

# **SPACKMAN ENTERTAINMENT GROUP LIMITED**

Company registration number – 201401201N

## **Condensed Interim Financial Statements**

**For the Six Months and Full Year Ended 31 December 2021**

# spackmanentertainmentgroup

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	The Group			
		Six Months Ended		Twelve Months Ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		US\$'000	US\$'000	US\$'000	US\$'000
		Unaudited	(Represented) <sup>(1)</sup>	Unaudited	(Represented) <sup>(1)</sup>
<b>Continuing operations</b>					
Revenue	4	545	3,068	3,177	6,910
Cost of sales		(213)	(1,845)	(2,440)	(4,938)
<b>Gross profit</b>		<b>332</b>	<b>1,223</b>	<b>737</b>	<b>1,972</b>
Other income and gains		10,277	467	10,397	554
Interest income		34	37	73	67
<b>Expenses</b>					
Selling expenses		(233)	(178)	(391)	(308)
General and administrative expenses		(2,814)	(2,326)	(4,645)	(4,246)
Finance costs		(67)	(80)	(143)	(191)
Other expenses		(797)	(15,602)	(948)	(16,322)
Share of results of associate		(900)	(562)	(982)	(1,359)
<b>Profit/(loss) before tax</b>	6	<b>5,832</b>	<b>(17,021)</b>	<b>4,098</b>	<b>(19,833)</b>
Tax credit/(expense)	9	(2,072)	877	(2,074)	878
<b>Profit/(loss) for the financial period</b>		<b>3,760</b>	<b>(16,144)</b>	<b>2,024</b>	<b>(18,955)</b>
<b>Discontinued operations<sup>(1)</sup></b>					
Profit/(loss) after tax for the year from discontinued operation		322	(2,696)	(666)	(4,170)
<b>Profit/(loss) for the year</b>		<b>4,082</b>	<b>(18,840)</b>	<b>1,358</b>	<b>(23,125)</b>
<b>Profit/(loss) for the period attributable to:</b>					
Equity holders of the Company					
-Continuing operation		4,135	(16,088)	2,492	(18,740)
-Discontinued operation	7	322	(2,696)	(666)	(4,170)
		<b>4,457</b>	<b>(18,784)</b>	<b>1,826</b>	<b>(22,910)</b>
Non-controlling interests					
-Continuing operation		(375)	(56)	(468)	(215)
<b>Profit/(loss) for the year</b>		<b>4,082</b>	<b>(18,840)</b>	<b>1,358</b>	<b>(23,125)</b>
<b>Earnings/(loss) per share attributable to the owners of the Company during the year:</b>					
Basic and fully diluted (USD in cent) <sup>2</sup>					
-Continuing operation		<b>0.26</b>	<b>(1.02)</b>	<b>0.16</b>	<b>(1.18)</b>
-Discontinued operation		<b>0.02</b>	<b>(0.17)</b>	<b>(0.04)</b>	<b>(0.26)</b>
		<b>0.28</b>	<b>(1.12)</b>	<b>0.12</b>	<b>(1.45)</b>

<sup>1</sup> – Discontinued operations arise from disposal of Zip Cinema Co Ltd and Frame Picture Co Ltd which results have been represented in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations.

<sup>2</sup> – The basic and fully diluted basic loss per share are the same as there were no potentially dilutive ordinary shares in existence during the respective periods

