



(Incorporated in the Republic of Singapore)

(Company Registration No. 201424372N)

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**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

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**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1 & Q2) AND HALF-YEARLY ANNOUNCEMENTS**

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Group			Group		
	Three months period ended			Six months period ended		
	30 Sep 2019 2Q FY2020 (Unaudited) \$'000	30 Sep 2018 2Q FY2019 (Unaudited) \$'000	Change %	30 Sep 2019 1H FY2020 (Unaudited) \$'000	30 Sep 2018 1H FY2019 (Unaudited) \$'000	Change %
Revenue	68,401	64,927	5.4%	117,431	113,913	3.1%
Cost of sales	(40,403)	(37,307)	8.3%	(59,230)	(53,370)	11.0%
<b>Gross profit</b>	<b>27,998</b>	<b>27,620</b>	<b>1.4%</b>	<b>58,201</b>	<b>60,543</b>	<b>-3.9%</b>
Other income						
- Interest	36	61	-41.0%	44	156	-71.8%
- Others	159	514	-69.1%	284	888	-68.0%
Other (losses)/gains - net	213	(283)	N.M	171	50	242.0%
Administrative expenses	(15,606)	(13,365)	16.8%	(31,015)	(32,246)	-3.8%
Finance expenses	(5,540)	(5,521)	0.3%	(10,203)	(8,745)	16.7%
Share of profits/(losses) of associated companies and joint venture	14	(23)	N.M	(13)	(9)	44.4%
Profit before income tax	7,274	9,003	-19.2%	17,469	20,637	-15.4%
Income tax expense	(1,957)	(3,541)	-44.7%	(4,683)	(6,054)	-22.6%
<b>Net profit for the financial period</b>	<b>5,317</b>	<b>5,462</b>	<b>-2.7%</b>	<b>12,786</b>	<b>14,583</b>	<b>-12.3%</b>
<b>Other comprehensive income/(loss), net of tax:</b>						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - gains/(losses)	2,404	(248)	N.M	(73)	(204)	-64.2%
<b>Total comprehensive income for the financial period</b>	<b>7,721</b>	<b>5,214</b>	<b>48.1%</b>	<b>12,713</b>	<b>14,379</b>	<b>-11.6%</b>
<b>Profit attributable to:</b>						
Equity holders of the Company	2,226	3,736	-40.4%	9,176	10,981	-16.4%
Non-controlling interests	3,091	1,726	79.1%	3,610	3,602	0.2%
	<b>5,317</b>	<b>5,462</b>	<b>-2.7%</b>	<b>12,786</b>	<b>14,583</b>	<b>-12.3%</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	4,631	3,500	32.3%	9,129	10,777	-15.3%
Non-controlling interests	3,090	1,714	80.3%	3,584	3,602	-0.5%
	<b>7,721</b>	<b>5,214</b>	<b>48.1%</b>	<b>12,713</b>	<b>14,379</b>	<b>-11.6%</b>

N.M. - Not meaningful

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

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

	Group Three months period ended			Group Six months period ended		
	30 Sep 2019 2Q FY2020 (Unaudited) \$'000	30 Sep 2018 2Q FY2019 (Unaudited) \$'000	Change %	30 Sep 2019 1H FY2020 (Unaudited) \$'000	30 Sep 2018 1H FY2019 (Unaudited) \$'000	Change %
Amortisation of film rights	3,421	609	461.7%	6,066	839	623.0%
Amortisation of film intangibles and film inventories	235	233	0.9%	337	349	-3.4%
Amortisation of intangible assets	301	137	119.7%	582	447	30.2%
Depreciation of property, plant and equipment	2,589	2,246	15.3%	4,264	4,884	-12.7%
Depreciation of right-of-use assets	5,836	-	100.0%	11,223	-	100.0%
Employees compensation	7,495	8,103	-7.5%	13,151	13,863	-5.1%
Interest expenses	4,184	5,521	-24.2%	7,867	8,745	-10.0%
Accretion of interest on lease liabilities	1,356	-	100.0%	2,336	-	100.0%
Gain on disposal of property, plant and equipment	-	-	N.M	-	(6)	-100.0%
Loss/(Gain) on foreign exchange, net	(214)	283	-175.6%	(172)	(44)	290.9%
Interest income	(36)	(61)	-41.0%	(44)	(156)	-71.8%

