,178, with effective from FY2018. Accordingly, shareholders' approval will be sought at the Company's forthcoming AGM for the payment of an additional S$124,178 in Directors' fees for FY2018. Mr Dennis Chia appointed on 31 Aug 2018, his Director's has been prorated.

The details of the remuneration of relevant key management personnel of the Group for services rendered during FY2018 are as follows:

Name of Key Management Personnel	Salary (%)	Bonus (%)	Other Benefits [1] (%)	Share Options (%)	Total (%)
Between S$750,000 and S$1,000,000					
Chang Long Jong	62	36	2	-	100
Below S$250,000					
Ong Hock Seng	92	-	8	-	100
Chong How Kiat	72	9	19	-	100
Angelin Ong	71	6	23	-	100
Ng Say Yong	60	5	35	-	100
Toong Soo Wei	58	5	37	-	100

Notes:

(1) Other benefit refers to employer's contribution to the Central Provident Fund, mm2 performance share plan and other allowances
(2) Mr. Dennis Chia appointed as Non-Executive Director on 31 August 2017
(3) Mr. Mock Pak Lum resigned as Non-Executive Director on 31 August 2017

For FY2018, the aggregate total remuneration paid to the top five Key Management Personnel (who are not Directors or the CEO) amounted to S$739,000.

(a) For FY2018, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period termination payment in lieu of service.

(b) There were no employees who were immediate family members of a Director or CEO whose remuneration exceeds S$50,000 in the Group's employment during the financial year under review.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors and key management personnel in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and quarterly results are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

The Management understands its role to provide all members of the Board with a balanced and understandable assessment of the Group's performance, position and prospects. The Management provides the Board with appropriately detailed information on the Company's performance, position and prospects on a quarterly basis and when deemed appropriate.

The Board will take adequate steps to ensure compliance with legislative and regulatory requirements. In line with the SGX-ST MainBoard Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statement.

The Management is accountable to the Board and maintains regular contact and communication with the Board including preparation and circulation to the Board of quarterly and full-year financial statements of the Group. These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges its responsibility for the governance of risk and ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets. However, the Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate risks of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, there are maintenance of proper accounting records, financial information is reliable, and assets are safeguarded.

The Management is responsible for designing, implementing and monitoring the risk management and internal control systems within the Group. The Management regularly reviews the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Any significant matters are highlighted to the Board and the AC for their deliberation. To further review the adequacy and effectiveness of internal controls, the AC is assisted by various independent professional service providers. The assistance of the internal auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year. Material non-compliance or weaknesses in internal controls or recommendations from the internal auditors and external auditors to further improve the internal controls were reported to the AC, including the Management action plans to be undertaken to address the recommendations.

The AC also follows up on the actions taken by the Management on the recommendations made by the internal auditors and external auditors arising from their work performed. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls are not satisfactory, based on the current size and nature of the Company's business.

To further enhance the risk management procedures in place, the Group has engaged its internal auditors, BDO LLP, to establish a structured Enterprise Risk Management ("ERM") framework which provides documented guidance on the process for identifying and assessing risks, the adequacy of countermeasures and the manner in which risks are reported to the Board and the AC.

The pilot ERM programme covers the following areas:

(1) ERM policies and procedures

An overall framework for risk management has been documented in a manual to be disseminated to personnel responsible for oversight of risks and operations of risk countermeasures. This ERM manual includes the terms of reference of the Committee and the various personnel responsible for monitoring and managing risks in the Group. The ERM process will also require ongoing identification of key risks to the company and reporting these risks to the Board to better determine whether appropriate measures have been taken to address relevant risks. Risk workshops attended by key management personnel will be conducted to provide a structured approach of identification and assessment of risks.

(2) Risk Appetite of the Company

The risk appetite of the Group in managing risks was discussed during the ERM project. Generally, the Group will rely on Management to monitor day to day operations while subjecting key corporate decisions, such as investments or acquisitions of businesses to the approval of the Board. The Company's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

The Company has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place manage risks within impact such as transferring them to third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence. Internal audits will be regularly conducted to assess the ongoing compliance with the established controls to address key risk areas where applicable.

(3) Risk assessment and monitoring

Based on the ERM framework, the nature and extent of risks to the Company will be assessed regularly and risk reports covering top risks to the Group will be submitted periodically to the Board. A set of risk registers to document risks arising from this ERM exercise has been also been established to document key risks and the corresponding countermeasures.

The Directors have received and considered the representation letters from the CEO and CFO in relation to the financial information for the year. Associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement. The CEO and the CFO have assured the Board that:

(a) The financial records have been properly maintained and the financial statements for the FY2018 give a true and fair view in all material aspects, of the Group's operations and finances; and

(b) The Group's risk management and internal control systems are operating effectively in all material aspects given its current business environment.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal auditors and external auditors, reviews performed by the Management and the controls and processes which are currently in place, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group for FY2018.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC currently comprises of three members, all of whom (including the Chairman of the AC) are Independent Directors.

Audit Committee

Mr. Jack Chia (Chairman)
Mr. Tan Liang Pheng
Mr. Thomas Lei

The Board is of the view that the AC members possess experience in finance, legal and business Management which are appropriately qualified, having the relevant accounting or related financial management expertise to discharge their responsibilities.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control. The AC has full access to and the co-operation of Management and the full discretion to invite any Director or Executive Officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The external auditors have unrestricted access to the AC.

The AC has its terms of reference, setting out their duties and responsibilities, which include the following:

(a) review with the external auditors the audit plan, their audit report, their management letter and our management's response;

(b) review with the internal audit department the internal audit plan and evaluate the adequacy of the Group's internal control and accounting system;

(c) review the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(d) review the internal control and procedures, ensure co-ordination between the external auditors and the Management, review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our Management where necessary);

(e) review any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(f) review, where applicable, the role and effectiveness of the internal audit procedures;

(g) review and approve interested person transactions and review procedures thereof;

(h) consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors and internal auditors;

(i) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the MainBoard Listing Rules, including such amendments made thereto from time to time;

(j) undertake such other reviews and projects as may be requested by the Board of Directors and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(k) review at least annually the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports of the Company or, where the findings are material, to announce such material findings immediately via SGXNET; and

(l) generally to undertake such other functions and duties as may be required by statute or the MainBoard Listing Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the AC is given the task of commissioning investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position, and to review its findings.

In July 2010, SGX-ST and ACRA launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" ("Guidance") which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC evaluated the performance of the external auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the Guidance.

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approving the remuneration of the external auditors. The AC has recommended to the Board the nomination of Nexia TS Public Accounting Corporation for re-appointment as external auditors of the Company at the forthcoming AGM. The Company confirms that Rule 712, Rule 715 and Rule 716 of the MainBoard Listing Rules have been complied with.

Annually, the AC conducts a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2018. The aggregate amount paid to the external auditors for audit and non-audit services for FY2018 are as follows:

	S$'000
Audit Fees	307
Non-audit Fees	
- Tax services	49
- Reporting Accountants	149
- Others	5

The AC will meet with the external auditors and internal auditors without the presence of the Management, as and when necessary, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors.

For FY2018, the AC agreed with external auditor that revenue recognition, carrying value of goodwill and recoverability of trade receivables were the key audit matters and is pleased to report that AC is satisfied with audit process undertaken by the external auditors and their findings therefrom.

Fraud and whistle blowing policy

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

(1) independent investigations are carried out in an appropriate and timely manner;

(2) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(3) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

To date, there were no reports received through the whistle blowing mechanism.

The AC is updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is currently outsourced to BDO LLP ("**BDO**"), a member firm of the international BDO network of auditing firms, and they report directly to the AC on audit matters, and the CEO on administrative matters. BDO performs their work in accordance with the BDO Global Internal Audit Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing established by The Institute of Internal Auditors.

The AC approves the hiring, removal, evaluation and compensation of the internal audit function. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The annual internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In accordance with the internal audit plan, the IA conducts internal audit reviews over the effectiveness of internal controls over the key business processes in the Group including those that address applicable financial, operational, compliance and information technology controls risks. Findings and recommendations arising from the internal audits are agreed with the Management and presented to the AC. The IA also assists the AC in overseeing and monitoring the subsequent implementation of recommendations on internal controls weaknesses identified.

The AC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. Following the review of BDO's internal audit plan and their evaluation of the internal controls system, the AC is satisfied that the internal audit is effective, adequately resourced and has appropriate standing within the Group.

The AC would annually review the adequacy and effectiveness of the internal audit function of the Group.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

In line with the continuous obligations of the Company under the SGX-ST MainBoard Listing Rules and the relevant rules and regulations, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of the general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in and vote at the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through a proxy form sent in advance. The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies.

On 3 January 2016, the legislation was amended, among other things, to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors, as defined in Section 181(6) of the Companies Act. 50 of Singapore, may appoint more than two proxies to attend, speak and vote at general meetings.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its shareholders the relevant information on a timely basis through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

(1) Annual Reports that are prepared and sent to all shareholders. The Board ensures that the Annual Report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the relevant rules and regulations;

(2) Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;

(3) Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGM**"). The notice of AGM and EGM are also advertised in a national newspaper; and

(4) News releases on major developments of the Company and the Group.

Although the Company does not have any investor relations personnel, our shareholders can access the Company's website at http://www.mm2asia.com for information on the Company and the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has engaged an investor relations firm which focuses on facilitating communications with all stakeholders, shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in the newspapers within the mandatory period, which is held within four months after the end of the financial year.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, the Group's development plans and other factors as the Board may deem appropriate. As a growth company, the Group is preserving its funds for future expansions. Therefore, no dividends will be paid in respect of FY2018.

CONDUCT OF SHAREHOLDERS' MEETING

Principle 16: Companies should encourage greater shareholder participation at general meeting of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to be updated on the Group's strategies and goals. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the AGM.

Each item of special business included in the notice of the general meetings will be accompanied by an explanation of the effects of a proposed resolution. All resolutions at the general meetings are single item resolutions.

The Chairman of the Board Committees are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders. The Company will make available minutes of general meetings to shareholders upon their requests.

The Company acknowledges that voting by poll in all its general meeting is integral to the enhancement of corporate governance. The Company adheres to the requirements of the MainBoard Listing Rules and the Code, all resolutions at the Company's general meetings held on or after 1 August 2015, if any, are put to vote by poll. For cost effectiveness, the voting of the resolutions at the general meetings is conducted by manual polling. The detailed results of each resolution are announced via SGXNet after the general meetings.

RISK MANAGEMENT

The Company is continually reviewing and improving the business and operational activities to take risk management into account. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions. All the significant controls, policies and procedures and all significant matters are highlighted to the AC and the Board. The significant risk management policies are disclosed in the audited financial statements of this Annual Report.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of the Executive Chairman, or any director or controlling shareholder subsisting at the end of the financial year.

INTERESTED PERSON TRANSACTIONS

The Company has established guidelines and review procedures for the ongoing and future interested person transactions ("**IPTs**"). The IPTs are subject to review by the AC to ensure that they are on normal commercial terms and on an arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the interested persons than if they were transacted with a third party and are not prejudicial to the interests of the Group or our minority shareholders in any way.

There were no IPTs between the Company and any of its interested persons (namely, Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for FY2018.

DEALINGS IN SECURITIES

The Company has adopted its own internal Code of Best Practices to provide guidance to all officers and employees of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1207 (19) of the MainBoard Listing Manual of the SGX-ST. The Company and its officers are prohibited from dealing in the Company's securities during the periods commencing two weeks immediately preceding the announcement of the Company's quarterly financial results and one month immediately preceding and the announcement of the full-year financial results and ending on the date of the announcement of such results on the SGXNet.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or while they are in possession of unpublished price-sensitive information of the Group. They are not to deal in the Company's securities on short-term considerations.

UPDATE ON USE OF PROCEEDS

(a) Placement of shares – Financial Institutions

The Group refers to the aggregated gross proceeds received in advance which amounting to S$50.02 million raised from the placement of shares pursuant to the share placement agreements with financial institutions on 15 June 2017 and the issuance of shares only take place in July 2017.

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

	Financial Institutions (i) S$'000	Utilised S$'000	Unutilised S$'000
Acquisition/joint ventures/strategic alliances	34,311	(34,311) (ii)	-
Investment in production/acquisition of movie rights	14,705	(14,705) (iii)	-
General working capital	1,000	(998) (iv)	2
	50,016	(50,014)	2

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

(i) As per the announcement on 15 June 2017, the Group intend to use 70% and 30% of the net proceeds of the placement of shares to finance acquisition and for general working capital purposes respectively, where investment in production/acquisition of movie rights also form part of the general working capital of the Group.

(ii) An amount of S$34.3 million had been used in merger and acquisition activities, which includes S$8.9 million for the acquisition of new cinema business assets from Lotus Fivestar Cinemas (M) Sdn. Bhd., S$20.0 million of deferred consideration for the acquisition of UnUsUaL Limited, S$0.9 million for the investment in associates, S$0.4 million for the investment in available-for-sale financial asset, S$0.1 million for the acquisition of a joint venture and S$4.0 million for the acquisition of Cathay Cineplexes Pte Ltd.

(iii) An aggregated amount of S$14.7 million had been used in investment in productions/acquisition of movie rights and details are set below:

	Group (S$'000)
Acquisition of film intangibles for distribution	1,321
Additions in film products	1,346
Additions in investment in movie productions – third party	612
Additions in films under production and work-in-progress	11,426
	14,705

(iv) An amount of S$1.0 million had been used for fees and expenses in relation to the placement of shares above.

(b) Placement of shares – Starhub Ltd.

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

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

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

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

(i) As per the announcement on 29 June 2017, the Group intend to use net proceeds to finance the proposed acquisition of a stake in the Golden Village Cinema Business in Singapore and new productions while the balance of the net proceeds will be utilised for general working capital purposes.

(ii) The proposed acquisition of a stake in the Golden Village Cinema Business did not occur as announced on 10 August 2017. The unutilised residual of net proceeds S$14.96 million was used to finance the acquisition of Cathay Cineplexes Pte. Ltd.

(c) Use of IPO Proceeds

The Group refers to the aggregated gross proceeds of its subsidiary, UnUsUaL Limited which amounted to S$19.40 million raised from the IPO on the Catalist Board of the SGX-ST on 10 April 2017.

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

	Amount allocated S$'000	Amount utilised S$'000	Amount unutilised S$'000
Investments in promotion and production projects	10,000	(10,000)	-
Expansion of our Group's business by way of acquisition, joint ventures and/or strategic alliances	4,000	-	4,000
General working capital	3,542	(3,542)	-
IPO expenditure	1,856	(1,856)	-
	19,398	(15,398)	4,000

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE 2012

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Melvin Ang	Master of Business Administration from Macquarie University	Executive Chairman	Board Chairman and member of NC	20 August 2014	27 July 2017	UnUsual Limited (Listed on Catalist board on 10 April 2017)	-	-
Tan Liang Pheng	A member of the Institute of Singapore Chartered Accountants	Lead Independent Director	Board Member, Chairman of RC and member of AC and NC	4 November 2014	20 July 2016	-	-	-

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Jack Chia	Degree in Accountancy from National University of Singapore and Master of Arts in International Relations from International University of Japan and he is a fellow member of the Institute of Certified Public Accountants. He also completed a General Manager Program at Harvard Business School	Independent Director	Board Member and Chairman of AC	4 November 2014	27 July 2017	• Combine Will International Holdings Limited • Debao Property Development Limited • Dukang Distillers Holdings Ltd • Shanghai Turbo Enterprises Limited • AGV Group Limited	• Sunray Holdings Limited • China Hongcheng International Holdings Limited	-

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Thomas Lei	Bachelor of Laws from National University of Singapore and he is a member of the Law Society of Singapore	Independent Director	Board Member, Chairman of NC and Member of AC and RC	4 November 2014	22 July 2015	-	-	-
Terry Mak	Master of Business Administration from University of Connecticut and Bachelor of Science in Chemistry from Hong Kong Baptist University	Non-Executive Director	Board Member and Member of RC	4 November 2014	20 July 2016	• Media Station Ltd • Land Plus Ltd • FM Telemedia Ltd	• Celestial Pictures Ltd	-
Chia Choon Hwee Dennis	Bachelor's (Honours) degree in Accountancy from the National University of Singapore and also holds a Master's degree in Business Administration from University of Hull, United Kingdom	Non-Executive Director	Board Member	31 August 2017	N.A.	-	Lear Automotive Corporation Singapore Pte. Ltd.	Chief Financial Officer of StarHub Ltd

Financial Statements

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Directors' Statement

For the financial year ended 31 March 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2018 and the statement of financial position of the Company as at 31 March 2018.

In the opinion of the directors,

(i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 51 to 146 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Ang Wee Chye
Tan Liang Pheng
Chia Seng Hee, Jack
Lei Chee Kong Thomas
Mak Chi Hoo
Chia Choon Hwee, Dennis (Appointed on 31 August 2017)
Mock Pak Lum (Resigned on 31 August 2017)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "mm2 Performance Share Plan" in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the other director holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director			**Holdings in which director is deemed to have an interest**		
	At 21.04.2018	**At 31.03.2018**	**At 31.03.2017**	**At 21.04.2018**	**At 31.03.2018**	**At 31.03.2017**
Company (No. of ordinary shares)						
Ang Wee Chye	101,725,400	101,725,400	145,844,000	341,410,000	341,410,000	317,910,000
Lei Chee Kong Thomas	485,700	485,700	200,000	-	-	-
Mak Chi Hoo	85,700	85,700	-	-	-	-
Tan Liang Pheng	85,700	85,700	-	-	-	-
Chia Seng Hee, Jack	85,700	85,700	-	-	-	-

By virtue of section 7 of the Singapore Companies Act, Chapter 50, Mr. Ang Wee Chye is deemed to have an interest in the shares of all the Company's subsidiaries at the end of the financial year.

Directors' Statement

For the financial year ended 31 March 2018

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

mm2 PERFORMANCE SHARE PLAN

The Company has implemented a mm2 performance share plan known as "mm2 PSP" which was approved and adopted by the shareholders at an Extraordinary General Meeting held on 4 November 2014 which provides for the award of fully paid-up ordinary shares in the share capital of the Company free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Full-time Group Executives who have attained the age of 21 years as of the award date and hold such rank as may be designated by the Committee from time to time are eligible to participate in mm2 PSP. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in mm2 PSP. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditor.

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in mm2 PSP provided that the participation of and the terms of each grant and the actual number of awards granted under mm2 PSP to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in a separate resolution for each person subject to the following:

(a) the aggregate number of shares comprised in awards granted to controlling shareholders or associates of a controlling shareholder under mm2 PSP shall not exceed 25% of the aggregate number of shares (comprised in awards) which may be granted under mm2 PSP; and

(b) the number of shares available to each controlling shareholder or associate of a controlling shareholder shall not exceed 10% of the shares available under mm2 PSP.

mm2 PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that mm2 PSP will help to achieve the following positive objectives:

(a) foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of Shareholders;

(b) motivate participants to achieve key financial and operational goals of the Group and/or their respective business units and encourage greater dedication and loyalty to the Group; and

(c) make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

mm2 PSP is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Mr. Tan Liang Pheng, Mr. Mak Chi Hoo and Mr. Lei Chee Kong Thomas.

mm2 PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which mm2 PSP is adopted by the Company in general meeting, provided always that mm2 PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Directors' Statement

For the financial year ended 31 March 2018

mm2 PERFORMANCE SHARE PLAN (CONTINUED)

The Company may deliver shares pursuant to awards granted under mm2 PSP by way of:

(i) issuance of new shares;

(ii) delivery of existing shares purchased from the market or shares held in treasury; and/or

(iii) cash in lieu of shares, based on the aggregate market value of such shares.

The total number of new shares which may be issued pursuant to awards granted under mm2 PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company's post-placement as well as on the day preceding the relevant date of award. The aggregate number of shares available under mm2 PSP shall not exceed 15% of the total issued share capital of the Company post-placement and from time to time.