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

	The Group			
	Six Months Ended		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
Note	US\$'000	US\$'000	US\$'000	US\$'000
	Unaudited	(Represented)	Unaudited	(Represented)
<b>Profit/(loss) for the year</b>	<b>4,082</b>	<b>(18,840)</b>	<b>1,358</b>	<b>(23,125)</b>
<b>Other comprehensive income/(loss)</b>				
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Currency translation difference arising from consolidation	276	658	99	290
Share of other comprehensive loss of associated company	(81)	244	(924)	135
<u>Items that will not be reclassified subsequently to profit or loss:</u>				
Currency translation difference arising from consolidation	(13)	66	(36)	35
<b>Total comprehensive income/(loss) for the period</b>	<b>4,264</b>	<b>(17,872)</b>	<b>497</b>	<b>(22,665)</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
Equity holders of the Company				
-Continuing operation	4,819	(16,378)	934	(21,757)
-Discontinuing operation	(166)	(1,504)	67	(728)
	<b>4,653</b>	<b>(17,882)</b>	<b>1,001</b>	<b>(22,485)</b>
Non-controlling interests				
-Continuing operation	<b>(389)</b>	<b>10</b>	<b>(504)</b>	<b>(180)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>4,264</b>	<b>(17,872)</b>	<b>497</b>	<b>(22,665)</b>

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## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND COMPANY)

	Note	Group		Company	
		31 December 2021 US\$'000	31 December 2020 US\$'000	31 December 2021 US\$'000	31 December 2020 US\$'000
<b>Assets</b>		Unaudited	Audited	Unaudited	Audited
Investment in subsidiaries		–	–	16,415	16,494
Investment in associated company		12,925	14,832	14,993	14,993
Property, plant and equipment	13	1,093	6,074	265	463
Intangible assets	12	6,387	6,651	–	–
Film production inventories		1,077	1,885	–	–
Deferred tax assets		12	601	–	–
Trade and other receivables		17	739	–	–
Financial assets at fair value through profit or loss	11	215	1,211	192	357
<b>Non-current assets</b>		<b>21,726</b>	<b>31,993</b>	<b>31,865</b>	<b>32,307</b>
Financial assets at fair value through profit or loss	11	2,911	3,711	–	–
Loan to subsidiaries		–	–	2,129	626
Trade and other receivables		7,029	9,226	1,033	1,606
Contract assets		38	25	–	–
Film production inventories		–	916	–	–
Inventories		9	6	–	–
Cash and cash equivalents		11,345	4,343	1,233	237
<b>Current assets</b>		<b>21,332</b>	<b>18,227</b>	<b>4,395</b>	<b>2,469</b>
<b>Total assets</b>		<b>43,058</b>	<b>50,220</b>	<b>36,260</b>	<b>34,776</b>
<b>Liabilities</b>					
Borrowings	14	1,110	2,354	1,391	2,213
Other non-current liabilities		244	382	–	–
Contract liabilities		–	1,503	–	–
Deferred tax liabilities		–	97	–	–
<b>Non-current liabilities</b>		<b>1,354</b>	<b>4,336</b>	<b>1,391</b>	<b>2,213</b>
Trade and other payables		2,848	3,999	648	655
Contract liabilities		3,439	2,730	–	–
Borrowings	14	1,891	6,205	3,504	582
Film obligation and production loans		394	308	–	–
Tax payables		–	7	–	–
<b>Current liabilities</b>		<b>8,572</b>	<b>13,249</b>	<b>4,152</b>	<b>1,237</b>
<b>Total liabilities</b>		<b>9,926</b>	<b>17,585</b>	<b>5,543</b>	<b>3,450</b>
<b>Net assets</b>		<b>33,132</b>	<b>32,635</b>	<b>30,717</b>	<b>31,326</b>
<b>Share capital and reserves</b>					
Share capital	15	70,007	70,007	70,007	70,007
Treasury shares		(680)	(680)	(680)	(680)
Other reserves		(3,174)	(2,349)	–	–
Accumulated losses		(33,135)	(34,961)	(38,610)	(38,001)
Equity attributable to equity holders of the Company, total		33,018	32,017	30,717	31,326
Non-controlling interests		114	618	–	–
<b>Total equity</b>		<b>33,132</b>	<b>32,635</b>	<b>30,717</b>	<b>31,326</b>