N.M. - Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Sep 2019 FY2020 (Unaudited) \$'000	31 Mar 2019 FY2019 (Audited) \$'000	30 Sep 2019 FY2020 (Unaudited) \$'000	31 Mar 2019 FY2019 (Audited) \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	18,579	18,566	439	600
Trade and other receivables	184,126	180,656	297,021	288,372
Inventories	407	363	-	-
Other current assets	86,240	66,156	-	-
Film products and films under production	6,057	21,882	-	-
Income tax recoverable	332	-	-	-
	<u>295,741</u>	<u>287,623</u>	<u>297,460</u>	<u>288,972</u>
<b>Non-current assets</b>				
Trade and other receivables	3,500	3,500	-	-
Financial assets, at fair value through profit or loss	710	710	-	-
Investments in convertible notes	1,350	-	-	-
Investments in subsidiaries	-	-	69,460	69,459
Investments in associated companies	2,647	2,658	2,525	2,525
Investment in a joint venture	95	99	-	-
Property, plant and equipment	33,575	36,437	-	-
Right-of-use assets	88,701	-	-	-
Intangible assets and goodwill <sup>(1)</sup>	295,467	289,652	-	-
Film rights	51,134	29,234	-	-
Film intangibles and film inventories	14,977	14,434	-	-
Deferred income tax assets	1,559	1,377	-	-
	<u>493,715</u>	<u>378,101</u>	<u>71,985</u>	<u>71,984</u>
<b>TOTAL ASSETS</b>	<b><u>789,456</u></b>	<b><u>665,724</u></b>	<b><u>369,445</u></b>	<b><u>360,956</u></b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	109,325	131,356	68,468	57,995
Contract liabilities	22,619	17,053	-	-
Borrowings	68,899	36,820	44,322	29,746
Operating lease liabilities	10,533	-	-	-
Current income tax liabilities	10,866	10,329	-	-
	<u>222,242</u>	<u>195,558</u>	<u>112,790</u>	<u>87,741</u>
<b>Non-current liabilities</b>				
Borrowings	192,034	186,172	114,606	125,750
Operating lease liabilities	79,399	-	-	-
Provisions	4,847	4,841	-	-
Derivative financial instruments	5,905	5,905	-	-
Deferred income tax liabilities	5,687	6,619	-	-
	<u>287,872</u>	<u>203,537</u>	<u>114,606</u>	<u>125,750</u>
<b>TOTAL LIABILITIES</b>	<b><u>510,114</u></b>	<b><u>399,095</u></b>	<b><u>227,396</u></b>	<b><u>213,491</u></b>
<b>NET ASSETS</b>	<b><u>279,342</u></b>	<b><u>266,629</u></b>	<b><u>142,049</u></b>	<b><u>147,465</u></b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	152,870	152,870	152,870	152,870
Reserves	(14,579)	(14,455)	-	-
Retained profits/(accumulated losses)	84,924	75,748	(10,821)	(5,405)
	<u>223,215</u>	<u>214,163</u>	<u>142,049</u>	<u>147,465</u>
Non-controlling interests	56,127	52,466	-	-
<b>TOTAL EQUITY</b>	<b><u>279,342</u></b>	<b><u>266,629</u></b>	<b><u>142,049</u></b>	<b><u>147,465</u></b>

<sup>(1)</sup> Included in this amount is goodwill arising from consolidation amounted to S\$259,610,000 (31 March 2019: S\$259,915,000).

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

Amount repayable in one year or less or on demand

As at 30 Sep 2019 (Unaudited)		As at 31 Mar 2019 (Audited)	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
68,899	-	36,820	-

Amount repayable after one year

As at 30 Sep 2019 (Unaudited)		As at 31 Mar 2019 (Audited)	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
192,034	-	186,172	-

Details of any collateral

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

1(b)(iii) Additional information.

**(A) Trade and other receivables**

	Group	
	30 Sep 2019 FY2020 (Unaudited) \$'000	31 Mar 2019 FY2019 (Audited) \$'000
Trade receivables	92,105	114,876
Accrued revenue	32,972	26,957
Other receivables and deposits	59,049	38,823
	<u>184,126</u>	<u>180,656</u>

**Trade receivables analysed by ageing**

	Group	
	30 Sep 2019 FY2020 (Unaudited) \$'000	31 Mar 2019 FY2019 (Audited) \$'000
Below 3 months	31,895	54,972
3 - 6 months	31,824	20,734
Above 6 months	30,647	41,431
	<u>94,366</u>	<u>117,137</u>
Expected credit loss ("ECL")	<u>(2,261)</u>	<u>(2,261)</u>
	<u>92,105</u>	<u>114,876</u>

**(B) Trade and other payables**

	Group	
	30 Sep 2019 FY2020 (Unaudited) \$'000	31 Mar 2019 FY2019 (Audited) \$'000
Trade payables	52,942	73,799
Other payables and accruals	56,383	57,557
	<u>109,325</u>	<u>131,356</u>