On 31 May 2017, the Company has awarded a total of 959,400 shares pursuant to mm2 PSP at exercise price of $0.5980 per share to certain directors, key management personnel, and employees of the Group and Company. These awarded shares were vested immediately.

The details of the shares awarded under mm2 PSP to the directors of the Company are as follows:

Name of directors	*Number of shares awarded*
Mr. Tan Liang Pheng	85,700
Mr. Chia Seng Hee, Jack	85,700
Mr. Lei Chee Kong Thomas	85,700
Mr. Mak Chi Hoo	85,700
	342,800

AUDIT COMMITTEE

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Mr. Chia Seng Hee, Jack	Chairman of AC, Independent director
Mr. Tan Liang Pheng	Lead independent director
Mr. Lei Chee Kong Thomas	Independent director

The AC performs the functions in accordance with Section 201B(5) of the Singapore Companies Act, (the "Act"), the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance. In performing those functions, the AC:

- reviews with the external auditors the audit plan, their audit report, their management letter and our management's response;

- reviews the audit plan of internal auditor, and internal auditor's review and evaluation of the Group's system of internal controls and accounting system;

- reviews the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

Directors' Statement

For the financial year ended 31 March 2018

AUDIT COMMITTEE (CONTINUED)

- reviews the internal control and procedures, ensure co-ordination between the external auditors and the management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

- reviews any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

- reviews, where applicable, the role and effectiveness of the internal audit procedures;

- reviews and approves interested person transactions and reviews procedures thereof;

- considers the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors and internal auditor;

- undertakes such other reviews and projects as may be requested by the Board of Directors and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

- reviews at least annually the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports of the Company or, where the findings are material, to announce such material findings immediately via SGXNet; and

- generally undertakes such other functions and duties as may be required by statute and by such amendments made thereto from time to time.

The AC confirmed that they have undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor.

The AC has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ang Wee Chye
Director

Tan Liang Pheng
Director

28 June 2018

Independent Auditor's Report

To the members of mm2 Asia Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of mm2 Asia Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 146.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the *Accounting and Corporate Regulatory Authority* ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition
(Refer to Note 2.2 to the financial statements)

Risk:

Certain revenue in the Group is driven by the specific terms of the related contracts. We focus on this area as the terms of the contracts are varied, complex and depends on the substance of the arrangement. As such, the revenue recognised in any given period requires judgement and consideration to each specific contract.

Our response:

In obtaining sufficient audit evidence, the following procedures were carried out:

- Discussed with management, including review of correspondence between lawyers and management, to understand the underlying principles, the substance of the arrangement and/or concept behind the contractual terms stipulated in the contractual agreements;

- Considered the Group's revenue recognition policies against the relevant accounting standards;

- For higher value revenue contracts entered during the financial year, considered whether revenue had been recognised in the correct accounting period, given the requirements of the relevant accounting standards; and

- Assessed the adequacy of revenue disclosures in the consolidated financial statements.

Key Audit Matters (continued)

Carrying value of goodwill
(Refer to Note 2.6(a), 3(c) and 21(a) to the financial statements)

Risk:

The Group has recognised goodwill amounting to $267,284,000 arising from the business combination and allocated the goodwill to certain cash-generating units ("CGUs"). The goodwill is assessed for impairment annually and whenever there is indication that the goodwill may be impaired. Management applies the value-in-use method to determine the recoverable amount of goodwill, except for cash-generating unit of event production and concert promotion, where fair value less costs of disposal method was applied.

Value-in-use method to assess the recoverable of goodwill is highly dependent on management's forecasts and estimates which include, but not limited to, discount rate, growth rate and future projected cash flows.

We have focused on this area due to the significance of the goodwill in relation to the total assets and the inherent uncertainty involved in forecasts and estimates, which forms the basis of the assessment of recoverability.

Our response:

In obtaining sufficient audit evidence, the following procedures were carried out:

- With the assistance of our internal valuation specialist, critically evaluated whether the model used by management to determine the recoverable amount of goodwill complies with FRS 36 *Impairment of Assets* and assessed the reasonableness of the growth rate and discount rate used;

- Analysed the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the cash-generating unit;

- Evaluated the reasonableness and challenged the appropriateness of key assumptions used by the management, by comparing them against historical forecasts and performance, as well as publicly available market data; and

- Reviewed management's disclosures in the consolidated financial statements.

Recoverability of trade receivables
(Refer to Note 2.12(e), 3(b) and 13 to the financial statements)

Risk:

The Group has local and overseas customers representing total trade receivables of $94,284,000 which mainly contributed from core business segments. The total trade receivables contributed 40% to the Group's current assets, representing one of the most significant components to the financial statements. Certain customers are experiencing a higher than average collection period as compared to other customers, resulting in a greater inherent exposure to non-collectability and increased level of judgement involved in estimating the recoverability of trade receivables. As such, we determined that this is a key audit matter.

Our response:

In obtaining sufficient audit evidence, the following procedures were carried out:

- Evaluated management's assumptions and estimates used to determine the allowance for doubtful debts through the following:

    - Reviewing customers aging report to identify collection risks, assessing certain overdue trade receivables, and where applicable, reviewing their payment history, actual and future expected cash flows, and correspondences between the Group and the customers; and

    - Communication with management on the collectability of trade receivables and adequacy of allowance for doubtful debts, and understand if there are any known disputed receivables.

- Reviewed management's disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

To the members of mm2 Asia Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Philip Tan Jing Choon.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
28 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

		Group	
		2018	**2017**
	Note	**$'000**	**$'000**
			Restated
Revenue	4	192,035	95,721
Cost of sales		(103,711)	(50,467)
Gross profit		88,324	45,254
Other income	7	947	171
Other gains and losses - net	8	217	242
Expenses			
- Administrative		(47,149)	(20,237)
- Finance	9	(1,575)	(1,414)
		(48,724)	(21,651)
Share of profit/(loss) of associated companies and joint venture		112	(7)
Profit before income tax		40,876	24,009
Income tax expense	10	(7,277)	(3,672)
Net profit		33,599	20,337
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from			
consolidation - gains/(losses)	33(b)	360	(526)
Total comprehensive income		33,959	19,811
Profit attributable to:			
Equity holders of the Company		26,480	17,524
Non-controlling interests		7,119	2,813
		33,599	20,337
Total comprehensive income attributable to:			
Equity holders of the Company		26,864	16,998
Non-controlling interests		7,095	2,813
		33,959	19,811
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted	11(a)	2.34	1.73

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

Group	Note	31 March 2018 $'000	31 March 2017 $'000 *Restated*	1 April 2016 $'000
ASSETS				
Current assets				
Cash and bank balances	12	93,180	25,755	4,743
Trade and other receivables	13	115,278	46,265	24,416
Inventories and work-in-progress	14	6,507	653	264
Film products and films under production	15	20,686	23,394	9,831
Income tax recoverable		-	11	-
		235,651	96,078	39,254
Non-current assets				
Available-for-sale financial assets	16	710	-	250
Investments in associated companies	18	2,554	1,493	-
Investment in a joint venture	19	73	-	-
Property, plant and equipment	20	41,191	11,184	3,648
Intangible assets and goodwill	21	295,840	47,472	14,191
Film rights	22	4,694	5,561	8,811
Film intangibles and film inventories	23	4,184	3,513	2,281
Deferred income tax assets	31	1,297	675	550
		350,543	69,898	29,731
Total assets		586,194	165,976	68,985
LIABILITIES				
Current liabilities				
Trade and other payables	24	274,631	46,636	23,805
Progress billing in excess of work-in-progress	14	2,164	749	604
Deferred income	25	955	2,922	557
Borrowings	26	4,972	6,223	232
Current income tax liabilities		9,235	5,603	3,051
		291,957	62,133	28,249
Non-current liabilities				
Trade and other payables	24	2,869	-	-
Borrowings	26	60,970	5,464	2,817
Provisions	29	4,978	-	-
Derivative financial instruments	30	6,874	-	-
Deferred income tax liabilities	31	5,997	1,866	754
		81,688	7,330	3,571
Total liabilities		373,645	69,463	31,820
NET ASSETS		212,549	96,513	37,165
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	32	152,870	88,212	56,982
Reserves	33	(30,907)	(37,239)	(37,486)
Retained profits	34	60,695	34,215	16,691
		182,658	85,188	36,187
Non-controlling interests		29,891	11,325	978
Total equity		212,549	96,513	37,165

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

Company	Note	31 March 2018 $'000	31 March 2017 $'000 *Restated*	1 April 2016 $'000
ASSETS				
Current assets				
Cash and bank balances	12	47,605	2,453	343
Trade and other receivables	13	75,882	48,665	21,966
		123,487	51,118	22,309
Non-current assets				
Investments in subsidiaries	17	66,035	64,534	38,328
Investments in associated companies	18	2,430	1,493	-
		68,465	66,027	38,328
Total assets		191,952	117,145	60,637
LIABILITIES				
Current liabilities				
Trade and other payables	24	31,527	28,636	1,656
Borrowings	26	3,200	2,500	-
		34,727	31,136	1,656
Non-current liabilities				
Borrowings	26	8,000	-	2,154
Total liabilities		42,727	31,136	3,810
NET ASSETS		149,225	86,009	56,827
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	32	152,870	88,212	56,982
Reserves		-	-	446
Accumulated losses	34	(3,645)	(2,203)	(601)
Total equity		149,225	86,009	56,827

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

		Attributable to equity holders of the Company					
2018	**Note**	**Share capital $'000**	**Reserves $'000**	**Retained profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Beginning of financial year (restated)		88,212	(37,239)	34,215	85,188	11,325	96,513
Profit for the year		-	-	26,480	26,480	7,119	33,599
Other comprehensive income/ (loss) for the year		-	384	-	384	(24)	360
Total comprehensive income for the year		-	384	26,480	26,864	7,095	33,959
		88,212	(36,855)	60,695	112,052	18,420	130,472
Dilution of interest in subsidiary without loss of control	17	-	5,948	-	5,948	11,594	17,542
Issuance of new shares pursuant to:							
- performance share plan	32	574	-	-	574	-	574
- placement agreement with financial institutions	32	49,084	-	-	49,084	-	49,084
- placement agreement with Starhub Ltd	32	15,000	-	-	15,000	-	15,000
Dividend paid by subsidiary to non-controlling interests		-	-	-	-	(123)	(123)
End of financial year		152,870	(30,907)	60,695	182,658	29,891	212,549

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

		Attributable to equity holders of the Company					
2017	**Note**	**Share capital $'000**	**Reserves $'000**	**Retained profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Beginning of financial year (as previously stated)		56,982	(37,655)	16,860	36,187	978	37,165
Reclassification	43	-	169	(169)	-	-	-
Beginning of financial year (restated)		56,982	(37,486)	16,691	36,187	978	37,165
Profit for the year		-	-	18,758	18,758	3,232	21,990
Other comprehensive loss for the year		-	(526)	-	(526)	-	(526)
Total comprehensive income for the year *(as previously stated)*		-	(526)	18,758	18,232	3,232	21,464
Prior year adjustments	43	-	-	(1,234)	(1,234)	(419)	(1,653)
Total comprehensive income for the year (restated)		56,982	(38,012)	34,215	53,185	3,791	56,976
Non-controlling interests arising from acquisition/ incorporation of subsidiaries		-	-	-	-	2,062	2,062
Dilution of interest in subsidiary without loss of control	17	-	1,329	-	1,329	1,671	3,000
Issuance of new shares pursuant to:							
- conversion of exchangeable notes	32	2,644	-	-	2,644	-	2,644
- conversion of convertible notes	32	7,534	(446)	-	7,088	-	7,088
- placement agreement with StarHub Ltd.	32	18,040	-	-	18,040	-	18,040
- acquisition of business assets from Mega Cinemas Management Sdn. Bhd.	32	3,012	-	-	3,012	-	3,012
		31,230	883	-	32,113	3,733	35,846
Prior year adjustments		-	(110)	-	(110)	3,801	3,691
		31,230	773	-	32,003	7,534	39,537
End of financial year (restated)		88,212	(37,239)	34,215	85,188	11,325	96,513

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	Note	Group 2018 $'000	Group 2017 $'000 *Restated*
Cash flows from operating activities			
Net profit		33,599	20,337
Adjustments for:			
- Income tax expense	10	7,277	3,672
- Depreciation of property, plant and equipment	5	5,637	1,577
- Interest income	7	(470)	(29)
- Interest expense	9	1,571	1,414
- Fair value changes in derivative financial instruments	9	4	-
- Amortisation of film rights	22	11,457	13,075
- Amortisation of film intangibles and film inventories	23	3,879	688
- Amortisation of brand	21(b)	681	375
- Amortisation of artiste rights	21(c)	-	655
- Amortisation of development of software	21(d)	16	-
- Amortisation of other intangible assets	21(e)	90	-
- Share of (profit)/loss of associated companies and joint venture		(112)	7
- Property, plant and equipment written off	8	-	23
- (Gain)/Loss on disposal of property, plant and equipment	8	(6)	1
- Allowance for impairment of trade receivables	5	-	36
- Unrealised currency translation (gain)/loss		(1,049)	350
- Performance share plan expenses	32	574	-
- Gain on disposal of available-for-sale financial asset	8	-	(25)
Operating profit before working capital changes		63,148	42,156
Changes in working capital, net of effects from acquisition of a subsidiary:			
- Trade and other receivables		(66,453)	(8,376)
- Inventories and work-in-progress		(5,732)	(389)
- Film products and films under production		(7,817)	(23,091)
- Film intangibles and film inventories		(4,559)	(1,974)
- Trade and other payables		28,732	553
- Deferred income		(2,907)	2,365
- Progress billing in excess of work-in-progress		1,415	145
Cash provided by operations		5,827	11,389
Income tax paid		(5,160)	(1,963)
Net cash provided by operating activities		667	9,426
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	41(b),(d)	(5,773)	(6,000)
Acquisition of business assets	41(a),(c)	(31,458)	(3,935)
Acquisition of associated companies	18	(920)	-
Acquisition of joint venture	19	(102)	-
Additions to film rights		(82)	(418)
Additions to development of software	21(d)	(42)	(45)
Additions to property, plant and equipment		(10,195)	(9,675)
Additions to other intangible assets	21(e)	(3,408)	-
Balance carried forward		(51,980)	(20,073)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	Note	Group 2018 $'000	Group 2017 $'000 *Restated*
Cash flows from investing activities (continued)			
Balance brought forward		(51,980)	(20,073)
Additions to available-for-sale financial asset	16	(710)	-
Deposit paid for acquisition of business assets		-	(498)
Interest received		470	29
Proceeds from disposal of property, plant and equipment		47	3,198
Proceeds from disposal of available-for-sale financial asset		-	275
Payment for an investment in associated company		(1,500)	-
Payment of deferred purchase consideration		(20,000)	(9,356)
Net cash used in investing activities		(73,673)	(26,425)
Cash flows from financing activities			
Increase in fixed deposit pledged to bank		(103)	(356)
Interest paid		(943)	(533)
Dividend paid by a subsidiary to non-controlling interest		(123)	-
Proceeds from issuance of shares of the Company	32	64,084	18,040
Proceeds from issuance of shares of a subsidiary	17(a)	17,542	-
Proceeds from issuance of convertible bonds and notes		115,495	10,500
Repayment of convertible bonds and notes		(67,540)	-
Proceeds from bank loans		29,071	11,769
Repayment of bank loans		(16,775)	(1,449)
Repayment of finance lease liabilities		(94)	(63)
Net cash generated from financing activities		140,614	37,908
Net increase in cash and cash equivalents		67,608	20,909
Cash and cash equivalents			
Beginning of financial year		24,858	4,133
Effects of currency translation on cash and cash equivalents		(286)	(184)
Cash and cash equivalents at end of year	12	92,180	24,858

Reconciliation of liabilities arising from financing activities

		Cash flow	Non-cash movement			
	2017 $'000	Net of proceeds/ (repayment) $'000	Interest changes $'000	Additional finance lease $'000	Embedded derivative $'000	2018 $'000
Borrowings						
Bank loans	11,581	12,296	518	-	-	24,395
Convertible bonds and notes	-	47,955	311	-	(6,874)	41,392
Finance lease liabilities	106	(94)	-	143	-	155
	11,687	60,157	829	143	(6,874)	65,942
Derivative Financial Instruments						
Convertible bonds and notes	-	-	-	-	6,874	6,874

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

The Company

mm2 Asia Ltd. (the "Company") is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") after being transferred from Catalist, the sponsor-supervised listing platform of SGX-ST on 7 August 2017 and incorporated and domiciled in Singapore. The address of its registered and principal place of business is located at 1002 Jalan Bukit Merah #07-11 Singapore 159456. The consolidated financial statements are presented in Singapore Dollar and all values are rounded to the nearest thousand ($'000) except otherwise indicated.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associated companies and joint ventures are described in Note 17, 18 and 19 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective for the financial year beginning on or after 1 April 2017

On 1 April 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the consolidated statement of cash flows to the financial statements.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax ("GST"), rebates and discounts, and after eliminating sales within the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

2.2.1 Core business

Core business segment refers to the Group's production and distribution of motion picture, video and television programme and sponsorship.

(a) *Production income*

(i) *Revenue from the exploitation of copyrights**

Revenue is recognised at the point of time when a fixed fee on non-refundable guarantee under a non-cancellable contract has been entered, which permits the customer to exploit those rights freely and the Group has no remaining obligations to perform.

* Copyrights refers to copyrights and all other rights attached therein.

(ii) *Producer fee income and consultancy income*

Producer fee income from production of movies, entertainment events and Television ("TV") programmes and consultancy income is recognised in the period in which the relevant services are rendered.

(iii) *Professional services*

Professional services rendered is recognised when the services are rendered to third parties for the development, pre-production and production of motion pictures, video and television programme.

(b) *Distribution income*

(i) *Revenue from distribution of films*

Revenue from distribution of films to movie distributors and/or theatres and circuits is recognised when the films are exhibited. After the payment of taxes, other charges and deductions by movie distributors and/or theatres and circuits of their respective share of the box office sales, the net proceeds (the "Distributable Amount") are remitted to the Group. Revenue is recognised when movies are exhibited.

(ii) *License income*

License income is earned from films licensed for a fixed fee under a non-cancellable contract, where an assignment is granted to the licensee which permits the licensee to exploit those film rights freely over the period of time and/or in any designated territory and where the Group has no remaining obligations to perform and when the film materials have been delivered to licensees. Revenue is recognised when the services are rendered to the licensee and where the Group has no remaining obligation to perform.

(c) *Sponsorship income*

The Group derives revenue from sponsorships associated with the production of films. Sponsorship fees relate to a one-time event. Revenue from a one-time event is recognised if (i) pervasive evidence of an arrangement exists; (ii) the event has occurred; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured. Sponsorship advances are deferred until earned pursuant to the sponsorship agreement and are presented as "Deferred income" on the statement of financial position. Revenue is recognised when the services are rendered and when the Group has no remaining obligation to perform.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

2.2.2 Post-production and content production

Post-production refers to the services in visual effects and immersive media works for feature films and commercials. They are mainly related to motion picture, video and television programme post-production activities.

Content production refers to production of virtual reality products ("VR") for location-based thematic tour show with incorporate immersive experience.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria are met as follows:

Rendering of service of post-productions and content production services

Revenue from post-productions and content productions is recognised in the period in which the relevant services are rendered.

2.2.3 Cinema operation

Cinemas operating segments relate to sales of cinema tickets and concession, hall renting and screen advertising.

(a) Exhibition

Income from box office takings is recognised on the date of the showing of the film it relates to.

(b) Confectionery

Income from confectionery sales is recognised at the point of sales.

(c) Other cinema operations

Other cinema operations consist of income from hall rental, screen advertising and ticket booking fee. Revenue is recognised in the period to which it relates to.

2.2.4 Event production and concert promotion

Event production and concert promotion segments relates to the concert/event production, organising and promoting all kinds of shows, entertainment activities, supply of equipment and other related services.