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Twelve Months Ended	
	31 December 2021	31 December 2020
Note	US\$'000	US\$'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax from continuing operation	4,098	(19,833)
Loss before tax from discontinued operation	(696)	(4,665)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	2,063	1,919
Interest income	(102)	(106)
Interest expense	6 493	331
Share of results of associated company	982	1,359
Amortisation of intangible assets	216	310
Impairment loss on film production inventories	94	583
Impairment loss on goodwill	—	6,554
Impairment loss on investment in associated company	—	5,180
Impairment loss on intangible assets	—	4,377
Impairment loss on property, plant and equipment	—	1,534
Fair value loss with respect to financial assets at FVTPL	378	118
Fair value gain with respect to financial assets at FVTPL	(7)	(29)
Allowance for impairment for receivables	104	306
Reversal of allowance for impairment for receivables	(94)	(124)
Reversal of loss on film borne by external investors	1	2
(Gain)/loss from disposal of property, plant and equipment	6 (767)	49
Gain from disposal of subsidiary	6 (10,131)	—
<b>Operating loss before working capital changes</b>	<b>(3,368)</b>	<b>(2,135)</b>
<b>Working capital changes</b>		
Inventories and copyrights	(3)	3
Film production inventories	740	(264)
Receivables and contract assets	(5,676)	1,682
Payables and contract liabilities	7,473	113
Currency translation adjustments	(399)	(102)
Cash used in operations	(1,233)	(703)
Interest received	126	10
Income tax paid	(1,710)	(351)
<b>Net cash used in operating activities</b>	<b>(2,817)</b>	<b>(1,044)</b>

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## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Group	
	Twelve Months Ended	
	31 December 2021	31 December 2020
	US\$'000	US\$'000
<b>Investing activities</b>		
Purchases of property, plant and equipment	(19,550)	(52)
Proceeds from disposal of property, plant and equipment	3,662	96
Purchases of intangible assets	(32)	(32)
Proceeds from disposal of intangible assets	–	–
Purchases of investments	–	–
Proceeds from disposal of investments	795	–
Proceeds from disposal of subsidiary	12,871	–
Purchases of financial assets at fair value through profit or loss	(262)	(398)
Proceeds from disposal of financial assets at fair value through profit or loss	544	876
Additional short term loans	(1,448)	(2,672)
Repayment of short-term loans	2,752	1,025
Net decrease of leasehold deposit	170	10
<b>Net cash used in investing activities</b>	<b>(498)</b>	<b>(1,147)</b>
 <b>Financing activities</b>		
Interest paid	(322)	(331)
Issuance of shares	–	3,810
Repayment of borrowings	(5,142)	(2,151)
Proceeds from borrowings	17,372	2,707
Advances received from directors of subsidiaries	187	722
Repayment of advances received from directors of subsidiaries	(1,086)	(501)
Proceeds from film obligations and production loans	350	–
Repayment of film obligations and production loans	(482)	(75)
Repayment of lease liabilities	(835)	(1,561)
Purchase of treasury shares	–	(215)
<b>Net cash generated from financing activities</b>	<b>10,042</b>	<b>2,405</b>
 <b>Net change in cash and cash equivalents</b>	<b>6,727</b>	<b>214</b>
Cash and cash equivalents at beginning of financial period	4,343	4,212
Effect of exchange rate changes	275	(83)
<b>Cash and cash equivalents at end of the financial period</b>	<b>11,345</b>	<b>4,343</b>