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

**Consolidated Statement of Cash Flows**

	Group		Group	
	Three months period ended		Six months period ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	2Q FY2020	2Q FY2019	1H FY2020	1H FY2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Net profit	5,317	5,462	12,786	14,583
Adjustments for:				
- Income tax expense	1,957	3,541	4,683	6,054
- Interest income	(36)	(61)	(44)	(156)
- Finance expenses	5,540	5,521	10,203	8,745
- Amortisation of film rights	3,421	609	6,066	839
- Amortisation of film intangibles and film inventories	235	233	337	349
- Amortisation of intangible assets	301	137	582	447
- Depreciation of property, plant and equipment	2,589	2,246	4,264	4,884
- Depreciation of right-of-use assets	5,836	-	11,223	-
- Share of profits/(losses) of associated companies and joint venture	(14)	23	13	9
- Gain on disposal of property, plant and equipment	-	-	-	(6)
- Loss on unrealised foreign exchange	1,324	657	182	937
Operating cash flows before working capital changes	<u>26,470</u>	<u>18,368</u>	<u>50,295</u>	<u>36,685</u>
Changes in working capital:				
- Trade and other receivables	65	(4,530)	(2,967)	(23,223)
- Inventories	17	(35)	(45)	(25)
- Other current assets	(7,002)	(6,818)	(19,986)	(9,508)
- Film products and films under production	(48)	(4,474)	(696)	(6,549)
- Film intangible and film inventories	(575)	(6,417)	(892)	(8,382)
- Trade and other payables	(13,533)	8,041	(24,008)	2,927
- Contract liabilities	825	2,922	5,566	4,903
Cash generated from/(used in) operations	<u>6,219</u>	<u>7,057</u>	<u>7,267</u>	<u>(3,172)</u>
Income tax paid	(4,935)	(4,396)	(5,593)	(5,559)
<b>Net cash generated from/(used in) operating activities</b>	<u><b>1,284</b></u>	<u><b>2,661</b></u>	<u><b>1,674</b></u>	<u><b>(8,731)</b></u>
<b>Cash flows from investing activities</b>				
Newly incorporation of a subsidiary	(1)	-	(1)	-
Acquisition of an associated company	-	(114)	-	(114)
Subscriptions of convertible notes	(850)	-	(1,350)	-
Deposit paid for potential investment in unquoted shares	(500)	-	(500)	-
Additions to film rights	(3,710)	(372)	(11,536)	(374)
Acquisition of intangible assets	3,467	-	(6,702)	-
Additions to property, plant and equipment	(1,569)	(2,142)	(1,655)	(3,110)
Increase of interest of subsidiary from non-controlling interests	-	(422)	-	(422)
Interest received	27	61	35	156
Proceeds from disposal of property, plant and equipment	-	59	-	73
Proceeds from disposal of partial investment in a subsidiary <sup>(1)</sup>	-	-	-	25,800
Repayment of deferred purchase consideration	-	-	-	(215,000)
<b>Net cash used in investing activities</b>	<u><b>(3,136)</b></u>	<u><b>(2,930)</b></u>	<u><b>(21,709)</b></u>	<u><b>(192,991)</b></u>

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

Consolidated Statement of Cash Flows (continued)

	Group		Group	
	Three months period ended		Six months period ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	2Q FY2020	2Q FY2019	1H FY2020	1H FY2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from financing activities</b>				
Uplift of fixed deposit pledged	-	-	-	1,000
Interest paid	(3,275)	(2,568)	(7,785)	(3,080)
Proceeds from issuance of shares of subsidiaries, net of listing expense <sup>(2)</sup>	-	11,354	-	11,354
Proceeds from issuance of convertible bonds and notes	-	-	5,000	-
Proceeds from bank borrowings	10,206	1,500	39,727	176,000
Repayment of bank borrowings	(7,654)	(18,776)	(8,130)	(30,008)
Repayment of lease liabilities (FY2019: Repayment of finance lease liabilities)	(4,801)	-	(9,806)	(16)
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,524)</b>	<b>(8,490)</b>	<b>19,006</b>	<b>155,250</b>
<b>Net changes in cash and cash equivalents</b>	<b>(7,376)</b>	<b>(8,759)</b>	<b>(1,029)</b>	<b>(46,472)</b>
Cash and cash equivalents at beginning of financial period	24,847	54,446	18,566	92,180
Effects of currency translation on cash and cash equivalents	19	139	(47)	118
<b>Cash and cash equivalents at end of financial period</b>	<b>17,490</b>	<b>45,826</b>	<b>17,490</b>	<b>45,826</b>
<b>Cash and cash equivalent comprise:</b>				
Cash and bank balances	18,148	45,527	18,148	45,527
Fixed deposits	431	299	431	299
Bank overdraft	(1,089)	-	(1,089)	-
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>17,490</b>	<b>45,826</b>	<b>17,490</b>	<b>45,826</b>

<sup>(1)</sup> The disposal of partial investment in an indirect subsidiary, UnUsUaL Limited, does not result loss in control over the subsidiary.