(a) Production

(i) Supply of equipment

Revenue from renting of stage sound system and equipment is recognised upon completion of the events, otherwise it is recognised on a straight-line basis over the contractual period.

(ii) Rendering of services

Revenue from the rendering of technical services is recognised when the services are rendered upon completion of the events, otherwise it is recognised on a straight-line basis over the contractual period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

2.2.4 Event production and concert promotion (continued)

(b) Promotion

(i) Admission fees and sponsorship

Revenue from artistic performances and other special events, including the related sponsorship received is recognised when the events take place. When subscription to a number of events is sold, the fee is allocated to each event on a basis which reflects the extent to which services are performed at each event.

(ii) Other promotion

Revenue from trading of performance rights is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(c) Other event production and concert promotion

(i) Revenue from the co-management of exhibition/concert halls is recognised upon completion of the events, otherwise it is recognised on a straight-line basis over the contractual period.

(ii) Revenue from renting exhibition/concert halls related equipment is recognised upon completion of the events, otherwise it is recognised on a straight-line basis over the contractual period.

2.2.5 Others

Others consist of revenue from café operations, social media advertising activities and development of software for interactive digital media.

2.2.6 Interest income

Interest income is recognised using the effective interest method.

2.2.7 Dividend Income

Dividend income is recognised when the right to receive payment is established.

2.2.8 Other income

The income from talent fee, formatting fee and management fee is recognised when services are rendered and the amount of income and cost incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, inter company transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transactions provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the Note 2.6(a) "Goodwill" for the subsequent accounting policy on goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;

- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method (continued):

- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;

- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and

- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiaries is taken to merger reserve.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.10 "Investment in subsidiaries, associated companies and joint ventures" for the accounting policy on investment in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represent the excess of the cost of acquisition of the associated company and joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies and joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence and joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the Note 2.10 "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The initial estimate cost of dismantlement, removal or restoration cost is also recognised as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives (Years)
Motor vehicles	5 years
Computers, office equipment and furniture and fittings	2.5 - 10 years
Tools and equipment	3 - 10 years
Rental equipment	5 - 10 years
Machinery	5 years
Renovation	3 - 10 years
Leasehold property	92 years (remaining lease term)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “Other gains/losses - net”.

2.6 Intangible assets and goodwill

(a) *Goodwill*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised as s separate intangible asset and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated companies and joint ventures represent the excess of the cost of the acquisition over the Group’s share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures are included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets and goodwill (continued)

(b) Brands

Brands acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the useful lives.

(c) Artiste rights

Artiste rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the economic benefit subject to maximum of licence period.

(d) Development of software

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

(e) Others

Other intangible assets is stated at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of other intangible assets is calculated using the straight-line method to allocate their depreciable amount over its estimated useful life.

2.7 Film rights

Film rights are stated at cost less accumulated amortisation and accumulated impairment losses. Film rights, less estimated residual value and accumulated impairment losses, are amortised in proportion to the estimated projected revenue over their economic beneficial period subject to a maximum of five (5) years. Additional amortisation and/or impairment loss is made if future estimated projected revenue is adversely different from the previous estimation. Estimated projected revenue is reviewed at regular intervals.

2.8 Film intangibles and film inventories

Film intangibles and film inventories comprise of rights and films acquired by the Group. It is amortised over the economic beneficial period subject to the maximum of the licence period when the film is released.

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.10 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets

(a) *Intangible assets - Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Property, plant and equipment*
Film rights
Film intangibles and film inventories
Intangible assets - Brands, development of software, artiste rights and others
Investments in subsidiaries, associated companies and joint ventures

Property, plant and equipment, film rights, film intangibles and film inventories, intangible assets and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.12 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial asset. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at the initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

At the end of financial year, the Group does not hold any of the financial assets except for loans and receivables and available-for-sale financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(a) Classification (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 13) and "Cash and bank balances" (Note 12) on the statements of financial position.

(ii) Available-for-sale financial asset

Available-for-sale financial asset is non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial asset is subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial asset is recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables (continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial asset

In addition to the objective evidence of impairment described in Note 2.12(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expenses for an equity security are not reversed through profit or loss in subsequent period.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the embedded equity conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amounts of the liability and equity components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

If the conversion option in a convertible bond is settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the issuer's own equity instruments, the conversion option is a derivative liability. The derivative is required to be carried at fair value with changes in fair value recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings and banking facilities of its subsidiaries and associated companies. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries and associated companies fail to make principal or interest payments when due in accordance with the terms of their borrowings and banking facilities.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries and associated companies' borrowings and banking facilities, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

Intragroup transactions are eliminated on consolidation.

2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.17 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.18 Leases

(a) When the Group is the lessee:

The Group leases motor vehicles and office equipment under finance leases from non-related parties and office space and apartments under operating leases from related and non-related parties.

(i) Lessee - Finance lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (continued)

(a) *When the Group is the lessee (continued):*

(ii) *Lessee - Operating lease*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

The Group leases stage sound system, equipment and cinema halls under operating leases to related parties and non-related parties.

Lessor - Operating lease

Leases of equipment and cinema halls where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.19 Film products and films under production

Film products are stated at cost less accumulated impairment losses. Film products pending theatrical release are included in current assets. Upon first theatrical release, these film products are reclassified as film rights and are included in non-current assets. Cost of film products, accounted for on a film-by-film basis includes production costs, costs of services, direct labour costs and facilities in the creation of a film.

Films under production include production costs, costs of services, direct labour costs and facilities in the creation of films. Upon completion, these films under production are reclassified as film products. Films under production are accounted for on a film-by-film basis and are stated at cost less any accumulated impairment losses.

An impairment loss is made if there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

2.20 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in first-out method. Cost include all costs of purchase and other costs incurred in bringing inventories to the present location. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.21 Work-in-progress

Work-in-progress is measured at cost to date less progress billings and recognised losses. Cost includes all direct material and labour costs, equipment and sub-contracting services, together with appropriate overhead expenses. Provision for foreseeable losses on uncompleted contracts is made in the financial year in which such losses are determined.

Work-in-progress is included in current assets in the statement of financial position for all contract in which costs incurred exceed progress billings. If progress billings exceed costs incurred, then the difference is presented as “progress billings in excess of work-in-progress” and is included in current liabilities in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences, arising on investment in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, Employee Provident Fund in Malaysia and Mandatory Provident Fund in Hong Kong on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(c) *Performance shares*

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(d) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to reporting date.

2.25 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("$"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies are recognised in other comprehensive income and accumulated in the currency translation reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Currency translation (continued)

(b) *Transactions and balances (continued)*

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expense". All other exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other gains and losses - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker whose members are responsible for allocating resources and assessing performance of the operating segments.

2.27 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.28 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

(a) Amortisation of film rights

The costs of film rights less residual values, are amortised in proportion to the estimated projected revenues over the economic beneficial period subject to a maximum of five (5) years. Additional amortisation is made if estimated projected revenues are materially different from the previous estimation.

Management bases its estimates of total projected revenues of each film on the historical performance of similar films, incorporating factors such as the past box office record of the leading actors and actresses, the genre of the film, anticipated performance in the home entertainment, television and other ancillary markets, and agreements for future sales and exploitations.

These estimated projected revenues can change significantly due to a variety of factors. Based on information available on the actual results of films, management reviews and revises, when necessary, the estimated projected revenues at regular intervals. Such change in revenue projections or estimations may result in a change in the rate of amortisation of the assets. This could have an impact on the Group's results of operations. The carrying amounts of film rights as at 31 March 2018 and 2017 are disclosed in Note 22 to the financial statements.

If the estimated projected revenue differs by 10% from management's estimates, the carrying amount of the film rights would have been lower by $210,000 (2017: $387,000) as at 31 March 2018.

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the media and information communication industry market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows had been lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been higher by $6,159,000 (2017: $2,621,000) respectively.

(c) Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of these assets and where applicable, CGU have been determined based on value-in-use and cost fair value less cost of disposal calculations. These calculations require the use of estimates (Note 21(a)). The sensitivity analysis for impairment of goodwill is disclosed in Note 21(a).

4 REVENUE

	Group	
	2018	2017
	$'000	$'000
Core business		
- Production	76,183	46,487
- Distribution	12,281	9,326
- Sponsorship	5,158	799
	93,622	56,612
Post-production and content production	6,317	3,515
Cinema operation		
- Exhibition	29,717	8,582
- Confectionery	8,389	2,368
- Other cinema operations	6,932	1,647
	45,038	12,597
Event production and concert promotion		
- Production	17,659	7,422
- Promotion	26,270	14,910
- Other event production and concert promotion	2,513	630
	46,442	22,962
Others	616	35
	192,035	95,721

5 EXPENSES BY NATURE

	Note	Group 2018 $'000	Group 2017 $'000 *Restated*
Amortisation of film rights	22	11,457	13,075
Amortisation of film intangibles and film inventories	23	3,879	688
Amortisation of brands	21(b)	681	375
Amortisation of artiste rights	21(c)	-	655
Amortisation of development of software	21(d)	16	-
Amortisation of other intangible assets	21(e)	90	-
Total amortisation		16,123	14,793
Depreciation of property, plant and equipment	20	5,637	1,577
Production and distribution of film costs		48,219	15,887
Artiste fee		9,245	5,102
Concert and event hosting		11,614	6,719
Equipment rental		1,356	522
Employees compensation	6	20,595	10,004
Travelling and transportation		1,046	840
Film rental expenses		14,766	4,299
Rental expense on operating leases		11,079	3,024
Professional fees		2,783	1,565
Utilities		2,522	874
Allowance for impairment of trade receivables	38(b)(ii)	-	36
Cleaning services		1,295	271
Upkeep of property, plant and equipment		1,462	828
Halls related expenditure		-	810
Royalties		244	422
Purchase of inventories		2,939	1,287
Changes in inventories		(229)	(141)
Others		164	1,985
Total cost of sales and administrative expenses		150,860	70,704

The production and distribution of film costs of the Group mainly include subcontracting costs, artiste fee, copyright fees, transport, rental of equipment, share of the net receipts from the exploitation of copyrights and overhead costs.

6 EMPLOYEES COMPENSATION

	Group	
	2018	2017
	$'000	$'000
Wages and salaries	18,373	8,768
Employer's contribution to defined contribution plans	1,279	784
Other short-term benefits	943	452
	20,595	10,004

Included in the wages and salaries are mm2 awarded performance share plan expense of $574,000 (2017: Nil) as disclosed in Note 35.

7 OTHER INCOME

	Group	
	2018	2017
	$'000	$'000
Interest income from bank deposits	470	29
Government grants	34	97
Sponsorship income in relation to advertisement	210	-
Miscellaneous income	233	45
	947	171

The Government grants include M-assist grant from Media Development Authority of Singapore (“MDA”), spring grant, wage credit scheme, temporary employment credit, and special government credit.

8 OTHER GAINS AND LOSSES - NET

	Group	
	2018	2017
	$'000	$'000
Currency exchange gains – net	211	69
Gain/(Loss) on disposal of property, plant and equipment	6	(1)
Property, plant and equipment written off	-	(23)
Gain on disposal of available-for-sale financial asset	-	25
Waiver of non-trade debts due to directors of a subsidiary	-	172
	217	242

9 FINANCE EXPENSES

	Group 2018 $'000	Group 2017 $'000 *Restated*
Interest expense on:		
- Bank overdrafts	4	1
- Bank borrowings	844	573
- Convertible bonds and notes	504	36
- Finance lease liabilities	3	6
Unwinding of discount on:		
- Provision for restoration costs	60	-
- Deferred purchase consideration (Note 24)	156	798
Fair value changes in derivative financial instruments (Note 30)	4	-
	1,575	1,414

10 INCOME TAXES

	Group 2018 $'000	Group 2017 $'000 *Restated*
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	7,801	4,461
- Foreign	282	402
	8,083	4,863
Deferred income tax	235	(707)
	8,318	4,156
(Over)/under provision in prior financial years:		
Current income tax		
- Singapore	12	(513)
- Foreign	(414)	-
	(402)	(513)
Deferred income tax	(639)	29
	(1,041)	(484)
	7,277	3,672

10 INCOME TAXES (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2018	2017
	$'000	$'000
		Restated
Profit before tax	40,876	24,009
Tax calculated at tax rate of 17% (2017: 17%)	6,949	4,082
Effects of:		
- Different tax rates in other countries	(134)	(73)
- Expenses not deductible for tax purposes	1,503	663
- Income not subject to tax	(7)	(223)
- Enhanced allowance	-	(249)
- Tax incentives and rebates	(343)	(160)
- (Over)/under provision of deferred tax in prior financial years	(639)	29
- Over provision of income tax in prior financial years	(402)	(513)
- Merger and acquisition allowance	-	(29)
- Others	350	145
Tax charge	7,277	3,672

11 EARNINGS PER SHARE

(a) *Basic earnings per share*

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018	2017
	$'000	$'000
		Restated
Net profit attributable to equity holders of the Company ($'000)	26,480	17,524
Weighted average number of ordinary shares outstanding for basic earnings per share	1,131,562	1,013,640
Basic (cents per share)	2.34	1.73

(b) *Diluted earnings per share*

There were no dilutive earnings per share for the financial year ended 31 March 2018 and 31 March 2017.

12 CASH AND BANK BALANCES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash at banks and on hand	30,194	24,679	4,605	2,453
Short-term bank deposits	62,986	1,076	43,000	-
	93,180	25,755	47,605	2,453

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2018	2017
	$'000	$'000
Cash and bank balances (as above)	93,180	25,755
Less: Bank deposits pledged	(1,000)	(897)
	92,180	24,858

The bank deposits pledged in relation to the security granted for certain borrowings (Note 27).

The effects of acquisitions of subsidiaries on the cash flows of the Group are disclosed in Note 41(b)(ii) and (d)(ii).

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade receivables				
- Non-related parties	89,162	35,305	-	-
- Associated companies	5,282	2,038	-	-
	94,444	37,343	-	-
Less: Allowance for impairment of trade receivables				
- non-related parties (Note 38(b)(ii))	(160)	(179)	-	-
Trade receivables - net	94,284	37,164	-	-
Other receivables				
- Non-related parties	3,143	937	-	121
- Related parties	-	129	-	128
- Associated companies	107	819	-	225
- Joint venture	155	-	-	-
- Subsidiaries	-	-	75,846	47,655
	3,405	1,885	75,846	48,129
Deposits	5,832	3,142	24	522
Prepayments	1,320	491	12	14
Accrued income	3,049	202	-	-
Deferred expenses	7,388	3,381	-	-
	115,278	46,265	75,882	48,665

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

The non-trade amounts due from related parties, subsidiaries, joint venture and associated companies are unsecured, interest-free and repayable on demand.

Included in deposits of the Group are:

(a) Refundable deposit paid of approximately $2,400,000 for acquisition of 49% equity interest in the total registered and paid-out capital of Beijing Wish Entertainment Co., Ltd, a company incorporated in People's Republic of China. The acquisition has not been completed as at date of these financial statements. In the previous financial year, the refundable deposit for rights acquisition of film for approximately $1,200,000.

(b) Refundable rental deposits paid for cinema premises of approximately $2,618,000 (2017: $498,000).

Deferred expenses of the Group are mainly cost incurred for future events in relation to event production and concert promotion segment of approximately $7,332,000 (2017: $2,200,000).

14 INVENTORIES AND WORK-IN-PROGRESS

	Group	
	2018	**2017**
	$'000	**$'000**
Work-in-progress	6,090	465
Finished goods		
- Trading goods	364	79
- Consumable goods	53	109
	6,507	653

The trading goods pertaining to food and beverage of cinema operations and café business. The consumable goods pertaining to consumable goods of event production and concert promotion.

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $2,710,000 (2017: $1,146,000).

Work-in-progress

	Group	
	2018	**2017**
	$'000	**$'000**
Aggregate costs incurred	6,727	3,778
Less: Progress billings	(2,801)	(4,062)
	3,926	(284)
Presented as:		
Work-in-progress	6,090	465
Progress billing in excess of work-in-progress	(2,164)	(749)
	3,926	(284)

Included in the work-in-progress is staff costs of $276,000 (2017: $119,000).

15 FILM PRODUCTS AND FILMS UNDER PRODUCTION

	Group 2018 $'000	Group 2017 $'000
Film products (Note 15(a))	-	-
Films under production (Note 15(b))	20,686	23,394
	20,686	23,394

The movement for film products and films under production are as follows:

(a) *Film products*

Beginning of financial year	-	-
Transfer from films under production (Note 15(b))	10,503	9,450
Transfer to film rights (Note 22)	(10,503)	(9,450)
End of financial year	-	-

(b) Films under production

Beginning of financial year	23,394	9,831
Currency translation differences	(22)	(78)
Additions	9,995	23,383
Transfer to film products (Note 15(a))	(10,503)	(9,450)
Transfer to work-in-progress	(2,178)	-
Disposal	-	(292)
End of financial year	20,686	23,394

16 AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group 2018 $'000	Group 2017 $'000
Beginning of financial year	-	250
Addition	710	-
Disposal	-	(250)
End of financial year	710	-

Available-for-sale are analysed as follows:

	Group 2018 $'000	Group 2017 $'000
Unquoted equity security - Hong Kong	710	-

The fair value of unquoted equity security is disclosed in Note 38(e).

