

MM2 ASIA LTD.

Incorporated in the Republic of Singapore
 (Company Registration No.: 201424372N)
 (the "Company")

**MATERIAL ADJUSTMENTS BETWEEN AUDITED FINANCIAL STATEMENTS AND UNAUDITED
 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

The Board of Directors (the "Board") of the Company, and together with its subsidiaries, (collectively the "Group") refers to its announcement on the unaudited full year financial results ("Unaudited Results") for the financial year ended 31 March 2020 ("FY2020") which was released to the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 30 May 2020 (the "Announcement").

Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, the Board wishes to announce that subsequent to the release of the Unaudited Results FY2020 and the finalisation of the audit, there were material adjustments between the Audited Financial Statements FY2020 and Unaudited Results FY2020.

Details and clarifications of the material adjustments are set out below:

Extract of Consolidated Statement of Financial Position as at 31 March 2020

Group	Audited \$'000 (A)	Unaudited \$'000 (B)	Change \$'000 (A)-(B)	Change %	Notes
<u>CURRENT ASSETS</u>					
Trade and other receivables	138,434	140,679	(2,245)	-1.60%	1
<u>NON-CURRENT ASSETS</u>					
Financial assets, at fair value through profit or loss	4,765	3,693	1,072	29.0%	1
Investment in associated companies	2,522	2,622	(100)	-3.8%	2
Investment in a joint venture	87	100	(13)	-13.0%	2
Property, plant and equipment (included right-of-use)	112,894	112,839	55	0.1%	**
Intangible assets and goodwill	279,812	278,745	1,067	0.4%	1
<u>CURRENT LIABILITIES</u>					
Trade and other payables	91,720	91,830	(110)	-0.1%	**
Borrowings	131,693	127,081	4,612	3.6%	3
Lease liabilities	23,093	23,047	46	0.2%	**
Derivatives financial instrument	163	-	163	nm	4
Current income tax liabilities	5,929	6,037	(108)	-1.8%	**
<u>NON-CURRENT LIABILITIES</u>					
Borrowings	126,144	130,756	(4,612)	-3.5%	3
Lease liabilities	61,743	61,726	17	0.03%	**
Derivatives financial instrument	113	-	113	nm	4
Deferred tax liabilities	6,435	6,395	40	0.6%	**
<u>EQUITY</u>					
Retained profits attributable to equity holders of the Company	79,082	79,284	(202)	-0.3%	5
Non-controlling interests	56,089	56,220	(131)	-0.2%	**

nm: not meaningful

*** the changes are immaterial.*

Notes:

- (1) Mainly due to reclassification accounts from trade and other receivables to financial assets, at fair value through profit or loss and intangible assets amounted to \$1,072,000 and \$1,067,000 respectively.
- (2) Recognition of share of losses from an associated company and a joint venture for an aggregated amount of \$113,000.
- (3) Reclassification of a borrowing amounting to \$4,612,000 from non-current to current which was in accordance with its scheduled repayment period.
- (4) Recognition of fair value of interest rate swaps amounting to \$276,000.
- (5) Recognition of the following expenses/income in profit or loss as follows:
 - (i) loss on fair value changes in interest rate swap amounted to \$276,000;
 - (ii) share of losses in associated company and a joint venture with an aggregated amount of \$113,000; and
 - (iii) overprovision of tax expense of \$69,000

The abovementioned changes are before deducting non-controlling interests.

Extract of Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2020

Group	Audited \$'000 (A)	Unaudited \$'000 (B)	Change \$'000 (A)-(B)	Change %	Notes
Cost of sales	(146,387)	(146,365)	(22)	-0.02%	**
Other gains and losses-net	7,149	7,425	(276)	-3.7%	(i)
Administrative expenses	(67,902)	(67,919)	17	0.03%	**
Finance expenses	(19,436)	(19,432)	(4)	-0.02%	**
Share of losses of associated company and joint venture	(147)	(34)	(113)	-332%	(i)
Income tax expenses	(3,337)	(3,406)	69	2.0%	(i)
Net profit	6,289	6,618	(329)	-5.0%	(ii)

** the changes are immaterial.

Notes:

- (i) These material adjustments between Audited Financial Statements FY2020 and Unaudited Results FY2020 were disclosed in Note 5 above.
- (ii) Arising from (i) above adjustments, the net profit of the Group lower by \$329,000 or 5% as compared to Unaudited Results.

Extract of Consolidated Statement of Cash flow for the financial year ended 31 March 2020

Group	Audited \$'000 (A)	Unaudited \$'000 (B)	Change \$'000 (A)-(B)	Change %	Notes
Net cash generated from operating activities	32,586	34,494	(1,908)	-0.6%	(a)
Net cash used in from investing activities	(26,924)	(28,802)	1,878	6.5%	(a)
Net cash generated from financing activities	3,843	3,779	64	1.7%	(b)
Effects of currency translation on cash and cash equivalents	17	51	(34)	-66.7%	(c)
Cash and cash equivalents at end of financial year	<u>28,088</u>	<u>28,088</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

- (a) Reclassification of cash outflows of film intangible and film inventories from investing activities to operating activities;
- (b) Reclassification of cash outflows of interest paid and repayment of lease liabilities from financing activities to operating activities.
- (c) Reclassification of unrealised foreign exchange gain from operating activities to the effects of currency translation on cash and cash equivalents.

BY ORDER OF THE BOARD

Melvin Ang Wee Chye
Executive Chairman
1 September 2020