<sup>(2)</sup> Funds raised by the Group's subsidiary, Vividthree Holdings Ltd upon listing on Catalist SGX in September 2018. Amounts are stated at net of listing expenses.

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

**Consolidated Statement of Changes in Equity**

Group (Unaudited)	<----- Attributable to equity holders -----> of the Company					
	Share capital \$'000	Other reserves \$'000	Retained profits \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
<b>As at 1 April 2019</b>	<b>152,870</b>	<b>(14,455)</b>	<b>75,748</b>	<b>214,163</b>	<b>52,466</b>	<b>266,629</b>
Net profit for the period	-	-	6,950	6,950	519	7,469
Other comprehensive loss for the period	-	(2,452)	-	(2,452)	(25)	(2,477)
Total comprehensive income for the period	-	(2,452)	6,950	4,498	494	4,992
<b>As at 30 June 2019/1 July 2019</b>	<b>152,870</b>	<b>(16,907)</b>	<b>82,698</b>	<b>218,661</b>	<b>52,960</b>	<b>271,621</b>
Net profit for the period	-	-	2,226	2,226	3,091	5,317
Other comprehensive income/(loss) for the period	-	2,405	-	2,405	(1)	2,404
Total comprehensive income for the period	-	2,405	2,226	4,631	3,090	7,721
Acquisition of non-controlling interest	-	(77)	-	(77)	77	-
<b>As at 30 September 2019</b>	<b>152,870</b>	<b>(14,579)</b>	<b>84,924</b>	<b>223,215</b>	<b>56,127</b>	<b>279,342</b>
<b>As at 1 April 2018</b>	<b>152,870</b>	<b>(30,907)</b>	<b>56,610</b>	<b>178,573</b>	<b>29,891</b>	<b>208,464</b>
Net profit for the period	-	-	7,245	7,245	1,876	9,121
Other comprehensive income for the period	-	32	-	32	12	44
Total comprehensive income for the period	-	32	7,245	7,277	1,888	9,165
Dilution of interest in subsidiary without loss of control	-	(171)	-	(171)	171	-
Disposal of partial shareholdings in a subsidiary without loss of control <sup>(1)</sup>	-	13,003	-	13,003	12,797	25,800
<b>As at 30 June 2018/1 July 2018</b>	<b>152,870</b>	<b>(18,043)</b>	<b>63,855</b>	<b>198,682</b>	<b>44,747</b>	<b>243,429</b>
Net profit for the period	-	-	3,736	3,736	1,726	5,462
Other comprehensive income/(loss) for the period	-	(236)	-	(236)	(12)	(248)
Total comprehensive income for the period	-	(236)	3,736	3,500	1,714	5,214
Dilution of interest in subsidiary without loss of control <sup>(2)</sup>	-	5,625	-	5,625	7,931	13,556
Non-controlling interests arising from incorporation of a subsidiary	-	-	-	-	490	490
Acquisition of non-controlling interest	-	-	-	-	(422)	(422)
<b>As at 30 September 2018</b>	<b>152,870</b>	<b>(12,654)</b>	<b>67,591</b>	<b>207,807</b>	<b>54,460</b>	<b>262,267</b>

<sup>(1)</sup> The disposal of partial investment in an indirect subsidiary, UnUsUaL Limited, does not result loss in control over the subsidiary.

<sup>(2)</sup> The dilution of interest in a subsidiary, Vividthree Holdings Ltd, upon listing on Catalist SGX in September 2018 does not result loss in control over the subsidiary.



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

Statement of Changes in Equity

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Company (Unaudited)</b>			
<b>As at 1 April 2019</b>	<b>152,870</b>	<b>(5,405)</b>	<b>147,465</b>
Net loss for the financial period	-	(2,991)	(2,991)
<b>As at 30 June 2019/1 July 2019</b>	<b>152,870</b>	<b>(8,396)</b>	<b>144,474</b>
Net loss for the financial period	-	(2,425)	(2,425)
<b>As at 30 September 2019</b>	<b>152,870</b>	<b>(10,821)</b>	<b>142,049</b>
<b>As at 1 April 2018</b>	<b>152,870</b>	<b>(3,645)</b>	<b>149,225</b>
Net loss for the financial period	-	(2,507)	(2,507)
<b>As at 30 June 2018/1 July 2018</b>	<b>152,870</b>	<b>(6,152)</b>	<b>146,718</b>
Net loss for the financial period	-	(4,196)	(4,196)
<b>As at 30 September 2018</b>	<b>152,870</b>	<b>(10,348)</b>	<b>142,522</b>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

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

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

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

During the current financial year, there were no transactions pertaining to subsidiary holdings.