17 INVESTMENTS IN SUBSIDIARIES

	Company 2018 $'000	Company 2017 $'000 Restated
Equity investments at cost		
Beginning of financial year	64,534	38,328
Additions	1,501	26,206
End of financial year	66,035	64,534

The Group had the following subsidiaries as at 31 March 2018 and 2017:

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group 2018 %	Proportion of ordinary shares held by the Group 2017 %	Proportion of ordinary shares held by the immediate parent 2018 %	Proportion of ordinary shares held by the immediate parent 2017 %	Proportion of ordinary shares held by non-controlling interests 2018 %	Proportion of ordinary shares held by non-controlling interests 2017 %
Subsidiaries of the Company								
mm2 Entertainment Pte. Ltd.[(a)]	Motion picture, video and television programme and production activities	Singapore	100	100	100	100	-	-
mm2 Entertainment Sdn. Bhd.[(b) (d) (g)]	Motion picture, video and television programme and production activities	Malaysia	100	100	100	100	-	-
mm2view Pte. Ltd.[(a)]	Development of software for interactive digital media	Singapore	70	70	70	70	30	30
UnUsUaL Management Pte. Ltd. [(a)]	Investment holding	Singapore	51	51	51	51	49	49
Dick Lee Asia Pte. Ltd.[(a)]	Dramatic arts, music and other arts production-related activities	Singapore	51	51	51	51	49	49
mm Connect Pte. Ltd. [(a)]	Investment holding	Singapore	100	-	100	-	-	-

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 March 2018 and 2017 (continued):

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by the immediate parent		Proportion of ordinary shares held by non-controlling interests	
			2018	2017	2018	2017	2018	2017
			%	%	%	%	%	%
Subsidiaries of mm2 Entertainment Pte. Ltd.								
mm2 Entertainment Hong Kong Limited (c) (g)	Motion picture, video and television programme and production activities	Hong Kong	100	100	100	100	-	-
Vividthree Productions Pte. Ltd. (a)	Motion picture, video and television programme post-production and content production activities	Singapore	51	51	51	51	49	49
2mm Pte. Ltd. (a)	Café operation, dramatic arts, music and other arts activities	Singapore	100	100	100	100	-	-
mm2 Entertainment USA, Inc. (b) (k)	Motion picture, video and television programme and production activities	United States of America	100	100	100	100	-	-
满满哆文化传媒(上海)有限公司 mm2 International Co. Ltd. (b) (k)	Motion picture, video and television programme and production activities	People Republic of China	100	100	100	100	-	-
mm2 Screen Management Sdn. Bhd. (b) (d) (g) (l)	Cinema Management and operation activities	Malaysia	100	100	-	100	-	-
Subsidiary of Vividthree Productions Pte. Ltd.								
Vividthree Productions Sdn. Bhd. (b)(d) (g)(i)	Motion picture, video and television programme post-production activities	Malaysia	51	-	100	-	49	-

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 March 2018 and 2017 (continued):

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by the immediate parent		Proportion of ordinary shares held by non-controlling interests	
			2018	2017	2018	2017	2018	2017
			%	%	%	%	%	%
Subsidiaries of mm Connect Pte. Ltd.								
mm Plus Pte. Ltd. [(a)]	Investment holding	Singapore	100	-	100	-	-	-
mm2 Screen Management Sdn. Bhd. [(b) (d) (g) (l)]	Cinema management and operation activities	Malaysia	100	100	100	-	-	-
Subsidiary of mm Plus Pte. Ltd.								
Cathay Cineplexes Pte. Ltd. [(a) (h)]	Cinema management and operation activities	Singapore	100	-	100	-	-	-
Subsidiary of mm2 Screen Management Sdn. Bhd.								
mm2 Star Screen Sdn. Bhd. [(b) (d) (g)]	Cinema management and operation activities	Malaysia	100	100	100	100	-	-
Subsidiary of UnUsUaL Management Pte. Ltd.								
UnUsUaL Limited [(a) (j)]	Investment holding	Singapore	41.91	49.35	82.18	96.77	58.09	50.65
Subsidiaries of UnUsUaL Limited								
UnUsUaL Productions Pte. Ltd. [(a)]	Rental of stage lighting, sound systems, audio equipment and light system installation and its related services	Singapore	41.91	49.35	100	100	58.09	50.65
UnUsUaL Development Pte. Ltd. [(a)]	Rental of stage lighting, sound systems, audio equipment and light system installation and its related services	Singapore	41.91	49.35	100	100	58.09	50.65

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 March 2018 and 2017 (continued):

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by the immediate parent		Proportion of ordinary shares held by non-controlling interests	
			2018	2017	2018	2017	2018	2017
			%	%	%	%	%	%
Subsidiaries of UnUsUaL Limited (continued)								
UnUsUaL Entertainment Pte. Ltd. [(a)]	Organising and promoting all kinds of shows, entertainment acts and other related services	Singapore	41.91	49.35	100	100	58.09	50.65
UnUsUaL Entertainment International Limited [(b) (e) (g)]	Provision of concert production services, artiste services, lease of stage equipment and investment in concert production	Hong Kong	41.91	49.35	100	100	58.09	50.65
UnUsUaL Productions (M) Sdn. Bhd. [(b) (f) (g)]	Organising and management of events	Malaysia	41.91	49.35	100	100	58.09	50.65

(a) Audited by Nexia TS Public Accounting Corporation

(b) For the purpose of preparing the consolidated financial statements, these financial statements have been reviewed by Nexia TS Public Accounting Corporation

(c) Audited by Fan, Chan & Co, Certified Public Accountants Hong Kong, a network member firm of Nexia International, for local statutory purposes

(d) Audited by C. C. Lee & Associates, Chartered Accountants, Malaysia for local statutory purposes

(e) Audited by KYY & Co, Certified Public Accountants (Practising) Hong Kong, for local statutory purposes

(f) Audited by STH & Co Chartered Accountants, Malaysia for local statutory purposes

(g) In accordance to Rule 716 of the SGX-ST Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group and of the Company

(h) The subsidiary has changed its financial year end from 31 December to 31 March, with effective from 31 March 2018

(i) The subsidiary is incorporated on 7 December 2017

(j) On 29 December 2016, the Company had transferred its 51% equity interest in UnUsUaL Limited to its subsidiary, UnUsUaL Management Pte. Ltd.

(k) The financial statements of the subsidiary is not subject to audit under local law of country

(l) On 11 September 2017, the Company's wholly owned subsidiary, mm2 Entertainment Pte. Ltd. has transferred its 100% equity interest in mm2 Screen Management Sdn. Bhd. to mm Connect Pte. Ltd., a wholly owned subsidiary of the Company

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) *Dilution of interests in a subsidiary without loss on control*

As at 31 March 2017, the convertible notes issued by UnUsUaL Limited ("UnUsUaL") totalling $3 million was exercised and converted into 17,647,059 ordinary shares pursuant to the terms and conditions of the notes (Note 27(c)). As a result, its immediate holding company, UnUsUaL Management Pte. Ltd.'s shareholdings in UnUsUaL was reduced from 100% to 96.77% and the Company's effective shareholdings in UnUsUaL had diluted from 51% to 49.35%. This dilution exercise did not result in loss of control over the subsidiary.

Subsequently on 10 April 2017, UnUsUaL has successfully listed on the Catalist, the sponsor-supervised listing platform of SGX-ST. As a result, its immediate holding company, UnUsUaL Management Pte. Ltd.'s shareholdings in UnUsUaL is reduced from 96.77% to 82.18% and the Company's effective shareholdings in UnUsUaL has diluted from 49.35% to 41.91%. This dilution exercise do not result in loss of control over the subsidiary.

The effects of dilution of interests in a subsidiary without loss on control are summarised as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
		Restated
Issuance of new ordinary shares by UnUsUaL pursuant to:		
- conversion of convertible notes (Note 27(c))	-	3,000
- listing on Catalist	17,542	-
Less: Carrying amount of non-controlling interests ("NCI")	(11,594)	(1,781)
Excess recognised in equity attributable to equity holders of the Company (Note 33(c))	5,948	1,219

(b) *Carrying value of non-controlling interests*

	Group	
	2018	**2017**
	$'000	**$'000**
UnUsUaL Limited and its subsidiaries ("UnUsUaL Group")	26,656	9,633
Vividthree Productions Pte. Ltd.	2,782	1,426
Other subsidiaries with immaterial non-controlling interests	453	266
	29,891	11,325

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 March 2018 and 2017 except dividend paid to immaterial non-controlling interests of Dick Lee Asia Pte. Ltd. which amounted to $123,000 during the financial year ended 31 March 2018.

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised statements of financial position as at 31 March:

	UnUsUaL Group		Vividthree Productions Pte. Ltd.	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Assets	39,052	16,393	6,425	3,596
Liabilities	(11,060)	(11,082)	(2,278)	(1,734)
Total current net assets	27,992	5,311	4,147	1,862
Non-current				
Assets	12,205	6,942	1,619	1,256
Liabilities	(484)	(63)	(88)	(208)
Total non-current net assets	11,721	6,879	1,531	1,048
Net assets	39,713	12,190	5,678	2,910

Summarised statements of comprehensive income for the financial year ended 31 March:

	UnUsUaL Group		Vividthree Productions Pte. Ltd.	
	2018	**2017** [1]	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	46,442	22,613	7,124	5,424
Profit before income tax	12,210	6,018	3,289	1,405
Income tax expense	(2,188)	-	(522)	(83)
Net Profit	10,022	6,018	2,767	1,322
Other comprehensive loss, net of tax	(41)	-	-	-
Total comprehensive income	9,981	6,018	2,767	1,322
Total comprehensive income allocated to non-controlling interests	5,798	3,048	1,356	648

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised statements of cash flows for the financial year ended 31 March:

	UnUsUaL Group		Vividthree Productions Pte. Ltd.	
	2018	2017 [1]	2018	2017
	$'000	$'000	$'000	$'000
Net cash (used in)/ provided by operating activities	(2,592)	8,852	2,507	1,043
Net cash used in investing activities	(6,682)	(2,645)	(129)	(305)
Net cash provided by/(used in) financing activities	17,374	(471)	(632)	(632)
Net increase in cash and cash equivalents	8,100	5,736	1,746	106
Translation differences	(35)	(17)	-	-
Cash and cash equivalents at beginning of the year	10,263	4,544	609	503
Cash and cash equivalents at end of the year	18,328	10,263	2,355	609

[1] Summarised statements of comprehensive income and cash flows of UnUsUaL Group pertains to the financial period from 11 August 2016 to 31 March 2017.

18 INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Equity investments at cost				
Beginning of financial year	1,493	-	1,493	-
Additions	920	1,500	750	1,500
Share of profit/(loss) during the the financial year	141	(7)	187	(7)
End of financial year	2,554	1,493	2,430	1,493

The Group's investment in associated companies are summarised below:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
RINGS.TV Pte. Ltd.	2,430	1,493	2,430	1,493
mm2 Film Distribution Sdn. Bhd.	-	-	-	-
Dream Team Studio Sdn. Bhd.	124	-	-	-
	2,554	1,493	2,430	1,493

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

18 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

The Group has not recognised the remaining share of losses of mm2 Film Distribution Sdn. Bhd. amounting to $21,231 (2017: $13,551) as the Group's cumulative share of losses exceeded its interest in that entity and the Group has no obligation in respect of those losses.

On 28 February 2017, the Company entered into a Share Subscription and Shareholders' agreement with Mozat Pte. Ltd. and SPH Media Fund Pte. Ltd. to subscribe the 15% shares interests in the Rings.TV Pte. Ltd. ("Rings.TV") with total consideration of $2,250,000 in two subscription tranches. On 3 March 2017, the Company completed the first tranche of subscription to subscribe 10% of share interests in Rings.TV with consideration of $1,500,000 and paid in April 2017. The second tranche of subscription of 5% of share interest is completed in July 2017 at consideration of $750,000.

On 31 July 2017, the Company has entered into a sale and purchase agreement with Chee Kar Ching and Tan Peng Hong to subscribe 22,500 ordinary shares in Dream Team Studio Sdn. Bhd. ("Dreamteam"), a company incorporated in Malaysia, representing 45% of issued share capital of Dreamteam, for a cash consideration of RM500,000 (approximately $170,000).

The Group had the following associated companies as at 31 March 2018 and 2017:

Name of associates	Principal activities	Country of incorporation	2018	2017
			%	%
Associated company of the Company				
RINGS.TV Pte. Ltd. [(b) (c)]	Development of software for interactive digital media	Singapore	15	10
Associated companies of mm2 Entertainment Sdn. Bhd.				
mm2 Film Distribution Sdn. Bhd. [(a)]	Distribution and production of motion picture, video and television programme	Malaysia	49	49
Dream Team Studio Sdn. Bhd. [(d)]	Distribution and production of motion picture, video and television programme	Malaysia	45	-

[(a)] Audited by C. C. Lee & Associates Chartered Accountants, Malaysia for local statutory purposes

[(b)] Audited by Wong, Lee & Associates LLP, Public Accountants and Chartered Accountants (Singapore) for local statutory purposes

[(c)] Management has assessed the Group's level of influence of its associated company and determines that it has significant influence even though the shareholdings are less than 20%, because of its representation at shareholders' meeting and contractual terms. Consequently, the investment has been classified as associated company

[(d)] Audited by FKL & Associates, Malaysia for local statutory purposes

There are no contingent liabilities relating to the Group's interest in the associated companies.

18 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

Management has determined significance of associated companies based on the future plans of the entities involved, their prospects and impact on the financial statements of the Group.

Set out below are the summarised financial information for each of the Group's material associated companies.

Summarised statements of comprehensive income as at 31 March:

	RINGS.TV Pte. Ltd.		mm2 Film Distribution Sdn. Bhd.	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	7,981	365	7,590	4,951
Expenses include:				
- Depreciation	(65)	(2)	(17)	(16)
- Amortisation	(198)	-	-	-
Total comprehensive profit/(loss), representing net profit/(loss)	1,247	(67)	(16)	46

Summarised statements of financial position as at 31 March:

	RINGS.TV Pte. Ltd.		mm2 Film Distribution Sdn. Bhd.	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current assets	3,094	2,382	7,039	3,221
Includes:				
- Cash and cash equivalents	282	1,338	192	77
Current liabilities	(1,449)	(1,099)	(7,148)	(3,338)
Includes:				
- Financial liabilities (excluding trade payables)	(1,142)	(908)	(5)	(59)
Non-current assets	2,781	771	-	31
Net assets/(liabilities)	4,426	2,054	(109)	(86)

The information above reflects the amounts presented in the financial statements of the associated companies (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies.

18 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associated companies, is as follows:

	RINGS.TV Pte. Ltd.		mm2 Film Distribution Sdn. Bhd.	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Reconciliation to carrying amounts:				
Opening net assets/(liabilities) at financial year	2,054	2,121	(86)	(142)
Increased in share capital	1,125	-	-	-
Currency translation differences	-	-	(7)	10
Profit/(Loss) for the financial year	1,247	(67)	(16)	46
Closing net assets/(liabilities)	4,426	2,054	(109)	(86)
Shareholding in %	15%	10%	49%	49%
Group's share	664	205	-	-
Goodwill	1,766	1,288	-	-
Carrying amount	2,430	1,493	-	-

(1) In the previous financial year, summarised statements of comprehensive income and cash flows of RINGS.TV Pte. Ltd. pertains to the financial period from 3 March 2017 to 31 March 2017.

19 INVESTMENT IN A JOINT VENTURE

	Group	
	2018	**2017**
	$'000	**$'000**
Beginning of financial year	-	-
Additions	102	-
Share of loss during the financial year	(29)	-
End of financial year	73	-

On 17 November 2016, the Group acquired 300,000 ordinary shares representing 30% of issued and paid-up share capital in River Front Mega Cineplexes Sdn. Bhd., incorporated in Malaysia for a cash consideration of RM300,000 (equivalent to $102,000). The transaction had completed on July 2017.

19 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Set out below are the summarised financial information for each of the Group's joint venture.

Summarised statements of comprehensive income for the financial year ended 31 March:

	River Front Mega Cineplexes Sdn. Bhd. 2018 $'000
Revenue	454
Expenses include:	
- Depreciation	(110)
Total comprehensive loss, representing net loss	(96)

Summarised statements of financial position as at 31 March:

	River Front Mega Cineplexes Sdn. Bhd. 2018 $'000
Current assets	266
Includes:	
- Cash and cash equivalents	85
Current liabilities	(1,155)
Includes:	
- Financial liabilities (excluding trade payables)	(74)
Non-current assets	1,131
Net assets	242
Reconciliation to carrying amounts:	
Opening net assets at date of acquisition	340
Currency translation differences	(2)
Loss for the financial year	(96)
Closing net assets	242
Shareholding in %	30%
Carrying amount	73

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and joint venture.

20 PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles $'000	Computers, office equipment and furniture and fittings $'000	Tools and equipment $'000	Rental equipment $'000	Machinery $'000	Renovation $'000	Leasehold property $'000	Work-in-progress $'000	Total $'000
2018									
Cost									
Beginning of financial year	689	1,640	7,808	1,955	13	471	614	-	13,190
Currency translation differences	3	732	437	17	-	5	46	-	1,240
Acquisition of subsidiary (Note 41(b)(iii))	-	695	6,362	-	-	2,968	-	1,139	11,164
Acquisition of business assets (Note 41(a)(ii))	-	8,624	4,486	-	-	-	-	-	13,110
Additions	182	960	830	3,241	-	5,125	-	-	10,338
Disposals	-	(48)	(2)	-	-	-	-	-	(50)
Reclassification	-	6	-	-	(6)	1,139	-	(1,139)	-
End of financial year	874	12,609	19,921	5,213	7	9,708	660	-	48,992
Accumulated depreciation									
Beginning of financial year	157	976	753	72	3	33	12	-	2,006
Currency translation differences	2	70	72	15	-	6	2	-	167
Depreciation charge for the year (Note 5)	199	1,371	2,286	414	2	1,331	34	-	5,637
Disposals	-	(9)	-	-	-	-	-	-	(9)
End of financial year	358	2,408	3,111	501	5	1,370	48	-	7,801
Carrying amount									
End of financial year	516	10,201	16,810	4,712	2	8,338	612	-	41,191

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Motor vehicles $'000	Computers, office equipment and furniture and fittings $'000	Tools and equipment $'000	Rental equipment $'000	Machinery $'000	Renovation $'000	Leasehold property $'000	Total $'000
2017								
Cost								
Beginning of financial year	37	1,437	2,060	-	-	96	649	4,279
Currency translation differences	(3)	(287)	(181)	(82)	-	(6)	(55)	(614)
Acquisition of subsidiary (Note 41(d)(iii))	655	87	1,213	164	13	-	-	2,132
Acquisition of business assets (Note 41(c)(ii))	-	110	963	-	-	-	-	1,073
Additions	-	457	3,884	4,876	-	438	20	9,675
Disposals	-	(16)	(126)	(3,003)	-	(57)	-	(3,202)
Write-off	-	(148)	(5)	-	-	-	-	(153)
End of financial year	689	1,640	7,808	1,955	13	471	614	13,190
Accumulated depreciation								
Beginning of financial year	21	381	219	-	-	10	-	631
Currency translation differences	(1)	(29)	(26)	(8)	-	(5)	-	(69)
Depreciation charge for the year (Note 5)	137	755	562	80	3	28	12	1,577
Disposals	-	(1)	(2)	-	-	-	-	(3)
Write-off	-	(130)	-	-	-	-	-	(130)
End of financial year	157	976	753	72	3	33	12	2,006
Carrying amount								
End of financial year	532	664	7,055	1,883	10	438	602	11,184

20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included within additions in the consolidated financial statements are motor vehicles acquired under finance leases amounting to $143,000 (2017: Nil).

The carrying amounts of computers, office equipment and furniture and fittings and motor vehicles held under finance leases are $31,000 (2017: $25,000) and $239,000 (2017: $223,000) respectively at the reporting date.

Bank borrowings are secured on a leasehold property of the Group with carrying amount of $612,000 (2017: $602,000).

21 INTANGIBLE ASSETS AND GOODWILL

		Group	
		2018	**2017**
	Note	**$'000**	**$'000**
			Restated
Composition:			
Goodwill	21(a)	267,284	39,177
Brands	21(b)	24,467	8,048
Artiste rights	21(c)	-	-
Development of software	21(d)	273	247
Others	21(e)	3,816	-
		295,840	47,472

(a) Goodwill

	Group	
	2018	**2017**
	$'000	**$'000**
Cost		
Beginning of financial year	39,177	13,989
Acquisition of subsidiaries (Note 21(a)(i))	205,725	19,314
Acquisition of business assets (Note 21(a)(ii))	20,907	5,874
Translation differences	1,475	-
End of financial year	267,284	39,177
Carrying amount		
End of financial year	267,284	39,177

21 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill (continued)

(i) Acquisition of subsidiaries

2018

Acquisition of Cathay Cineplexes Pte. Ltd. (Note 41(b))
The goodwill of $205,725,000 is provisionally allocated to the cinema operation segment where the operation are held in Singapore, which could not be reliably allocated by 31 March 2018. The initial purchase price allocation to identifiable net assets acquired is being assessed and expected to be finalised within 12 months from date of acquisition hence the goodwill has not been allocated to the relevant cash-generating unit ("CGU"). The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed. Furthermore, there is no internal and external triggering events that indicate an impairment of goodwill. Therefore as at 31 March 2018, there is no impairment being provided for.

2017

Acquisition of UnUsUaL Limited and its subsidiaries (Note 41(d))
The acquisition of UnUsUaL Limited and its subsidiaries was completed during the financial year ended 31 March 2017. The initial purchase price allocation to identifiable net assets acquired was assessed and finalised during the financial year ended 31 March 2018. The changes in the fair values of the net assets acquired was retrospectively recognised in financial year ended 31 March 2017 and the effect of the adjustments was disclosed in Note 41(d) and Note 43. The goodwill of $19,314,000 is allocated to the concert and event operation segment, which comprises the CGU of UnUsUaL Limited and its subsidiaries.

(ii) Acquisition of business assets

2018

Acquisition of business assets from Lotus Fivestar Cinemas (M) Sdn. Bhd. (Note 41(a))
The goodwill of $20,907,000 is provisionally allocated to the cinema operation segment where the operations are held in Malaysia, which could not be reliably allocated by 31 March 2018. The initial purchase price allocation to identifiable net assets acquired is being assessed and expected to be finalised within 12 months from date of acquisition hence the goodwill has not been allocated to the relevant cash-generating unit ("CGU"). The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed. Furthermore, there is no internal and external triggering events that indicate an impairment of goodwill. Therefore as at 31 March 2018, there is no impairment being provided for.