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

The figures have not been audited or reviewed by the auditors of the Company.

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

Not applicable.

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

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

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

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

Adoption of SFRS(I)16 Leases

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

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

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

The subsequent adoption of SFRS(I)16 have the following impact on the unaudited statement of financial position for the financial period ended 30 September 2019 (1HFY2020).

<b>Group</b>	<b>Without the effect of SFRS(I) 16 (Unaudited) \$'000</b>	<b>Net effect from SFRS(I) 16 (Unaudited) \$'000</b>	<b>With the effect of SFRS(I) 16 (Unaudited) \$'000</b>
<b>30 September 2019 (1HFY2020)</b>			
<b><u>Statement of comprehensive income</u></b>			
Revenue	117,431	-	117,431
Cost of sales	(59,230)	-	(59,230)
<b>Gross profit</b>	<b>58,201</b>	<b>-</b>	<b>58,201</b>
Other income			
- Interest	44	-	44
- Others	284	-	284
Other (losses)/gains - net	171	-	171
Administrative expenses	(32,117)	1,102	(31,015)
Finance expenses	(7,867)	(2,336)	(10,203)
Share of losses of associated companies and joint venture	(13)	-	(13)
Profit before income tax	18,703	(1,234)	17,469
Income tax expense	(4,683)	-	(4,683)
Net profit for the financial period	<b>14,020</b>	<b>(1,234)</b>	<b>12,786</b>
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")	<b>37,819</b>	<b>12,325</b>	<b>50,144</b>
<b><u>Statement of financial position</u></b>			
<b>Non-current assets</b>			
Right-of-use assets	-	88,701	88,701
<b>Current liabilities</b>			
Operating lease liabilities	-	10,533	10,533
<b>Non-current liabilities</b>			
Operating lease liabilities	-	79,399	79,399

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.**

	Group		Group	
	Three months period ended		Six months period ended	
	30 Sep 2019 2Q FY2020	30 Sep 2018 2Q FY2019	30 Sep 2019 1H FY2020	30 Sep 2018 1H FY2019
<b>Earnings per share ("EPS")</b>				
Profit attributable to equity holders of the Company (\$'000) <sup>(1)</sup>	2,226	3,736	9,176	10,981
Weighted average number of ordinary share issued	1,162,804,610	1,162,804,610	1,162,804,610	1,162,804,610
Basic and fully diluted basis EPS (cents) <sup>(2)(3)(4)</sup>	0.19	0.32	0.79	0.94

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

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

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

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

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

**(a) Current financial period reported on; and**

**(b) Immediately preceding financial year.**

	Group		Company	
	30 Sep 2019	31 Mar 2019	30 Sep 2019	31 Mar 2019
Net asset value attributable to equity holders of the Company (\$'000)	223,215	214,163	142,049	147,465
Number of ordinary shares issued	1,162,804,610	1,162,804,610	1,162,804,610	1,162,804,610
Net asset value per ordinary share (\$)	0.19	0.18	0.12	0.13

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### **REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)**

##### **2Q FY2020 vs 2Q FY2019**

##### **Revenue**

The Group's revenue grew by \$3.5 million or 5.4%, from \$64.9 million in 2QFY2019 to \$68.4 million in 2QFY2020. The increase was mainly due to Concert and event ("Event") segment's promotion and production revenue increased by \$10.8 million and Post-production segment's revenue increased by \$1.1 million from its post-production works. The increase in both segments was offset by Core and Cinema segments where its revenue saw a total decrease of \$8.6 million as compared to last corresponding period. The decrease in Core business segment is mainly due to lower distribution income and fewer productions were completed, as some of productions are still on-going as at 2QFY20 while Cinema segment revenue is dependent on the movie titles released during 2QFY20.

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

Cost of sales of the Group increased by \$3.1 million, or 8.3%, from \$37.3 million in 2QFY2019 to \$40.4 million in 2QFY2020. The increase in cost of sales is mainly contributed by Event and Post-production segments where the total increase approximately \$8.9 million in its cost of sales which is in tandem with increase in sales of both segments. The increase in these segments is offset with (i) Cinema segment due to lower film rental costs, which is in line with decrease in its box office sales, and (ii) Core segment's amortisation of film rights increased by \$2.8 million. Further, in the last corresponding period, Cinema segment's cost of sales had included direct staff costs and depreciation which were reclassified from administrative expense to cost of sales for approximately \$3.7 million which contributed to lower cost of sales in 2QFY2020.

##### **Gross profit**

Group's gross profit is marginally increased by \$0.4 million, or 1.4%, from \$27.6 million in 2QFY2019 to \$28.0 million in 2QFY2020. Overall, the increase in gross profit is mainly contributed by Cinema, Event and Post-production segments offset by the Core segment. The gross profit margin is stood at 40.9% in 2QFY2020 which is fairly consistent as compared to last corresponding period at 42.5%.

##### **Other income**

Other income decreased by \$0.4 million or 66.1%, from \$0.6 million in 2QFY2019 to \$0.2 million in 2QFY2020. It is mainly due to lesser grant receipts from government during the period under review and in prior year, had recorded a one-off income arising from the waiver of debts approximately \$0.3 million.

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

Other gains/(losses) - net recorded total \$0.5 million gain in 2QFY2020 from losses of \$0.3 million in 2QFY2019. It was mainly due to gains from foreign currency exchange.

##### **Administrative expenses**

Administrative expenses increased by \$2.2 million or 16.8%, from \$13.4 million in 2QFY2019 to \$15.6 million in 2QFY2020. The increase was mainly due prior period's reclassification of direct staff cost and depreciation to cost of sales for approximately \$3.7 million. Excluding the prior period's reclassification of these direct costs, a net decrease approximately by \$1.5 million in 2QFY2020 is mainly due to the effect of the adoption of SFRS(I) 16 resulted lower expense by \$1.1 million in 2QFY2020 as disclosed in Note 5 above.

##### **Finance expenses**

Finance expenses comprise interest expense from borrowings and accretion of interest on lease liabilities. The Group incurred finance expenses of \$5.5 million in 2QFY2020 which is consistent with last corresponding period. However, excluding the accretion of interests on lease liabilities of \$1.4 million, the interest expenses would have decreased by \$1.3 million was mainly due to the Cinema segment which a one-off interest expense from unwinding of discount on deferred consideration amounted to \$1.6 million in the prior period.

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

The share of profits of associated companies and joint venture increased by \$37,000 or 160.9%, from loss of \$23,000 in 2QFY2019 to profit \$14,000 in 2QFY2020. This was mainly due to profits generated from associated company in 2QFY2020 as compared with 2QFY2019.

##### **Profit before income tax**

As a result of the analysis above, the Group achieved its profit before tax ("PBT") of \$7.3 million, from \$9.0 million in 2QFY2019, mainly contributed from Cinema segment, despite of lower revenue, due to operational optimisation from inter-alia, increased cost efficiencies. Event and Post-production segments also contribute to the PBT of the Group in 2QFY2020.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (continued):**

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

**30 September 2019 vs 31 March 2019**

**Current assets**

Current assets decreased by \$8.1 million or 2.8%, from \$287.6 million as at 31 March 2019 to \$295.7 million as at 30 September 2019. This represents 37.5% of our total assets and comprised the following:

- (i) Cash and cash equivalents reported at \$18.6 million as at 30 September 2019, after adjusting for effect of changes in exchange rate, the movement during 2QFY2020 is arising from the following:
  - (a) The Group generated a net cash from operating activities of \$1.4 million during 2QFY2020.
  - (b) In 1HFY2020, the Group utilised \$3.1 million for a subscription of convertible notes for \$0.85 million by its subsidiary, additional of film rights of \$3.7 million as the Group continue to expand its content base, intangible assets increased by \$4.5 million offsets with \$8.0 million outflows reclassified to operating activities, and deposit paid for investment in unquoted shares by subsidiary of \$0.5 million.
  - (c) Net financing proceeds from banks was \$10.2 million for Core and Event segments' working capital requirements. The Group also made a payment of \$15.7 million for interest, lease liabilities and repayment of borrowings.
- (ii) Trade and other receivables reported at \$184.1 million as at 30 September 2019, representing a net increase of \$3.4 million or 1.9% from \$180.7 million as at 31 March 2019. This was mainly due to net reduction in trade receivables by \$22.8 million, offsets with increase in:
  - (a) Event Segment's other receivables due to reclassification of its intangible assets of \$18.4 million in 1QFY2020 to other receivables in 2QFY2020; and
  - (b) accrued revenue due to projects completed but yet to be billed in this quarter of which resulted an increase of \$6.0 million.
- (iii) Inventories reported at \$407,000 as at 30 September 2019 and there is no significant movement as compared to 31 March 2019.
- (iv) Other current assets reported at \$86.2 million as at 30 September 2019, representing an increase of \$20.0 million or 30.2%, from \$66.2 million as at 31 March 2019. Other current assets comprise costs incurred by the Group in fulfilling a contract with its customers (third party commissioned projects). The increase was mainly due to more on-going projects in the current period as compared to last corresponding period.
- (v) Film products and films under production reported at \$6.1 million as at 30 September 2019, representing a decrease of \$15.8 million or 72.1% from \$21.9 million as at 31 March 2019. This was mainly due to the film products being transferred to film rights upon film released.