2017

Acquisition of business assets from Mega Cinemas Management Sdn. Bhd. (Note 41(c))
The goodwill of $5,873,880 was allocated to the cinema operation segment where the operation are held in Malaysia. The purchase price allocation to identifiable assets acquired was completed on 20 June 2017 and there were no significant adjustment required for the identified assets acquired and goodwill initially allocated in the previous financial year ended 31 March 2017.

21 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill (continued)

(iii) Impairment test for goodwill

The aggregate carrying amount of goodwill allocated to each Group's CGU identified according to business segment as follows:

	Group	
	2018	2017
	$'000	$'000
		Restated
Event production and concert promotion, Singapore ("Concert and promotion")	19,314	19,314
Post-production and content production, Singapore	2,852	2,852
Cinema operations:		
- Cathay acquisition, Malaysia	10,966	11,137
- Mega acquisition, Malaysia	6,315	5,874
- Lotus acquisition, Malaysia	22,112	-
- Cathay acquisition, Singapore	205,725	-
	267,284	39,177

In assessing whether an impairment is required, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount of the CGU was determined based on value-in-use and fair value less cost to disposal.

Fair value less cost to disposal
The recoverable amount of concert and promotion CGU are determined based on fair value less cost to disposal method. The fair value less cost to disposal is measured based on UnUsUaL Limited's listed price at $0.465 as at 31 March 2018, multiply by number of shares held by the Group of 1,029,179,292 shares.

For its goodwill attributable to concert and promotion CGU:
The recoverable amount of the concert and promotion CGU exceeded its carrying amount. If the listed price used in fair value less cost to disposal calculation for this CGU had declined by 68.53%, the recoverable amount of the CGU would equal to the carrying amount.

Value-in-use
The recoverable amount of (1) post-production and content production and (2) cinema operations are determined based on value-in-use method.

The value-in-use is determined based on financial budgets approved by management covering a five-year period using the growth rates stated below. Cash flows beyond the five-year period were extrapolated with assumption of zero growth. These cash flows were discounted using a pre-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the CGU.

The key assumptions for the value-in-use are those regarding the discount rate and growth rate during the financial period. The management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on past performance and expectations on market development.

21 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill (continued)

(iii) Impairment test for goodwill (continued)

Key assumptions used for value-in-use calculations:

	Post-Production		Cinema operations	
	2018	2017	2018	2017
	%	%	%	%
Growth Rate[1]	15	3	7	10 - 13
Discount Rate[2]	16	12	12	14

[1] *Revenue growth rate used for extrapolation of future revenue for the five-year period*
[2] *Pre-tax discount rate applied to pre-tax cash flow projection*

For its goodwill attributable to post-production and content production CGU:
The recoverable amount of the post-production and content production CGU exceeded its carrying amount. If the management's estimated growth rate used in the value-in-use calculation for this CGU had declined by 13.99% (2017: 52.51%), or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised by 24.29% (2017: 35.68%), the recoverable amount of the CGU would be equal to the carrying amount.

For its goodwill attributable to cinema operations CGU:
The recoverable amount of the cinema operations CGU exceeded its carrying amount. If the management's estimate growth rate used in the value-in-use calculation for this CGU had declined by 4.3% (2017: 4.44%), or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised by 7.35% (2017: 14.68%), the recoverable amount of the CGU would be equal to the carrying amount.

(b) Brands

	Group	
	2018	2017
	$'000	$'000
Cost		
Beginning of financial year	8,423	-
Acquisition of subsidiaries (Note 41(b)(iii)) (2017: Note 41(d)(iii))	17,100	8,423
End of financial year	25,523	8,423
Accumulated amortisation		
Beginning of financial year	375	-
Amortisation charge (Note 5)	681	375
End of financial year	1,056	375
Carrying amount		
End of financial year	24,467	8,048

21 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(c) Artiste rights

	Group	
	2018	2017
	$'000	$'000
Cost		
Beginning of financial year	655	-
Acquisition of subsidiary (Note 41(d)(iii))	-	655
End of financial year	655	655
Accumulated amortisation		
Beginning of financial year	655	-
Amortisation charge (Note 5)	-	655
End of financial year	655	655
Carrying amount		
End of financial year	-	-

(d) Development of software

	Group	
	2018	2017
	$'000	$'000
Cost		
Beginning of financial year	247	202
Additions	42	45
End of financial year	289	247
Accumulated amortisation		
Beginning of financial year	-	-
Amortisation charge (Note 5)	16	-
End of financial year	16	-
Carrying amount		
End of financial year	273	247

21 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(e) Others

	Group 2018 $'000	Group 2017 $'000
Cost		
Beginning of financial year	-	-
Acquisition of subsidiary (Note 41(b)(iii))	11	-
Additions	3,895	-
End of financial year	3,906	-
Accumulated amortisation		
Beginning of financial year	-	-
Amortisation charge (Note 5)	90	-
End of financial year	90	-
Carrying amount		
End of financial year	3,816	-

The additions to other intangible assets relate to:

(i) investment in a multi-functional recording and film studio in Taiwan amounting to $2,700,000; and

(ii) investment in mobile/web software development amounting to RMB8,160,000 (equivalent to approximately $1,195,000).

22 FILM RIGHTS

	Group 2018 $'000	Group 2017 $'000
Cost		
Beginning of financial year	34,206	24,434
Currency translation differences	196	(96)
Additions	82	418
Transfer from film products (Note 15(a))	10,503	9,450
End of financial year	44,987	34,206
Accumulated amortisation		
Beginning of financial year	28,645	15,623
Currency translation differences	191	(53)
Amortisation charge (Note 5)	11,457	13,075
End of financial year	40,293	28,645
Carrying amount		
End of financial year	4,694	5,561

23 FILM INTANGIBLES AND FILM INVENTORIES

	Group	
	2018	2017
	$'000	$'000
Cost		
Beginning of financial year	4,198	2,296
Currency translation differences	82	(72)
Additions	4,725	2,158
Expiry	(1,560)	(180)
Write-off	(166)	(4)
End of financial year	7,279	4,198
Accumulated amortisation		
Beginning of financial year	685	15
Currency translation differences	91	(18)
Amortisation charge (Note 5)	3,879	688
Expiry	(1,560)	-
End of financial year	3,095	685
Carrying amount		
End of financial year	4,184	3,513

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
		Restated		*Restated*
Current				
Trade payables				
- Non-related parties	38,120	15,944	35	62
- Associated company	2,211	453	-	-
	40,331	16,397	35	62
Other payables				
- Non-related parties	8,452	4,449	130	-
- Related parties	87	575	-	-
- Associated company	542	1,500	-	1,500
- Dividend and other payable due to non-controlling interests	-	171	-	-
- Subsidiaries	-	-	28,160	5,219
	9,081	6,695	28,290	6,719
Accruals	9,741	3,536	3,202	1,855
Deposits received	439	-	-	-
Withholding tax	39	8	-	-
Deferred consideration for business combinations (Note 41(b)(v)) (2017: Note 41(d)(v))	215,000	19,202	-	19,202
Unwinding of discount on deferred consideration (Note 9)	-	798	-	798
	215,000	20,000	-	20,000
	274,631	46,636	31,527	28,636
Non-current				
Other payables				
- Deferred consideration for business combinations (Note 41(a(vii)))	2,713	-	-	-
- Unwinding of discount on deferred consideration (Note 9)	156	-	-	-
	2,869	-	-	-

The non-trade amounts due to related parties, subsidiaries and associated company are unsecured, interest-free and repayable on demand.

25 DEFERRED INCOME

	Group	
	2018	2017
	$'000	$'000
Deferred income	955	2,922

Deferred income refers to advance payment received from customers for cinema operations and event productions and concert promotion.

26 BORROWINGS

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Bank loans	4,924	6,139	3,200	2,500
Finance lease liabilities (Note 28)	48	84	-	-
	4,972	6,223	3,200	2,500
Non-current				
Bank loans	19,471	5,442	8,000	-
Convertible bonds and notes (Note 27(a))	41,392	-	-	-
Finance lease liabilities (Note 28)	107	22	-	-
	60,970	5,464	8,000	-
Total borrowings				
Bank loans	24,395	11,581	11,200	2,500
Convertible bonds and notes (Note 27(a))	41,392	-	-	-
Finance lease liabilities (Note 28)	155	106	-	-
	65,942	11,687	11,200	2,500

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
12 months or less	4,924	6,139	3,200	2,500
1 - 5 years	19,120	5,102	8,000	-
Over 5 years	351	340	-	-
	24,395	11,581	11,200	2,500

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

26 BORROWINGS (CONTINUED)

(a) *Security granted*

Total bank loans included secured liabilities of $24,395,000 (2017: $11,581,000) which are secured as follows:

- Personal guarantee of $110,000 from certain directors of a subsidiary;
- Leasehold property of the Group (Note 20);
- Total corporate guarantees of $16,571,000 (2017: $13,269,000) from the Company for subsidiaries' banking facilities;
- Corporate guarantees of $11,200,000 from subsidiaries for the Company's banking facilities;
- Leasehold property of a related party of a subsidiary; and
- Ordinary shares of subsidiaries, mm2 Screen Management Sdn. Bhd. and mm2 Star Screen Sdn. Bhd..

Finance lease liabilities of the Group are effectively secured over the motor vehicles (Note 20) as the legal titles are retained by the lessor and to be transferred to the Group upon settlement of the finance lease liabilities.

(b) *Fair value of non-current borrowings*

The fair values of non-current borrowings approximate their carrying amounts.

The fair values are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Bank loans	4.01 - 7.54	5.28	4.01	5.28
Convertible bonds	7.41	-	-	-
Finance lease liabilities	2.33 - 6.14	5.41	-	5.41

The fair values are within Level 2 of the fair value hierarchy, except for convertible bonds at Level 3 of the fair value hierachy as disclosed in Note 38(e) to the financial statements.

27 CONVERTIBLE BONDS AND NOTES

(a) On 7 February 2018, the Company's wholly-owned subsidiary corporation, mm Connect Pte. Ltd. ("mm Connect"), has entered into subscription agreements with certain subscribers in connection with the issuance by mm Connect of an aggregate of $47,850,000 convertible notes and convertible bonds ("Convertible Securities"). The following are the terms and condition attached to the Convertible Securities:

(i) Under the subscription agreements, the Convertible Securities will bear interest at the rate of 2% per annum, which shall, along with the principal, be payable in cash upon redemption or conversion (as applicable) in accordance with the terms of the subscription agreements. Unless converted in accordance with the terms of the Subscription Agreement, the Convertible Securities shall be redeemed by the Company at a redemption price equal to 100% of the Convertible Securities issue price, together with all accrued interest, at the Convertible Securities maturity date, payable in cash. Each Subscription Agreement provides for the Subscribers to subscribe for Convertible Notes and Convertible Bonds in the ratio of 1:2.

(ii) The maturity date of the Convertible Notes shall be the earlier of: (a) the date (the "IPO Date") on which an Initial Public Offering ("IPO") of the Issuer is first open for acceptance; or (b) the third anniversary of the date of issuance of the Convertible Notes. The maturity date of the Convertible Bonds shall be the third anniversary of the date of the issuance of the Convertible Bonds, or, if an IPO has taken place on or before such third anniversary, the second anniversary of the IPO Date.

(iii) The Convertible Notes may be converted into fully paid up shares in the Issuer in the event that the Issuer seeks an IPO prior to the Maturity Date, at a conversion price set at a 15% discount to the IPO price, at the election of the Subscribers. The Convertible Bonds may, in addition, be converted into fully paid up shares in the Issuer if the Issuer achieves an IPO prior to the Maturity Date in the following circumstances:

- provided that the Convertible Bonds have not otherwise been converted/redeemed in accordance with the terms of the Subscription Agreements at the option of the Subscribers at any time after such IPO and up to and including the second anniversary date of such IPO, at a conversion price set at a 20% premium to the IPO price (the "CB Conversion Price"); or

- at the option of the Issuer for so long as the Convertible Bonds are outstanding, in the event that closing price of the Issuer's shares on the relevant stock exchange exceeds 150% of the CB Conversion Price for 30 consecutive trading days, at the CB Conversion Price.

The Convertible Securities issued contained both a liability component and an embedded derivative component. The embedded derivative liability is calculated first and the residual value is assigned to the liability component. The liability component will be accounted for subsequently at amortised cost. The embedded derivative liability will be fair valued at each reporting period and the fair value changes would be recognised as finance cost in profit and loss.

	Group	
	2018	**2017**
	$'000	**$'000**
At date of issuance (7 February 2018)	47,850	-
Less: Derivative financial instruments (Note 30)	(6,870)	-
	40,980	-
Interest expense recognised to profit or loss	412	-
Convertible bonds and notes - liability component (Note 26)	41,392	-

27 CONVERTIBLE BONDS AND NOTES (CONTINUED)

(b) On 18 July 2017, the Group's subsidiary corporation, mm Connect had entered into convertible notes and convertible bonds subscription agreements with certain subscribers to issue redeemable convertible notes denominated in Singapore Dollar with a nominal value of $31,013,333 in aggregate principal amount of convertible notes and redeemable convertible bonds denominated in Singapore Dollar with a nominal value of $62,026,667 in aggregate principal amount of convertible bonds. On 6 October 2017, the proposed acquisition of Dartina has not proceeded to completion, accordingly, all the convertible bonds and notes have been repaid by mm Connect to the subscribers and does not hold any outstanding convertible instruments as at 31 March 2018.

(c) On 5 December 2016, the Group's subsidiaries, UnUsUaL Limited had entered into a Convertible Note Subscription Agreements with Pre-IPO investors in aggregate principal amounts of $3,000,000. Pursuant to the Convertible Notes Subscription Agreements, 100% of the principal amount in respect of the Convertible Notes shall be converted into 17,647,059 Conversion Shares prior to registration. The Convertible Notes of all Pre-IPO investors shall be converted at a conversion price that is 85% of the Placement Price of the Company. On 24 March 2017, the convertible notes were converted into 17,647,059 of the ordinary shares of UnUsUaL Limited.

(d) On 24 February 2016, the Company entered into a convertible note subscription agreement with Orientivity Capital Pte. Ltd. to issue redeemable convertible notes denominated in Singapore Dollar with a nominal value of $5,000,000 in aggregate principal amount of convertible notes, and a Greenshoe Option amounting to $2,500,000.

On 28 July 2016, all convertible notes were converted into 18,700,283 of ordinary shares pursuant to the terms and conditions of the convertible notes.

(e) On 10 July 2015, the Group's subsidiaries, mm2 Entertainment Pte. Ltd. had entered into an exchangeable note subscription agreement with 3VS1 Asia Growth Fund 2 Ltd. to issue redeemable convertible bonds denominated in Singapore Dollar with a nominal value of $2,600,000 in aggregate principal amount and up to $1,300,000 in aggregate principal amount of Greenshoe Option.

On 12 November 2015, 17 December 2015 and 18 December 2015, the Greenshoe Option Notes aggregating to a principal amount of $1,207,560 was converted in 2,142,965 ordinary shares.

On 19 April 2016, the exchangeable notes of $2,600,000 had been mandatorily converted into 9,442,172 of new ordinary shares pursuant to the terms and conditions of the exchangeable note.

The convertible bonds as disclosed in Note 27 (b) to (e) are regarded as hybrid instruments consisting of a host instrument and an embedded derivative. The economic characteristics and risks of the embedded derivative of which are not closely related to that of a host instrument, the bonds. The conversion options under the terms of the convertible bonds collectively formed a single compound embedded derivative in the convertible bonds. The management assessed the fair value of the single compound embedded derivative at the inception of the convertible bonds and at the reporting date and considered it as not significant, hence this single compound embedded derivative was not recognised.

As at 31 March 2018, the Group does not have any outstanding convertible bonds/notes except as disclosed in Note 27(a). The Company does not have any outstanding convertible bonds/notes.

28 FINANCE LEASE LIABILITIES

The Group leases motor vehicles and office equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2018	2017
	$'000	$'000
Minimum lease payments due		
- Not later than one year	64	89
- Between one and five years	106	22
	170	111
Less: Future finance charges	(15)	(5)
Present value of finance lease liabilities	155	106

The present values of finance lease liabilities are analysed as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year (Note 26)	48	84
Later than one year (Note 26)		
- Between one and five years	107	22
Total	155	106

29 PROVISIONS

	Group	
	2018	2017
	$'000	$'000
Non-current		
Provision for restoration costs	4,978	-

Provision for restoration costs comprise estimates of reinstatement costs for lease cinema outlets and offices upon expiry of tenancy agreements. It is expected the provision for restoration costs to be utilised next 5 to 12 years.

29 PROVISIONS (CONTINUED)

Movement of provision for restoration costs are as follows:

	Group 2018 $'000	Group 2017 $'000
Beginning of financial year	-	-
Acquisition from a subsidiary (Note 41(b)(iii))	3,675	-
Provision made	1,243	-
Unwinding of discount (Note 9)	60	-
End of financial year	4,978	-

30 DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2018 $'000	Group 2017 $'000
At issuance date (7 February 2018) (Note 27(a))	6,870	-
Changes in fair value (Note 9)	4	-
	6,874	-

The derivative financial instruments arising from the issuance of Convertible Bonds and Notes issued by mm Connect Pte. Ltd., a wholly-owned subsidiary, during the financial year as disclosed in Note 27(a).

31 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	Group 2018 $'000	Group 2017 $'000 *Restated*
Deferred income tax liabilities		
- To be settled within one financial year	138	50
- To be settled after one financial year	5,859	1,816
	5,997	1,866
Deferred income tax assets	(1,029)	(663)
- To be recovered within one financial year	(268)	(12)
- To be recovered after one financial year	(1,297)	(675)

31 DEFERRED INCOME TAXES (CONTINUED)

Movement in deferred income tax account is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
		Restated
Beginning of financial year	1,191	204
Currency translation differences	25	(28)
Acquisition of subsidiaries (Note 41(b)(iii)) (2017: Note 41(d)(iii))	3,888	1,693
Credited to profit or loss (Note 10)	(404)	(678)
End of financial year	4,700	1,191

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) is as follows:

Group
Deferred income tax liabilities

	Accelerated tax depreciation/ amortisation	**Other**	**Total**
	$'000	**$'000**	**$'000**
2018			
Beginning of financial year	2,278	57	2,335
Currency translation differences	71	-	71
Acquisition of subsidiaries	3,888	-	3,888
Charged to profit or loss	415	-	415
End of financial year	6,652	57	6,709

31 DEFERRED INCOME TAXES (CONTINUED)

Group

Deferred income tax liabilities (continued)

	Accelerated tax depreciation/ amortisation $'000	Other $'000	Total $'000
2017 (Restated)			
Beginning of financial year	729	25	754
Currency translation differences	(77)	-	(77)
Acquisition of subsidiaries	1,693	-	1,693
(Credit)/charged to profit or loss	(67)	32	(35)
End of financial year	2,278	57	2,335

Deferred income tax assets

	Accelerated tax depreciation/ amortisation $'000	Tax losses $'000	Total $'000
2018			
Beginning of financial year	(693)	(451)	(1,144)
Currency translation differences	(45)	-	(45)
Credited to profit or loss	(820)	-	(820)
End of financial year	(1,558)	(451)	(2,009)
2017 (Restated)			
Beginning of financial year	-	(550)	(550)
Currency translation differences	-	49	49
(Credited)/charged to profit or loss	(693)	50	(643)
End of financial year	(693)	(451)	(1,144)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

32 SHARE CAPITAL

	No. of ordinary shares		Amount	
	2018	2017	2018	2017
	’000	’000	$’000	$’000
Group and Company				
At beginning of financial year	1,047,781	442,265	88,212	56,982
Issuance of new shares pursuant:				
- conversion of exchangeable notes (Note 32(a))	-	9,442	-	2,644
- conversion of convertible notes (Note 32(b))	-	18,700	-	7,534
- placement agreements (Note 32(c))	114,064	44,000	64,084	18,040
- acquisition business assets (Note 32(d))	-	9,483	-	3,012
- completion of share split (Note 32(e))	-	523,891	-	-
- performance share plan (Note 35)	959	-	574	-
End of financial year	1,162,804	1,047,781	152,870	88,212

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) On 10 July 2015, the Group’s subsidiary, mm2 Entertainment Pte. Ltd. entered into an exchangeable note subscription agreement with 3VS1 Asia Growth Fund 2 Ltd. to issue redeemable convertible bonds denominated in Singapore Dollar with a nominal value of $2,600,000 in aggregate principal amount, and up to $1,300,000 in aggregate principal amount of Greenshoe Option.