**Non-current assets**

Non-current assets increased by \$115.6 million or 30.6%, from \$378.1 million as at 31 March 2019 to \$493.7 million as at 30 September 2019 is mainly due to:

- (i) the effect of adoption of SFRS(I)16 for recognition of right-of-use assets ("ROU") on 1 April 2019. As at reporting period, ROU stood at \$88.7 million.
- (ii) intangible assets increased by \$5.8 million or 2.0% is mainly due to additions of intangible assets from Core and Post-production segments with approximately \$3.4 million and \$1.9 million respectively.
- (iii) film rights increased by \$21.9 million or 75.0% due to the completion of film production and acquisition of film rights during the periods under review; and
- (iv) new subscription of convertible notes of \$1.35 million by Post-production segment.

**Current liabilities**

Current liabilities net increased by \$26.7 million or 13.6% from \$195.6 million as at 31 March 2019 to \$222.4 million as at 30 September 2019, representing 43.4% of our total liabilities is mainly due to:

- (i) Trade and other payables reported at \$109.3 million as at 30 September 2019, representing a decrease of \$22.1 million or 16.8%, from \$131.4 million as at 31 March 2019. This is mainly attributed by Event segment where shorter credit term given by certain artistes and other related cost hence faster repayment and Core segment has settled its production vendors during the period under review.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss (continued):**

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

**30 September 2019 vs 31 March 2019**

**Current liabilities (continued)**

- (ii) Contract liabilities reported at \$22.6 million as at 30 September 2019, representing an increase of \$5.5 million or 32.2%, from \$17.1 million as at 31 March 2019. The increase was mainly contributed by Core and Event segments' advance billings which are to be recognised as revenue when fulfilled its performance obligation under the contracts with the customers. In respect of Event segment, these are mainly ticket sales, sponsorship and etc for concerts/events sold in advance, which registered an increase of \$2.4 million during the quarter under review. For Core segment, these are mainly advance billings, sponsorship billed and release rights sold for projects not completed which recorded an increase of \$3.7 million.
- (iii) Short-term borrowings reported at \$68.9 million as at 30 September 2019, representing an increase of \$32.1 million or 87.2%, from \$36.8 million as at 31 March 2019. The net increase was mainly contributed by Core and Event segment for approximately \$23.6 million (including \$4.8 million reclassification from long-term borrowings) and \$6.8 million respectively; and
- (iv) With effect of adoption of SFRS(I)16, operating lease liabilities were recognised on 1 April 2019. As at 30 September 2019, operating lease liabilities stood at \$10.5 million.

**Non-current liabilities**

Non-current liabilities reported at \$287.9 million as at 30 September 2019, representing an increase of \$84.4 million or 41.5%, from \$203.5 million as at 31 March 2019. The net increase is mainly due to (i) the new drawdown from banks for Core and Event segment for its working capital and (ii) long-term operating lease liabilities with adoption of SFRS(I)16 as described under Current Liabilities, Note (iv).

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

As at 30 September 2019 (1HFY2020), our cash and cash equivalents amounted to approximately \$17.5 million, as compared to \$45.8 million as at 30 September 2018 (1HFY2019).

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

In 1HFY2020, the Group generated \$50.3 million net cash from operating activities before net working capital changes. After applying net working capital changes, it generated \$1.7 million net cash inflow and it arising from the following:

- trade and other receivables net increased by \$2.9 million, including the reclassification of intangible assets to other receivables for approximately \$10.0 million in 1HFY2020.
- inventories increased by \$45,000 in 1HFY2020;
- other current assets increased by \$19.9 million due to higher projects value on-going;
- film products and films under production increased by \$0.7 million;
- film intangibles and film inventories increased by \$0.9 million due to acquisition of films for distribution;
- trade and other payables decreased by \$24.0 million due to repayment of vendors;

*offset by outflows from:*

- contract liabilities increased by \$5.6 million; and
- tax payment of \$5.6 million during 1HFY2020.

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

In 1HFY2020, net cash used in investing activities amounted to approximately \$21.7 million, mainly due to:

- acquisition of other intangible assets for \$6.7 million arising from Core and Post-production segments;
- acquisition of film rights for \$11.5 million under Core segment;
- acquisition of property, plant and equipment for \$1.7 million;
- subscription of convertible notes by post-production segment for \$1.35 million; and
- deposit paid for potential investment in unquoted shares by Post-production segment for \$0.5 million.

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

In 1HFY2020, net cash generated from financing activities amounted to approximately \$19.0 million, mainly due to:

- inflow from issuance of convertible bonds and notes by cinema segment for \$5.0 million;
- inflow from new drawdown of bank loan by Core and Event segments for a total proceeds of \$39.7 million;

*offset by outflows from:*

- repayment of bank loans, lease liabilities and interest payments for \$25.7 million.

**(d) Net changes in cash and cash equivalents**

As a result, the Group recorded a net cash decrease of approximately \$1.0 million in 1HFY2020, as compared to a net cash decrease of approximately \$46.5 million in 1HFY2019.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**(i) Rise of Asian content**

The demand for Asian content continues to rise rapidly, fueled by impressive performances in key markets. In China, for the period between early 2018 and May 2019, domestic films accounted for 45% of China's total box office, which is the world's second largest box office market<sup>(1)</sup>. In around the same time, Malaysia's domestic films raked in RM170 million at the box office, doubling that of five years ago<sup>(2)</sup>. Major video streaming services are reporting growing trends of high interest in Asian content. The number of Asian subscribers for such streaming services has also multiplied, most of whom have expressed keen interest in localised original content. In response, we are seeing more global content players setting up their bases in Singapore to build their capabilities in Asian content creation to meet the rising demands.

Having established a strong foothold and a proven track record in producing Chinese content in the key Chinese-speaking markets in Asia, the Group is poised to take advantage of the opportunities arising from these demand trends. The North Asia market will remain our key market of focus, with a slate of deals to produce theatrical movies and OTT content that are exportable to multiple markets.

We have also stepped up co-productions in Southeast Asia, especially Thailand and Indonesia. We expect to strategically grow our pipeline of projects with our regional partners to tap into this fast growing regional market.

**(ii) Growth in B2B content deals**

The proliferation of video streaming services continues unabatedly as both established and new players vie to gain a share of the fast growing pie that is projected to expand to US\$332 billion by 2025<sup>(3)</sup>. Joining in a highly-competitive space, Disney+ and Apple TV+ were launched in November 2019, with multi-billion dollar spend on original content. Concurrently, traditional media players are also transforming themselves to stay viable and one common strategy across all is that compelling original content is heavily lauded as the king. Both traditional and new media players alike are investing heavily in content to acquire and retain audiences.

The Group has started to expand the content it produces in addition to movies to include drama series for broadcast networks and video streaming service providers (OTT) based on B2B business models. In this current financial year, we have worked with Mediacorp, Netflix and Viu to produce commissioned original series. Two of these series will be released in the third quarter of FY2020. Given the growing demand of original content from the market, we expect to steadily increase our pipeline of B2B content over the next 18 months.

**(iii) Strategic prime position to tap on new opportunities in new markets**

The Group's production presence and business network in the Southeast Asian and North Asian markets provide ready strategic access to audiences, valued IPs and talents across multiple markets. In the third quarter of FY2020, a China remake of our 2018 Malaysian film, *Guang*, commenced production in Xiamen, China.

With our ability to identify and access key talents and good IPs for adaptation, the Group's pipeline of quality content continues to grow. We are in discussions with a number of regional partners on the adaptation and remake of content using the IPs of our content library. Such models not only create new opportunities, but also open up new markets in Southeast Asia and the US.

(1) Source: PwC's *Global Entertainment & Media Outlook 2019 -2023* (PwC, 2019)

(2) Source: "Box Office Hits" (*The Star*, 2019)

(3) Source: "Over-the-top Market by Component, Device Type, Content Type, Revenue Model, User Type, and End User: Global Opportunity Analysis and Industry Forecast, 2018-2025" (*Allied Market Research*, 2019)

**11 If a decision regarding dividend has been made:**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

None.

**(b) Amount per share in cents**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.



**11 If a decision regarding dividend has been made (continued):**

**(d) The date the dividend is payable**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

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

**13 If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920.

There were no IPT of \$100,000 and above in the current year under review.

**14 Confirmation by Directors pursuant to Rule 705(5) of the SGX-ST Listing Manual.**

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group and the Company for the first quarter and 3 months ended 30 September 2019, to be false or misleading, in any material aspect.

**15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

BY ORDER OF THE BOARD

Melvin Ang Wee Chye  
Executive Chairman

14 November 2019