On 10 April 2016, the exchangeable notes aggregating to a principal amount of $2,644,000 had been mandatorily converted into 9,442,172 of new ordinary shares. The conversion exercise was held on 19 April 2016.

(b) On 11 April 2016, the Company had issued convertible notes amounting to $5,000,000 with a Greenshoe Option amounting to $2,500,000 to Orientivity Capital Pte. Ltd. (“Orientivity”). The Greenshoe Option has been exercised on 11 May 2016. These convertible notes were fully converted into 18,700,283 conversion shares on 28 July 2016.

(c) On 15 June 2017, the Company has entered into a placement agreement with DBS Bank Ltd. and Maybank Kim Eng Securities Pte. Ltd., as joint placement agents to procure subscribers to subscribe for an aggregate of 87,748,000 ordinary shares in the capital of the Company at a placement price of $0.57 for each placement share for total consideration of $50,016,000. The placement was completed on 21 July 2017.

On 29 June 2017, the Company has entered into a placement agreement with Starhub Ltd. to subscribe for an aggregate of 26,315,790 ordinary shares in the capital of the Company at a placement price of $0.57 for each placement share for a total consideration of $15,000,000. The placement was completed on 21 July 2017.

As a result of the above placement agreements, total transaction costs of $932,000 has been capitalised in the share proceeds.

In the previous financial year, the Company had entered into a share placement agreement with StarHub Ltd, to issue 44,000,000 new ordinary shares (“Placement Shares”) for a consideration of $18,040,000 on 22 March 2016. On this date, StarHub Ltd does not hold any shares in the capital of the Company. The Placement Shares has been approved in the extraordinary general meeting of the Company on 2 June 2016. The shares were issued subsequently on 10 June 2016.

(d) On 26 July 2016, the Company had allotted and issued a total of 9,483,367 new ordinary shares amounting to approximately $3,012,000 pursuant to the acquisition of business assets from Mega Cinemas Management Sdn. Bhd. (Note 41(c)).

(e) On 14 October 2016, total ordinary share of 523,890,710 were issued pursuant to the completion of share split.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

33 RESERVES

	Group	
	2018	**2017**
	$'000	**$'000**
		Restated
Composition:		
Merger reserve (Note 33(a))	(37,338)	(37,338)
Currency translation reserve (Note 33(b))	(736)	(1,120)
Other reserves (Note 33(c))	7,167	1,219
	(30,907)	(37,239)

The movement of reserves are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**

(a) *Merger reserve*

Beginning and end of financial year	(37,338)	(37,338)

The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries acquired under common control.

(b) *Currency translation reserve*

	Group	
	2018	**2017**
	$'000	**$'000**
Beginning of financial year	(1,120)	(594)
Net currency translation differences of financial statements of foreign subsidiaries, associated company and joint venture	360	(526)
Less: Non-controlling interests' portion	24	-
	384	(526)
End of financial year	(736)	(1,120)

33 RESERVES (CONTINUED)

(c) Other reserves

	Group	
	2018	**2017**
	$'000	**$'000**
		Restated
Beginning of financial year	1,219	-
Effects of dilution of interests in a subsidiary without loss on control (Note 17(a))	5,948	1,219
End of financial year	7,167	1,219

Reserves are non-distributable.

34 RETAINED PROFITS/(ACCUMULATED LOSSES)

(a) Retained profits of the Group are distributable.

(b) Movement in accumulated losses of the Company is as follows:

	Company	
	2018	**2017**
	$'000	**$'000**
		Restated
Beginning of financial year	(2,203)	(601)
Net loss during the year	(1,442)	(1,602)
End of financial year	(3,645)	(2,203)

35 PERFORMANCE SHARES PLAN

The Company has implemented a performance share plan known as "mm2 PSP" which was approved and adopted by the shareholders at an Extraordinary General Meeting held on 4 November 2014 which provides for the award of fully paid-up ordinary shares in the share capital of the Company free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Full-time Group Executives who have attained the age of 21 years as of the award date and hold such rank as may be designated by the Committee from time to time are eligible to participate in the mm2 PSP. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in mm2 PSP. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditor.

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in mm2 PSP provided that the participation of and the terms of each grant and the actual number of awards granted under mm2 PSP to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in a separate resolutions for each person subject to the following:

(a) the aggregate number of shares comprised in awards granted to controlling shareholders or associates of a controlling shareholder under mm2 PSP shall not exceed 25% of the aggregate number of shares (comprised in awards) which may be granted under mm2 PSP; and

(b) the number of shares available to the each controlling shareholder or associate of a controlling shareholder shall not exceed 10% of the shares available under the mm2 PSP.

35 PERFORMANCE SHARES PLAN (CONTINUED)

mm2 PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that mm2 PSP will help to achieve the following positive objectives:

(a) foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of Shareholders;

(b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and

(c) make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

mm2 PSP is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Tan Liang Pheng, Mak Chi Hoo and Lei Chee Kong Thomas.

mm2 PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the mm2 PSP is adopted by the Company in general meeting, provided always that mm2 PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under mm2 PSP by way of:

(i) issuance of new shares;

(ii) delivery of existing shares purchased from the market or shares held in treasury; and/or

(iii) cash in lieu of shares, based on the aggregate market value of such shares.

The total number of new shares which may be issued pursuant to awards granted under mm2 PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company's post-placement as well as on the day preceding the relevant date of award. The aggregate number of shares available under mm2 PSP shall not exceed 15% of the total issued share capital of the Company post-placement and from time to time.

On 31 May 2017, the Company has awarded a total of 959,400 shares pursuant to mm2 PSP at exercise price of $0.5980 per share to certain Directors, key management personnel, and employees of the Group and Company. These awarded share were vested immediately. Accordingly, mm2 PSP expenses have been recognised in profit or loss as employee compensation as disclosed in Note 6.

36 COMMITMENTS

At the reporting date, the Group and the Company has the following commitments:

(a) *Operating lease commitments – where the Group is a lessee*

The Group leases a motor vehicle, office space, apartments and cinema hall from related and non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Not later than one year	20,391	2,261	70	70
Between one and five years	57,223	1,098	170	240
	77,614	3,359	240	310

(b) *Operating lease commitments – where the Group is a lessor*

The Group leases cinema hall to related and non-related parties under non-cancellable operating lease agreements.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	1,319	1,734
Between one and five years	161	1,337
	1,480	3,071

(c) *Capital commitments*

Capital expenditure contracted for at the reporting date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 18) and investment in a joint venture (Note 19), are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Property, plant and equipment	33	54

37 CONTINGENT LIABILITIES

(a) *Performance guarantee*

Contingent liabilities, of which the probability of settlement is remote at the reporting date, are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Performance guarantees	716	844

(b) *Corporate guarantees*

During the financial year, the Company has issued corporate guarantees amounting up to $16,571,000 (2017: $13,269,000) to banks for borrowings of its subsidiaries. These bank borrowings of the subsidiaries amounted to $12,660,000 (2017: $8,493,000) as at the reporting date.

The Company has evaluated the fair values of the corporate guarantees and the consequential liabilities derived from its guarantees to the bank with regards to the subsidiaries are minimal. The subsidiaries for which the guarantees were provided is in favourable equity position and is profitable, with no default in the payment of borrowings and credit facilities.

(c) *Financial support to subsidiaries*

The Company provides financial support to certain subsidiaries in the Group with capital deficiency and net current liabilities position as at reporting date to operate as going concern and to meet its liabilities as and when they fall due.

38 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group do not use financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposure.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by the finance department in accordance with the policies set by the Board of Directors. The finance personnel identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Board of Directors. Regular reports are also submitted to the Board of Directors.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia, Hong Kong and China. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are mainly denominated in foreign currencies such as the Malaysian Ringgit ("RM"), United States Dollar ("USD"), Hong Kong Dollar ("HKD") and Chinese Renminbi ("RMB").

The Group's currency exposure based on the information provided to key management is as follows:

	SGD	RM	USD	HKD	RMB	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018							
Financial assets							
Cash and bank balances	84,550	5,923	539	1,406	493	269	93,180
Available-for-sale financial assets	-	-	-	710	-	-	710
Trade and other receivables	86,855	12,412	3,019	3,655	237	392	106,570
Receivables from subsidiaries	160,758	30,985	205	571	197	-	192,716
	332,163	49,320	3,763	6,342	927	661	393,176
Financial liabilities							
Trade and other payables	(257,688)	(13,891)	(2,652)	(3,080)	(2)	(187)	(277,500)
Provisions	(3,771)	(1,207)	-	-	-	-	(4,978)
Borrowings	(52,727)	(13,215)	-	-	-	-	(65,942)
Payables to subsidiaries	(160,758)	(30,985)	(205)	(571)	(197)	-	(192,716)
	(474,944)	(59,298)	(2,857)	(3,651)	(199)	(187)	(541,136)
Net financial assets/(liabilities)	(142,781)	(9,978)	906	2,691	728	474	(147,960)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	6,153	2,401	1,082	987	(2,854)	468	8,237

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows: (continued)

	SGD $'000	RM $'000	USD $'000	HKD $'000	RMB $'000	Others $'000	Total $'000
2017							
Financial assets							
Cash and bank balances	21,958	1,606	900	730	-	561	25,755
Trade and other receivables	28,922	10,636	1,342	868	233	392	42,393
Receivables from subsidiaries	52,472	13,659	14	1,291	608	-	68,044
	103,352	25,901	2,256	2,889	841	953	136,192
Financial liabilities							
Trade and other payables	(36,423)	(5,993)	(2,502)	(316)	(2)	(1,400)	(46,636)
Borrowings	(4,780)	(6,907)	-	-	-	-	(11,687)
Payables to subsidiaries	(52,472)	(13,659)	(14)	(1,291)	(608)	-	(68,044)
	(93,675)	(26,559)	(2,516)	(1,607)	(610)	(1,400)	(126,367)
Net financial assets/(liabilities)	9,677	(658)	(260)	1,282	231	(447)	9,825
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	977	3,788	(260)	801	190	(445)	5,051

The Company is not exposed to significant currency risk as most of its financial assets and liabilities as at 31 March 2018 and 31 March 2017 are denominated in SGD. The currency risk exposure has been determined by the management as not material to the Company's profit for the financial year ended 31 March 2018 and 31 March 2017.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Malaysian Ringgit ("RM"), United Stated Dollar ("USD"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD") change against the Singapore Dollar ("SGD") by 6% (2017: 6%), 6% (2017: 3%), 3% (2017: 3%) and 7% (2017: 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	Increase/(Decrease) in net profit	
	2018	**2017**
	$'000	**$'000**
Group		
RM against SGD		
- Strengthened	123	189
- Weakened	(123)	(189)
USD against SGD		
- Strengthened	54	(6)
- Weakened	(54)	6
HKD against SGD		
- Strengthened	86	20
- Weakened	(86)	(20)
RMB against SGD		
- Strengthened	(71)	(5)
- Weakened	71	5

(ii) Price risk

The Group does not have significant exposure to equity price risk as it does not hold equity financial assets as of financial year ended 31 March 2018.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group does not have any significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from borrowings at floating interest rate. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's borrowings are at variable rates which no hedges have been entered into as the loans are denominated in the respective operating entities' functional currencies and there are natural hedges as the Group's collections are mainly in its respective operating entities' functional currencies. If the interest rates had increased/decreased by 0.5% (2017: 0.5%) with all other variables including tax rate being held constant, management had assessed and determined the impact to profit after tax as a result of higher/lower interest expense on these borrowings is not significant.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history and obtaining sufficient collateral. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to individual counterparty is restricted by credit limits that are approved by the Board of Directors based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the Group level by the Board of Directors.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position except those disclosed in Note 37(b)).

The trade receivables are largely corporate companies and comprise 3 debtors (2017: 3 debtors) that individually represented 6% - 15% (2017: 6% - 8%) of trade receivables.

The credit risk of trade receivables based on the information provided to key management is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
By geographical areas		
Singapore	32,061	16,675
Malaysia	15,437	9,167
China	23,441	4,657
Taiwan	14,117	5,111
Hong Kong	6,450	1,515
Others	2,778	39
	94,284	37,164
By types of customers		
Associated company	5,282	2,045
Non-related parties		
- Individual	295	4,288
- Corporations	88,707	30,831
	94,284	37,164

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and are not re-negotiated.

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Past due less than 3 months	18,765	10,993
Past due over 3 months	30,070	15,220
	48,835	26,213

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Past due over 3 months	160	143
Past due over 6 months	-	36
	160	179
Less: Allowance for impairment	(160)	(179)
	-	-

Movement of allowance for impairment

	Group	
	2018	**2017**
	$'000	**$'000**
Beginning of financial year	179	143
Acquisition of a subsidiary	16	-
Utilisation during the financial year	(35)	-
Allowance made (Note 5)	-	36
End of financial year (Note 13)	160	179

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and bank balances as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility) and cash and bank balances (Note 12) of the Group and the Company on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Board of Directors. These limits vary by location to take into account the liquidity of the market in which the entity operates.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At 31 March 2018					
Trade and other payables	274,631	2,869	-	-	277,500
Borrowings	6,390	6,058	66,178	540	79,166
	281,021	8,927	66,178	540	356,666
At 31 March 2017					
Trade and other payables	46,636	-	-	-	46,636
Borrowings	6,704	3,792	1,818	502	12,816
	53,340	3,792	1,818	502	59,452
Company					
At 31 March 2018					
Trade and other payables	31,527	-	-	-	31,527
Borrowings	3,667	3,517	4,968	-	12,152
Financial guarantee contracts	1,692	3,329	7,851	-	12,872
	36,886	6,846	12,819	-	56,551
At 31 March 2017					
Trade and other payables	28,636	-	-	-	28,636
Borrowings	2,515	-	-	-	2,515
Financial guarantee contracts	8,493	-	-	-	8,493
	39,644	-	-	-	39,644

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio which the Board of Directors monitors on a periodic basis. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Net debt	250,262	32,568	(4,878)	28,683
Total equity	182,658	85,188	149,225	86,009
Total capital	432,920	117,756	144,347	114,692
Gearing ratio (times)	**1.37**	**0.38**	**- ***	**0.33**

* not meaningful

(e) Fair value measurements

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within level 1 that are observable or the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The available-for-sale financial asset, deferred purchase consideration and deviative financial instruments that are measured at fair value are disclosed in Note 16, Note 24 and Note 30. There was no other financial assets and liabilities that required fair value measurement disclosure as at 31 March 2017. The carrying amount of other financial assets and liabilities approximates to their fair value due to the short term maturities of these financial instruments.

The following table presents assets that measured at fair value at 31 March 2018.

	Level 1	Level 2	Level 3
	$'000	$'000	$'000
2018			
Available-for-sale (Note 16)	-	-	710
Deferred purchase consideration (Note 24)	-	-	2,869
Derivative financial instruments (Note 30)	-	-	6,874

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

Level 3 fair value measurement

(i) Available-for-sale

Investment in the above available-for-sale ("AFS") relate to unlisted equity instruments with no active markets. Management has assessed the fair value of these investments using market approach which require the comparison with publicly listed companies in the similar industry. However, due to size differential between these publicly listed companies and the AFS, which resulted in the range of reasonable fair value measurements is too extensive and the probabilities of the various estimates cannot be reasonably assessed, these companies are entirely not comparable as their fair values cannot be reliably measured. Accordingly, management has applied adjusted net assets approach.

(ii) Deferred purchase consideration

The fair value measurement is disclosed in Note 41(a)(vii).

(iii) Derivative financial instruments

The Group's convertible bonds comprise a derivative liability component that is measured at fair value for financial reporting purposes. Management engages a third party qualified valuer to perform the valuation and works closely with the valuer to determine the appropriate valuation techniques and inputs for the valuation. In estimating the fair value of the derivative liability component, market-observable data is used to the extent it is available. Where Level 1 inputs are not available, management establishes inputs that are appropriate to the circumstances. Measurement inputs include estimated share price, expected volatility, timing and probability of initial public offering of mm Connect and risk-adjusted discount rate.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position, except for the following:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	199,750	68,148	123,475	51,104
Financial liabilities at amortised cost	343,442	58,323	42,727	31,136

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For the financial year ended 31 March 2018

38 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Offsetting financial assets and financial liabilities

	Gross amounts of recognised financial assets (liabilities)	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	$'000	$'000	$'000
Group			
2018			
Trade receivables	23,453	(12,763)	10,690
Trade payables	(12,763)	12,763	-
2017			
Trade receivables	14,053	(10,545)	3,508
Trade payables	(12,741)	10,545	(2,196)

The Company does not have any financial instruments subject to enforceable master netting arrangements or similar agreement for financial years ended 31 March 2018 and 2017.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and their respective counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

39 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2018	2017
	$'000	$'000
Sales of goods and/or services to		
Associated company	2,652	3,678
Other related parties	-	260
Purchase of services from		
Associated company	5,903	2,728
Other related parties	481	-
Rental expense paid/payable to director and key management personnel	27	28

Outstanding balances as at 31 March 2018 and 2017, arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 13 and 24 to the financial statements respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2018	2017
	$'000	$'000
Directors		
Wages and salaries	240	240
Bonus	3,020	1,708
Directors' fees	130	130
Performance share plan benefits	205	-
Employer's contribution to defined contribution plans	17	17
	3,612	2,095
Key management personnel		
Wages and salaries	1,045	394
Bonus	319	173
Performance share plan benefits	154	-
Employer's contribution to defined contribution plans	65	39
	1,583	606
Total key management personnel compensation	5,195	2,701

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40 SEGMENTAL INFORMATION

The Group's chief operating decision-maker ("CODM") comprises the Executive Chairman, Chief Executive Officer, the Chief Financial Officer, and the heads of each business within the operating segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

At 31 March 2018, the Group was organised into 4 (2017: 4) operating segments, which is relating to core business, post-production, cinema operation and event production and concert promotion. This is based on the Group's internal organisation and management structure and the primary way in which the CODM is provided with the financial information.

The four operating segments are mainly:

(a) Core business

Core business segment refers to the Group's production and distribution of motion picture, video and television programme and sponsorship.

(i) Production income

Income is mainly related to revenue of exploitation of copyrights*, producer fee income and consultancy fee income.

* Copyrights refers to copyrights and all other rights attached therein.

(ii) Distribution income

Income is mainly related to revenue of distribution of film and exploitation of the script and sequel rights of the movie via licensing agreements.

(iii) Sponsorship income

Income is mainly related to sponsorships associated with the production of films.

(b) Post-production and content production ("Post and content production")

Post-production refers to the services in visual effects and immersive media works for feature films and commercials. They are mainly related to motion picture, video and television programme post-production activities.

Content production refers to production of virtual reality products ("VR") for location-based thematic tour show with incorprorate immersive experience.

(c) Cinema operation

Cinema operation segment refers to sales of cinema ticket and concession, hall renting and screen advertising.

(i) Exhibition

Income is mainly related to selling of movie tickets.

(ii) Confectionery

Income is mainly related to selling of food and beverage such as popcorn, soft drinks and snacks.

(iii) Others cinema operation

Income consists of hall rental, screen advertising, ticket booking fee, blanket and pillow rental and virtual printing fee.

40 SEGMENTAL INFORMATION (CONTINUED)

(d) Event production and concert promotion ("Event & Concert")

Event production and concert promotion segment refers to sales on events production, concerts promotion and supply of equipment.

(i) Production

(a) Supply of equipment

Revenue from renting of stage sound system and equipment are recognised upon completion of the events, otherwise it is recognised on a straight-line basis over the contractual period.

(b) Rendering of services

Revenue from the rendering of technical services is recognised when the services are rendered upon completion of the events, otherwise it is recognised on a straight-line basis over the contractual period.

(ii) Promotion

(a) Admission fees and sponsorship

Revenue from artistic performances and other special events, including the related sponsorship received is recognised when the events take place. When subscriptions to a number of events is sold, the fee is allocated to each event on a basis where reflects the extent to which services are performed at each event.

(b) Other promotion

Revenue from trading of performance rights is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(iii) Other event production and concert promotion

(a) Revenue from the co-management of exhibition/concert halls are recognised upon completion of the events, otherwise it is recognised on a straight-line basis over the contractual period.

(b) Revenue from renting exhibition/concert halls related equipment are recognised upon completion of the events, otherwise it is recognised on a straight-line basis over the contractual period.

40 SEGMENTAL INFORMATION (CONTINUED)

(e) Others

Others consist of revenue from café operations, social media advertising activities and development of software for interactive digital media.

There are no operating segments that have been aggregated to form the above reportable operating segments.

The segment information provided to the CODM for the reportable segments are as follows:

	Core business	Post & content production	Cinema operation	Concert & event	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2018						
Total segment sales	102,672	7,124	45,073	46,442	710	202,021
Inter-segment sales	(9,050)	(807)	(35)	-	(94)	(9,986)
Sales to external parties	93,622	6,317	45,038	46,442	616	192,035
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")	**43,089**	**2,712**	**5,520**	**13,631**	**(741)**	**64,211**
Depreciation	(103)	(206)	(3,883)	(1,330)	(115)	(5,637)
Amortisation	(15,333)	(2)	(120)	(652)	(16)	(16,123)
Interest expense	(281)	(12)	(1,276)	(6)	-	(1,575)
Profit/(loss) before income tax	27,372	2,492	241	11,643	(872)	40,876
Income tax expense	(4,170)	(522)	(492)	(2,093)	-	(7,277)
Net profit/(loss)	23,202	1,970	(251)	9,550	(872)	33,599

40 SEGMENTAL INFORMATION (CONTINUED)

	Core business $'000	Post & content production $'000	Cinema operation $'000	Concert & event $'000	Others $'000	Total $'000
2017						
Total segment sales	57,326	4,074	12,625	22,962	106	97,093
Inter-segment sales	(714)	(559)	(28)	-	(71)	(1,372)
Sales to external parties	56,612	3,515	12,597	22,962	35	95,721
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")	**32,822**	**1,415**	**1,405**	**6,493**	**(342)**	**41,793**
Depreciation	(74)	(263)	(776)	(456)	(8)	(1,577)
Amortisation	(13,692)	(71)	-	(1,030)	-	(14,793)
Interest expense (restated)	(876)	(18)	(502)	(18)	-	(1,414)
Profit/(loss) before income tax (restated)	18,180	1,063	127	4,989	(350)	24,009
Income tax expense	(2,765)	(83)	(195)	(629)	-	(3,672)
Net profit/(loss) (restated)	15,415	980	(68)	4,360	(350)	20,337

Disclosure on the measures of total assets and total liabilities for each reportable segments was not presented as the CODM is of the opinion that it is not meaningful and impracticable as they do not use them for operating decision-making on allocation of resources and performance assessment.

Sales between segments are carried out at agreed terms. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

40 SEGMENTAL INFORMATION (CONTINUED)

Geographical information

In presenting the geographical location, revenue is based on the geographical locations of the customers which the revenue is derived from:

	Group	
	2018	2017
	$'000	$'000
Singapore	88,909	39,224
Malaysia	32,956	24,900
People's Republic of China	41,130	18,787
Taiwan	14,401	6,089
Hong Kong	10,542	5,515
Others	4,097	1,206
	192,035	95,721

The following is an analysis of the Group's carrying amount of non-current assets analysed by the geographical areas:

	Group	
	2018	2017
	$'000	$'000
		Restated
Singapore	291,077	56,153
Malaysia	58,932	13,332
Hong Kong	534	413
	350,543	69,898

Information of major customers

Revenue of approximately $32,280,000 (2017: $11,000,000) is derived from two (2017: two) external customers for the financial year ended 31 March 2018. This revenue are attributable to the core business and concert and event segments in Singapore.

41 BUSINESS COMBINATIONS

Acquisitions of business assets and subsidiary during the financial year ended 31 March 2018

(a) Business assets from Lotus Fivestar Cinemas (M) Sdn. Bhd. ("Lotus")

On 17 May 2017, the Group through its wholly-owned subsidiary, mm2 Star Screen Sdn. Bhd. has entered into a sale of business agreement ("SBA") with Lotus to acquire business assets in 13 locations and the acquisition was completed on 15 September 2017. As a result of this acquisition, the Group is expected to expand its current cinema operations and strengthen the competitive advantage.

Details of the consideration paid and the assets acquired at the acquisition date are as follows:

(i) Purchase consideration

	2018 $'000
Cash paid	
Deferred purchase consideration - at fair value (Note 41(a)(vii))	31,458
Total purchase consideration	2,559
	34,017

(ii) Identifiable assets acquired

	At fair value $'000
Property, plant and equipment (Note 20)	13,110
Add: Goodwill (Note 21(a)(ii))	20,907
Cash outflow on acquisition	34,017

(iii) Acquisition-related costs

Acquisition-related costs of $600,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and included as part of the operating cash flows in the consolidated statement of cash flows.

(iv) Property, plant and equipment

The fair values of the acquired property, plant and equipment at RM40,840,000 (equivalent to approximately $13,110,000).

(v) Goodwill

The goodwill of RM65,132,000 (equivalents to approximately $20,907,000) is provisionally allocated to the cinema operation segment where the operations are held in Malaysia, which could not be reliably allocated by 31 March 2018. The goodwill is attributable to the premium the Company was willing to pay to expand its presence in the Malaysian market, similar to the Group's previous acquisitions of cinema business assets in Malaysia. The initial purchase price allocation ("PPA") to identifiable net assets acquired is being assessed and expected to be finalised within 12 months from date of acquisition hence the goodwill has not been allocated to the relevant cash-generating unit ("CGU"). The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed. Furthermore, there is no internal and external triggering events that indicate an impairment of goodwill. Therefore as at 31 March 2018, there is no impairment being provided for.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

41 BUSINESS COMBINATIONS (CONTINUED)

Acquisitions of business assets and subsidiary during the financial year ended 31 March 2018 (continued)

(a) Business assets from Lotus Fivestar Cinemas (M) Sdn. Bhd. (“Lotus”) (continued)

(vi) Revenue and profit contribution

The acquired business contributed revenue of $8,116,000 and net profit of $264,000 to the Group from the financial period from 1 October 2017 to 31 March 2018. The disclosure of revenue and profit contribution had the acquisition occurred at the beginning of the financial year is impracticable as the information was not accessible by reason of the acquisition being made on the purchase of the business assets, not an acquisition of a legal entity.

(vii) Deferred purchase consideration

Pursuant to the SBA, the deferred purchase consideration of RM20,000,000 (equivalents to approximately $6,420,000) to be paid in the following manner:

- Second Tranche Payment of up to RM10,000,000 (equivalent to approximately $3,329,000) adjusted on a pro-rate basis for the actual achieved earnings before interest, tax, depreciation and amortisation (the “EBITDA”) if the business achieved a target EBITDA of RM10,000,000 to RM12,500,000 for the period between 1 January 2018 to 31 December 2018 based on the audited financial statements of mm2 Star Screen Management Sdn. Bhd. and accounting records relating to the business; and

- Third Tranche Payment up to RM10,000,000 (equivalent to approximately $3,329,000) adjusted on a pro-rate basis for the actual achieved EBITDA if the business achieved a target EBITDA of RM10,000,000 to RM12,500,000 for the period between 1 January 2019 to 31 December 2019 based on the audited financial statements of mm2 Star Screen Management Sdn. Bhd. and accounting records relating to the business.

The second and third tranche payments shall be adjusted and apportioned if the Target EBITDA is in the range of RM10,000,000 to RM12,500,000 in accordance with the computation as stipulated in the SBA. In the event that actual EBITDA exceeds RM12,500,000, an incentive fee of 20% of the additional EBITDA exceeding RM12,500,000 shall be payable to Lotus.

As at acquisition date, the fair value of deferred purchase consideration was estimated at $2,559,000. As the PPA to identifiable net assets acquired is still being assessed, the management has fair value based on an income approach with estimated EBITDA for relevant period, discounted at 12% per annum.

This is a Level 3 fair value measurement.

Subsequent to reporting date, the deferred consideration is recorded at $2,713,000 (Note 24) arising from Group’s foreign translation differences.

41 BUSINESS COMBINATIONS (CONTINUED)

Acquisitions of business assets and subsidiary during the financial year ended 31 March 2018 (continued)

(b) Cathay Cineplexes Pte. Ltd. ("CCPL")

On 2 November 2017, the Company has entered into an option agreement with Cathay Organisation Private Limited ("COPL") to acquire the entire issued and paid up shares of CCPL, which comprised 5,000,000 ordinary shares at total purchase consideration of $230,000,000. The transaction was completed on 24 November 2017, accordingly the whole issued shares of CCPL has been transferred to the Company's wholly-owned subsidiary, mm Plus Pte. Ltd. from COPL.

Details of the consideration paid at the acquisition date are as follows:

		2018 $'000
(i)	*Purchase consideration*	
	Cash paid	15,000
	Deferred consideration	215,000
	Total purchase consideration	230,000

(ii) *Effect on cash flows of the Group*

	At fair value $'000
Cash paid	15,000
Less: cash and cash equivalents acquired	(9,227)
Cash outflow on acquisition	5,773

(iii) *Identifiable assets acquired and liabilities assumed*

	2018 $'000
Cash and cash equivalents	9,227
Trade and other receivables	2,666
Inventories	122
Intangible assets - others (Note 21(e))	11
Property, plant and equipment (Note 20)	11,164
Brand (Note 21(b))	17,100
Total assets	40,290
Trade and other payables	(7,305)
Provisions (Note 29)	(3,675)
Current income tax liabilities	(1,147)
Deferred income tax liabilities (Note 31)	(3,888)
Total liabilities	(16,015)
Total identifiable net assets	24,275
Add: Goodwill (Note 21(a)(i))	205,725
Total purchase consideration for the acquisition	230,000

41 BUSINESS COMBINATIONS (CONTINUED)

Acquisitions of business assets and subsidiary during the financial year ended 31 March 2018 (continued)

(b) Cathay Cineplexes Pte. Ltd. ("CCPL") (continued)

(iv) Goodwill

The goodwill of $205,725,000 is provisionally allocated to the cinema operation segment where the operations are held in Singapore, which could not be reliably allocated by 31 March 2018. The initial purchase price allocation to identifiable net assets acquired is being assessed and expected to be finalised within 12 months from date of acquisition hence the goodwill has not been allocated to the relevant cash-generating unit ("CGU"). The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed. Furthermore, there is no internal and external triggering events that indicate an impairment of goodwill. Therefore as at 31 March 2018, there is no impairment being provided for.

(v) Deferred purchase consideration

Pursuant to the option agreement with COPL, the remaining purchase consideration of $215,000,000 to be paid on or before 3 May 2018. As at date of these financial statements, this deferred consideration has been repaid to COPL.

(vi) Acquisition-related costs

Acquisition-related costs of $560,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and included as part of the operating cash flows in the consolidated statement of cash flows.

Acquisitions of business assets and subsidiaries during the financial year ended 31 March 2017

(c) Business assets from Mega Cinemas Management Sdn. Bhd. ("Mega")

On 5 May 2016, mm2 Asia Ltd. ("the Company") through its wholly-owned subsidiaries, mm2 Screen Management Sdn. Bhd. had entered into a sale of business agreement with Mega for the acquisition of the business assets carried on at the following locations. As a result of this acquisition, the Group is expanding its current cinema operations and strengthen the competitive advantage.

- Mega Cineplex Prai, Lot 4-07, Lot 4-07A and part of Lot 4-06, Level 4, Megamall Pinang, No. 2828, Jalan Baru, Bandar Perai Jaya, 13600 Seberang Prai Tengah, Pulai Pinang;
- Mega Cineplex Bertam, F-1, Persiaran Dagang, Pusat Bandar Bertam Perdana, 13200 Kepala Batas; and
- Mega Cineplex Langkawi, Level 10, Langkawi Parade, Pokok Asam, Kuah, 07000 Langkawi, Kedah Darul Aman.

Details of the consideration paid and the assets acquired at the acquisition date, are as follows:

(i) Purchase consideration

	2017
	$'000
Cash paid	3,935
Issuance of new shares of the Company (Note 32(d))	3,012
Total purchase consideration	6,947

41 BUSINESS COMBINATIONS (CONTINUED)

Acquisitions of business assets and subsidiaries during the financial year ended 31 March 2017 (continued)

(c) Business assets from Mega Cinemas Management Sdn. Bhd. ("Mega") (continued)

(ii) Identifiable assets acquired

	At fair value $'000
Property, plant and equipment (Note 20)	1,073
Add: Goodwill (Note 21(a)(ii))	5,874
Cash outflow on acquisition	6,947

(iii) Acquisition-related costs

Acquisition-related costs of $24,035 are included in "administrative expenses" in the consolidated statement of comprehensive income and included as part of the operating cash flows in the consolidated statement of cash flows.

(iv) Goodwill

The goodwill of $5,873,880 arising from the acquisition is attributable to the premium the Company was willing to pay to expand its presence in the Malaysian market, similar to the Group's previous acquisition of cinema business assets in financial year ended 31 March 2016. The acquisition of business assets from Mega was completed in 1 July 2016 and the purchase price allocation to identifiable assets acquired was completed on 20 June 2017. The goodwill of $5,873,880 is allocated to the cinema operation segment.

(v) Revenue and profit contribution

The acquired business contributed revenue of $2,546,488 and net profit of $145,429 to the Group from the financial period from 1 July 2016 to 31 March 2017. The disclosure of revenue and profit contribution had the acquisition occurred at the beginning of the financial year is impracticable as the information was not accessible by reason of the acquisition being made on the purchase of the business assets, not an acquisition of a legal entity.

41 BUSINESS COMBINATIONS (CONTINUED)

Acquisitions of business assets and subsidiaries during the financial year ended 31 March 2017 (continued)

(d) UnUsUaL Limited ("UnUsUaL Group")

On 12 May 2016, had Company has entered into a Sales and Purchase agreement ("SPA") with Ong Chin Soon and Ong Chin Leong (collectively known as "vendor" or non-controlling interest "NCI") to acquire 51% of the issued and paid-up ordinary shares of UnUsUaL Group. The transaction was completed on 11 August 2016.

The UnUsUaL group of companies are as follows:
- UnUsUaL Limited;
- UnUsUaL Production Pte. Ltd.;
- UnUsUaL Entertainment Pte. Ltd.;
- UnUsUaL Development Pte. Ltd.;
- UnUsUaL Entertainment International Limited; and
- UnUsUaL Productions (M) Sdn. Bhd.

As a result of the acquisition, the Group will diversify the Group's revenue streams into events production and concert promotion.

Details of the consideration paid and the assets acquired and liabilities assumed, the non-controlling interests recognised and the effects on the cash flow on the Group, at the acquisition date, are as follows:

(i) Purchase consideration

	2017
	$'000
	Restated*
Cash paid	6,000
Deferred consideration - at fair value (Note 41(d)(v))	19,202
Total purchase consideration	25,202

(ii) Effect on cash flows of the Group

	2017
	$'000
Cash paid	(6,000)
Less: cash and cash equivalents of subsidiaries acquired	(4,517)
Add: Other payable due to non-controlling interests	4,517
Cash outflow on acquisition	(6,000)

41 BUSINESS COMBINATIONS (CONTINUED)

Acquisitions of business assets and subsidiaries during the financial year ended 31 March 2017 (continued)

(d) UnUsUaL Limited ("UnUsUaL Group") (continued)

(iii) Identifiable assets acquired and liabilities assumed

At Fair Value	**2017** **$'000** ***Restated****
Cash and cash equivalents	4,517
Trade and other receivables	12,888
Income tax recoverable	204
Property, plant and equipment (Note 20)	2,132
Brand (Note 21(b))	8,423
Artiste rights (Note 21(c))	655
Total assets	28,819
Trade and other payables	(6,221)
Current income tax liabilities	(329)
Dividends and other payables due to non-controlling interests (Note 41(d)(vi))	(8,411)
Borrowings	(620)
Deferred tax liabilities (Note 31)	(1,693)
Total liabilities	(17,274)
Total identifiable net assets	11,545
Less: Non-controlling interests proportion of the net fair value of identifiable net assets	(5,657)
Add: Goodwill (Note 21(a)(i))	19,314
Total purchase consideration	25,202

* In 2017, the goodwill relating to this acquisition is provisionally determined and the initial purchase price allocation ("PPA") to identifiable net assets was not completed as at 31 March 2017. The PPA to identifiable assets acquired and liabilities assumed are subsequently completed during the financial year ended 31 March 2018 and resulted to a restatement as disclosed in Note 43.

(iv) Acquisition-related costs

Acquisition-related costs of $43,069 are included in "administrative expenses" in the consolidated statement of comprehensive income and included as part of the operating cash flows in the consolidated statement of cash flows.

41 BUSINESS COMBINATIONS (CONTINUED)

Acquisitions of business assets and subsidiaries during the financial year ended 31 March 2017 (continued)

(d) UnUsUaL Limited ("UnUsUaL Group") (continued)

(v) Deferred consideration

Based on the SPA, the deferred consideration of $20 million will be paid in the following two tranches to NCI:

- The first tranche payment of up to $10 million shall be paid within 30 days from the date of the audited financial statements of the Group of financial year ended 31 March 2017.
- Second tranche of payment of approximately $10 million shall be paid within 30 days from the date of the audited financial statements of the Group of financial year ended 31 March 2019.

As stated in the SPA, the deferred consideration will be accelerated if the following events occur:

- any of the companies in UnUsUaL group of companies is listed on a recognised stock exchange; or
- the Company disposes of their interest in any of the Companies in UnUsUaL Group save for any restructuring in connection with the proposed listing of any of the companies in UnUsUaL Group; or
- the Company enters into a sales and purchase agreement relating to the proposed acquisition of a controlling interest in the Company.

The Company shall within 30 days from date of any of the events above pay in cash on the balance deferred consideration.

On 10 April 2017, UnUsUaL has listed on Catalist, the sponsor-supervised listing platform of SGX-ST. As a result of this event, deferred consideration of $20 million are payable within 30 days from date of event held. As at 31 March 2018, the Company has paid the deferred consideration of $20 million.

As at acquisition date, the estimated fair value of deferred purchase consideration is $19,202,000.

(vi) Dividend and other payable due to NCI

Dividend and other payable due to NCI consists of cash and cash equivalent, accounts receivables, accounts payables, term loan, finance lease payables and deferred tax liabilities identified at date of acquisition. In accordance to the SPA, these items are payable to the NCI and have been paid during the financial year ended 31 March 2018.

(vii) Goodwill

The acquisition was completed on 11 August 2016 and as at 31 March 2017, the initial PPA to identifiable net assets acquired was not complete. The PPA was subsequently completed during the financial year ended 31 March 2018 and, accordingly, the goodwill was adjusted retrospectively (Note 43). The goodwill of $19,314,000 is allocated to the event production and concert promotion segment.

(viii) Revenue and profit contribution

Contributed revenue of $22,963,292 and net profit of $5,213,839 by UnUsUaL to the Group from the financial period from 11 August 2016 to 31 March 2017. The disclosure of revenue and profit contribution had the acquisition occurred at the beginning of the financial year is impracticable as the information was not separable due to different financial year end, 31 December.

(ix) Non-controlling interests

The Group has chosen to recognise the 49% non-controlling interest arising from acquisitions of UnUsUaL based on their proportionate interests in the recognised amounts of assets and liabilities of UnUsUaL respectively.

42 SUBSEQUENT EVENTS

(a) On 7 April 2018, the Company and the other three shareholders (the "Founders") of Vividthree Productions Pte. Ltd. a wholly owned subsidiary, have jointly incorporated a new entity, Vividthree Holdings Pte. Ltd. (the "Vividthree Holdings"). The Company owns 51% of the equity interest of Vividthree Holdings and it became a subsidiary of the Company while the remaining shareholding of 49% held by the Founders in their equal proportions.

(b) On 16 April 2018, the Company's 51% owned subsidiary, UnUsUaL Management Pte. Ltd. ("UnUsUaL Management") has entered into sale and purchase agreements with His Royal Highness Pengiran Muda Abdul Qawi of Negara Brunei Darussalam and R3 Asian Gems to sell 49,032,259 and 6,451,700 ordinary shares, respectively, in the Company's indirect subsidiary, UnUsUaL Limited for a total consideration of $25,800,041 or $0.465 per share. As a result of this transaction, UnUsUaL Management shareholding in UnUsUaL Limited has reduced from 82.18% to 76.79%, and accordingly the Group's effective shareholding in UnUsUaL Limited has reduced from 41.91% to 39.16%. This transaction does not result in a loss of control over UnUsUaL Limited.

(c) On 10 March 2018, the Group has established a US$300,000,000 guaranteed multicurrency medium term note programme (the "Programme"), subsequently, on 10 April 2018, the Company has issued $50,000,000 7.00% fixed rate notes due 2021 (the "Series 001 Notes") under the Programme with effective date of 30 April 2018. The Notes is listed and quoted in the Bond Market.

(d) On 23 April 2018, the Company had on 7 April 2018 incorporated a 51% owned subsidiary, Vividthree Holdings Pte. Ltd. ("Vividthree Holdings") as disclosed in Note 42(a). The Company has taken preliminary steps to prepare Vividthree Holdings for listing on the Catalist Board of the SGX-ST (the "Catalist Board"), in place of Vividthree Productions Pte. Ltd. ("Vividthree Productions") (the "Proposed Listing"). Vividthree Productions will remain as a private limited company pursuant to the Companies Act Cap. 50 of Singapore.

(e) On 23 April 2018, the Company's 51% owned subsidiary, Vividthree Holdings Pte. Ltd. ("Vividthree Holdings") entered into a redeemable convertible loan agreement ("Convertible Loan Agreement") with R3 Asian Gems (the "Pre-IPO Investor"). The Pre-IPO Investor shall invest $2,000,000 ("Subscription Amount"), for the subscription of a mandatory convertible note for a term of two (2) years. Should Vividthree Holdings be successfully listed on the Catalist Board before maturity, the Subscription Amount shall be converted into ordinary shares in Vividthree Holdings ("Pre-IPO Shares") at a 15% discount to the IPO price (based on Vividthree Holding's valuation to be determined) of the shares. In the event Vividthree Holding's listing does not materialise within 2 years, all investors shall be given a coupon payment amounting to 2% per annum at maturity.

(f) On 3 May 2018, the Company has incorporated a new entity, AsiaOne Online Pte. Ltd. ("AsiaOne Online") with a paid-up share capital of $51 comprising 51 shares. Accordingly, AsiaOne became a wholly-owned subsidiary of the Company. The principal activities of AsiaOne Online are news agency activities and development of software for interactive digital media (except games).

(g) On 21 May 2018, the Company entered into a $115,000,000 facility agreement dated 21 May 2018 with Standard Chartered Bank and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as mandated lead arrangers, and Standard Chartered Bank (Singapore) Limited, and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as original lenders, whereunder the lenders will lend $115,000,000 to the Company (the "Loan"). The Loan will be used for the partial payment of the purchase consideration of the Cathay Cineplexes Pte. Ltd. which was completed on 24 November 2017. The Loan has a maximum tenor of 6 months and the Company intends to repay the Loan by way of, inter alia, a subsequent refinancing which is being discussed with the above banks.

The Loan is secured by guarantees given by various subsidiaries of the Group, namely, 2mm Pte. Ltd., Cathay Cineplexes Pte. Ltd., mm Connect Pte. Ltd., mm Plus Pte. Ltd., and mm2 Entertainment Pte. Ltd., as well as by fixed and floating charges. In addition, Mr Melvin Ang Wee Chye, the Executive Chairman and single largest shareholder of the Company, has provided certain undertakings to the lender banks to ensure the repayment of the Loan is in accordance with its terms.

43 COMPARATIVE FIGURES

Certain comparative figures have been reclassified as result of completion of purchase price allocation to the identifiable assets and liabilities for the acquisition of subsidiary, UnUsUaL Limited and its subsidiaries, during the financial year ended 31 March 2018 (as disclosed in Note 41(d)(vii)) and conform to current year's presentation. These are presented as below:

	As previously reported $'000	Prior year adjustments $'000	Total $'000	Reclassi-fication $'000	As restated $'000
2017					
Group					
Consolidated statement of comprehensive income:					
Administrative	(19,207)	(1,030)	(20,237)	-	(20,237)
Finance	(616)	(798)	(1,414)	-	(1,414)
Income tax expenses	(3,847)	175	(3,672)	-	(3,672)
Consolidated statement of financial position:					
Non-current assets					
Goodwill on acquisition	43,819	(4,642)	39,177	(39,177)	-
Development of software	247	-	247	(247)	-
Brand	-	8,048	8,048	(8,048)	-
Intangible assets and goodwill	-	-	-	47,472	47,472
Non-current liabilities					
Deferred income tax liabilities	498	1,368	1,866	-	1,866
Equity					
Reserves	(37,298)	59	(37,239)	-	(37,239)
Retained profits	35,618	(1,403)	34,215	-	34,215
Non-controlling interests	7,943	3,382	11,325	-	11,325
Consolidated statement of cash flows:					
Cash flows from operating activities					
Net profit	21,990	(1,653)	20,337	-	20,337
Adjustment for:					
- Income tax expenses	3,847	(175)	3,672	-	3,672
- Interest expenses	616	798	1,414	-	1,414
- Amortisation of brands	-	375	375	-	375
- Amortisation of artiste rights	-	655	655	-	655
Company					
Statement of financial position:					
Non-current assets					
Investments in subsidiaries	65,332	(798)	64,534	-	64,534
Equity					
Accumulated losses	(1,405)	(798)	(2,203)	-	(2,203)

44 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2018 and which the Group has not early adopted:

Effective for annual period beginning on or after 1 January 2018
- FRS 109: Financial Instruments (i)
- FRS 115: Revenue from Contracts with Customers (ii)
- Amendments to FRS 40: Transfers of Investment Property
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115: Classifications to FRS 115 Revenue from Contracts with Customers
- INT FRS 122: Foreign Currency Transactions and Advance Consideration
- Improvements to FRSs (December 2016)
    - Amendments to FRS 28: Investments in Associates and Joint Ventures
    - Amendments to FRS 101: First-Time Adoption of Financial Reporting Standards

Effective for annual period beginning on or after 1 January 2019
- FRS 116: Leases Illustrative Examples @ Amendments to Guidance on Other Standards
- Amendments to FRS 28: Long-term interest in Associates and Joint Ventures
- Amendments to FRS 109: Prepayment Features with Negative Compensation
- INT FRS 123: Uncertainty over Income Tax Treatments
- Amendments to FRS 103: Business Combinations
- Amendments to FRS 111: Joint Arrangements
- Amendments to FRS 12: Income Taxes
- Amendments to FRS 23: Borrowing Costs

<u>Effective date of the following standard had been revised from 1 January 2016 to a date to be determined by Accounting Standards Council</u>

- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The directors do not anticipate that the adoption of FRSs, INT FRS and amendments to FRS in future financial periods will have a material impact on the financial statement of the Group and the Company except for the following:

(i) FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The new standard also introduces expanded disclosure requirements and changes in presentation.

44 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

(i) FRS 109 Financial Instruments (continued)

The Group is required to adopt a new accounting framework from 1 April 2018. The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 45.

(ii) FRS 115 Revenue from Contracts and Customers

FRS 115 replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 April 2018 (Note 45). The new accounting framework has similar requirements of FRS 115 and the Group has no significant impact of adopting the equivalent FRS 115.

(iii) FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 April 2019. The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

45 ADOPTION OF SFRS (I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter. As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 30 June 2018 in August 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 March 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1. Management has assessed these optional exemptions and decided not to elect the relevant optional exemptions, as such there will be no significant adjustments to the Group's financial statements prepared under SFRS.

(b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent to IFRS 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 March 2018.

(c) Adoption of SFRS(I) equivalent of IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt IFRS 15 in its financial statements for the year ending 31 March 2019. Based on the Group's initial assessment, the Group does not expect any significant adjustments on adoption of IFRS 15.

46 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of mm2 Asia Ltd. on 28 June 2018.

STATISTICS OF SHAREHOLDINGS

As at 22 June 2018

Class of Shares	:	Ordinary shares
Number of shares (excluding treasury shares)	:	1,162,804,610
Voting Rights	:	One vote per share
No. of treasury shares and percentage	:	Nil
No. of subsidiary holdings held and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings			No. of shareholders	%	No. of Shares	%
1	-	99	4	0.13	79	0.00
100	-	1,000	243	8.09	201,200	0.02
1,001	-	10,000	1,269	42.26	8,486,400	0.73
10,001	-	1,000,000	1,448	48.22	98,025,164	8.43
1,000,001 and above			39	1.30	1,056,091,767	90.82
Total			**3,003**	**100.00**	**1,162,804,610**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	HSBC (Singapore) Nominees Pte Ltd	232,691,800	20.01
2	StarHub Ltd	114,315,790	9.83
3	Melvin Ang Wee Chye	101,725,400	8.75
4	Nomura Singapore Limited	86,876,734	7.47
5	DBS Nominees Pte Ltd	79,672,500	6.85
6	Ma Holdings Management Company Limited	63,500,000	5.46
7	Maybank Kim Eng Securities Pte Ltd	42,275,017	3.64
8	Raffles Nominees (Pte) Ltd	38,248,303	3.29
9	Choo Meileen	36,672,800	3.15
10	Citibank Nominees Singapore Pte Ltd	34,880,497	3.00
11	RHB Securities Singapore Pte Ltd	30,192,000	2.60
12	CGS-CIMB Securities (S) Pte Ltd	27,114,996	2.33
13	Apex Capital Group Pte Ltd	25,461,354	2.19
14	BNP Paribas Nominees Singapore Pte Ltd	24,816,400	2.14
15	UOB Kay Hian Pte Ltd	21,653,700	1.86
16	Phillip Securities Pte Ltd	14,791,700	1.27
17	HL Bank Nominees (S) Pte Ltd	11,200,000	0.96
18	Henry Quek Peng Hock	7,300,000	0.63
19	Maxi-Harvest Group Pte Ltd	6,276,200	0.54
20	Heah Tien Huat	6,200,000	0.53
	Total:	**1,005,865,191**	**86.50**

STATISTICS OF SHAREHOLDINGS

As at 22 June 2018

SUBSTANTIAL SHAREHOLDERS AS AT 22 JUNE 2018

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Melvin Ang Wee Chye	101,725,400	8.740%	341,410,000[1]	29.36%
StarHub Ltd	114,315,790	9.830%	-	-
Asia Mobile Holdings Pte. Ltd.			114,315,790 [2]	9.83%
Asia Mobile Holding Company Pte. Ltd.			114,315,790 [2]	9.83%
STT Communications Ltd.			114,315,790 [2]	9.83%
Singapore Technologies Telemedia Pte Ltd			114,315,790 [2]	9.83%
Temasek Holdings (Private) Limited			114,315,790 [2]	9.83%
Ooredoo Investment Holding S.P.C.			114,315,790 [2]	9.83%
Ooredoo Q.S.C.			114,315,790 [2]	9.83%
Yeo Khee Seng Benny	1,013,200	0.087%	94,253,688 [3]	8.10%

1. Mr. Melvin Ang Wee Chye ("**Mr. Melvin Ang**") is deemed to be interested in, 10,000,000 ordinary shares held under the nominee account with Maybank Kim Eng Securities Pte. Ltd, 67,910,000 ordinary shares held under the nominee account with Nomura Singapore Limited, and 200,000,000 ordinary shares held under the nominee account with HSBC (Singapore) Nominees Pte. Ltd.

   Shares owned by MA Holdings Management Company Limited ("**MA Holdings**") are held under a nominee account with Citibank Nominees Singapore Pte. Ltd. MA Holdings owns 63,500,000 ordinary shares in the issued share capital of the Company which in turn is wholly-owned by Mr. Melvin Ang.

   Pursuant to Section 7 of the Companies Act. Cap. 50 (the "**Act**"), Mr. Melvin Ang is deemed to be interested in the shares held by MA Holdings.

2. Temasek Holdings (Private) Limited ("**TH**") owns 100% direct interest in Singapore Technologies Telemedia Pte. Ltd. ("**STT**"). STT owns 100% direct interest in STT Communication Ltd. ("**STTC**"). STTC owns 100% direct interest in Asia Mobile Holding Company Pte. Ltd. ("**AMHC**").

   Ooredoo Q.S.C. ("**OQSC**") owns 100% direct interest in Ooredoo Investment Holdings S.P.C. ("**OIH**").

   AMHC, and OIH owns 75% direct interest and 25% direct interest, respectively, in Asia Mobile Holdings Pte. Ltd. ("**AMH**"). AMH owns 55.88% direct interest in StarHub Ltd. ("**StarHub**"). StarHub owns 9.83% direct interest in the Company.

   Pursuant to Section 7 of the Act, each of TH, STT, STTC, AMHC, OQSC, OIH and AMH has a deemed interest in 9.83% of the issued share capital of the Company held by StarHub.

3. Mr. Yeo Khee Seng Benny ("**Mr. Yeo**") is deemed to be interested in 18,966,734 ordinary shares held under the nominee account with Nomura Singapore Limited; 24,816,400 ordinary shares held under the nominee account with BNP Paribas Nominees Singapore Pte. Ltd; and 25,009,200 ordinary shares held under the nominee account with DBS Nominees Private Limited.

   Mr. Yeo owns 70% direct interest in Apex Capital Group Pte. Ltd. ("**ACG**"), which in turn owns 25,461,354 ordinary shares in the issued share capital of the Company.

   Pursuant to Section 7 of the Act, Mr. Yeo is deemed to be interested in shares held by ACG.

PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC'S HANDS

As at 22 June 2018, 41.89% of the Company's shares are held in the hand of public. Accordingly, the Company complied with Rule 723 of the Listing Manual of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hand of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of mm2 Asia Ltd. (the "**Company**") will be held at 2mm Talent Hub, 1 Zubir Said Drive #01-01 School of the Arts Singapore 227968 on Tuesday, 31 July 2018 at 1.30 p.m. (or at such time immediately following the Extraordinary General Meeting of the Company on the same date at 1.00 p.m.) to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors' Statement of the Company for the financial year ended 31 March 2018 together with the Independent Auditors' Report thereon.
   Resolution 1

2. To approve the payment of additional directors' fees of S$124,178 for the financial year ended 31 March 2018.
   Resolution 2

3. To approve the payment of Directors' fees of S$275,000 for the financial year ending 31 March 2019, to be paid quarterly in arrears.
   Resolution 3

4. To re-elect the following Directors retiring pursuant to Regulation 107 of the Constitution of the Company:

   Mr. Lei Chee Kong Thomas **Resolution 4**
   Mr. Mak Chi Hoo **Resolution 5**

   [See Explanatory Note (i)]

5. To re-elect Mr Dennis Chia Choon Hwee retiring pursuant to Regulation 117 of the Constitution of the Company.
   Resolution 6
   [See Explanatory Note (i)]

6. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration.
   Resolution 7

7. To transact any other ordinary business which may properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited

8. That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of the instruments or any convertible securities;

    (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

    (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)] **Resolution 8**

9. Authority to issue shares under the mm2 Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the mm2 Performance Share Plan (the "**mm2 PSP**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the mm2 PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and Subsidiary Holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **Resolution 9**

10. Proposed Renewal of Share Purchase Mandate

That:

(a) for the purposes of Section 76C and 76E of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued and fully-paid ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum percentage (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

    (i) on-market purchases, transacted through the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for that purpose ("**Market Purchase**"); and/or

(ii) off-market purchases pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, Chapter 50 ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:-

a. the date on which the next AGM of the Company is held or required by law to be held;

b. the date on which the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

c. the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by shareholders of the Company in a general meeting;

whichever is the earliest;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five Market Days ("**Market Day**" being a day on which the SGX-ST is open for trading in securities) on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Percentage**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares or Subsidiary Holdings as at that date);

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

(d) the Directors and/or any one of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is permissible under the Companies Act, Chapter 50; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iv)] **Resolution 10**

By Order of the Board

Lissa Siau Kuei Lian
Company Secretary
Singapore, 16 July 2018

Explanatory Notes:

(i) Mr. Lei Chee Kong Thomas will, upon re-election as a Director of the Company, remain as the Independent Director and the Chairman of the Nominating Committee ("**NC**") member of Audit Committee ("**AC**") and Remuneration Committee ("**RC**") and will be considered independent for the purposes of Rule 704(8) of the Mainboard Rules.

Mr. Mak Chi Hoo will, upon re-election as a Director of the Company, remain as the Non-Executive Director and the member of RC.

Mr. Dennis Chia Choon Hwee will, upon re-election as a Director of the Company, remain as the Non-Executive Director.

(ii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) Resolution 9 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the vesting of share awards under the mm2 PSP provided that the aggregate additional shares to be allotted and issued pursuant to the mm2 PSP do not exceeding in total (for the entire duration of the mm2 PSP) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iv) Resolution 10 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and Subsidiary Holdings) in the capital of the Company at the Maximum Price as defined in the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase and acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2018 are set out in greater detail in the Appendix.

Notes:

1. A Member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. Where a member appoints two proxies, he/she/it shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 1002 Jalan Bukit Merah #07-11 Singapore 159456 not less than forty-eight (48) hours before the meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

mm2

Company Registration No. 201424372N
(Incorporated In Singapore)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ________________________________(Name) NRIC / Passport No. ________________________________

of ____ (Address)

being *a member/members of **MM2 ASIA LTD**. (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No of Shares	%

Or failing *him/her, the Chairman of the Annual General Meeting (the "**Meeting**") as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Meeting of the Company to be held at 2mm Talent Hub, 1 Zubir Said Drive #01-01 School of the Arts Singapore 227968 on Tuesday, 31 July 2018 at 1.30 p.m. (or at such time immediately following the Extraordinary General Meeting of the Company to be convened at 1.00 p.m. on the same day and at the same venue) and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

No.	Resolutions relating to:	No. of Votes For**	No. of Votes Against**
Ordinary Business			
1	Audited Financial Statements for the financial year ended 31 March 2018		
2	Approval of additional Directors' fees amounting to S$124,178 for the financial year ended 31 March 2018.		
3	Approval of additional Directors' fees amounting to S$275,000 for the financial year ending 31 March 2019, to be paid quarterly in arrears		
4	Re-election of Mr. Lei Chee Kong Thomas as a Director		
5	Re-election of Mr. Mak Chi Hoo as a Director		
6	Re-election of Mr. Dennis Chia Choon Hwee as a Director		
7	Re-appointment of Messrs Nexia TS Public Accounting Corporation as the Independent Auditor and to authorise the Directors to fix their remuneration		
Special Business			
8	Authority to allot and issue new shares		
9	Authority to allot and issue shares under the mm2 Performance Share Plan		
10	Proposed renewal of Share Purchase Mandate		

**If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ___________ day of _________________2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Member

and / or, Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1002 Jalan Bukit Merah #07-11 Singapore 159456 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 July 2018.

mm2 Asia Ltd.

(Company Registration Number: 201424372N)
(Incorporated in Singapore on 20 August 2014)

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#07-11 Singapore 159456

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