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## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Note	Share capital US\$'000	Treasury shares US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>2021</b>								
Balance as at 1 January 2021		70,007	(680)	(2,349)	(34,961)	32,017	618	32,635
Profit for the year		–	–	–	1,826	1,826	(468)	1,358
<u>Other comprehensive loss for the period</u>								
Share of other comprehensive loss of associated company		–	–	(924)	–	(924)	–	(924)
Currency translation difference on consolidation		–	–	99	–	99	(36)	63
		–	–	(825)	–	(825)	(36)	(861)
<b>Balance as at 31 December 2021</b>		<b>70,007</b>	<b>(680)</b>	<b>(3,174)</b>	<b>(33,135)</b>	<b>33,018</b>	<b>114</b>	<b>33,132</b>
<b>2020</b>								
Balance as at 1 January 2020		66,197	(465)	(2,774)	(12,051)	50,907	798	51,705
Loss for the year		–	–	–	(22,910)	(22,910)	(215)	(23,125)
<u>Other comprehensive loss for the period</u>								
Share of other comprehensive loss of associated company		–	–	135	–	135	–	135
Currency translation difference on consolidation		–	–	290	–	290	35	325
		–	–	425	–	425	35	460
Share issued	15	3,810	–	–	–	3,810	–	3,810
Purchase of treasury shares		–	(215)	–	–	(70)	–	(70)
<b>Balance as at 31 December 2020</b>		<b>70,007</b>	<b>(680)</b>	<b>(2,349)</b>	<b>(34,961)</b>	<b>32,017</b>	<b>618</b>	<b>32,635</b>



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## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

The Company	Note	Share capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total US\$'000
<b>2021</b>					
Balance as at 1 January 2021		70,007	(680)	(38,001)	31,326
Profit for the year		–	–	(609)	(609)
<b>Balance as at 31 December 2021</b>		<b>70,007</b>	<b>(680)</b>	<b>(38,610)</b>	<b>30,717</b>
<b>2020</b>					
Balance as at 1 January 2020		66,197	(465)	(14,489)	51,243
Loss for the year		–	–	(23,512)	(23,512)
Issue of ordinary shares	15	3,810	–	–	3,810
Purchase of treasury shares		–	(215)	–	(215)
<b>Balance as at 31 December 2020</b>		<b>70,007</b>	<b>(680)</b>	<b>(38,001)</b>	<b>31,326</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Corporate information

Spackman Entertainment Group Limited (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange. The registered office of the Company is at 16 Collyer Quay, #17-00, Singapore 049318. The principal place of business of the Company is at 390 Orchard Road, #04-01 Palais Renaissance, Singapore 238871.

These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”). The principal activity of the Company is an investment holding company and its subsidiaries’ principal activities are film production, film distributor for post-theatrical market, film and talent management.

### 2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2021 and full year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements of the Group and the Company are presented in United States dollar (“USD”), which is the Company’s functional currency.

#### 2.1 New and revised standards

In the current reporting period, the Group has adopted all new and revised SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) that are relevant to its operations and effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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### 2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11 – Fair value estimation of unquoted equity investments
- Note 12 – Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amount

### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Group assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e., derived from prices).
- Level 3 - input for the asset or liability that are not based on observable market data (Unobservable inputs)

### 2.2 Use of estimates and judgements (Cont'd)

#### Measurement of fair values (Cont'd)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### 3 Seasonal operations

Due to the prolonged COVID-19 situation, the Group faced certain disruptions in terms of delay in production and distribution of its films. However, the Group's businesses are not affected by any other seasonal or cyclical factors during the financial year.

### 4 Segment and revenue information

The Group is organised into the following main business segments:

- Distribution of films;
- Production of films;
- Talent management; and
- Others

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Officer and President, who are responsible for allocating resources and assessing performance of the operating segments.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 Segment and revenue information (Cont'd)

#### 4.1 Reportable segments

In US\$' 000	The Group				Total
	Six months ended 31 December 2021				
	Distribution of films	Production of films	Talent management	Others	
Revenue	–	81	114	350	545
Cost of sales	–	(124)	(72)	(17)	(213)
Share of results of associated companies	–	–	(900)	–	(900)
Gain on disposal of property, plant and equipment	–	–	–	2	2
Gain on disposal of subsidiary	–	–	–	10,131	10,131
Reversal of loss on film borne by external investor	(1)	–	–	–	(1)
Fair value on loss on investment in financial assets of FVTPL	(213)	–	–	(165)	(378)
Impairment loss on film production inventories	(94)	–	–	–	(94)
<b>Segment gross results</b>	<b>(308)</b>	<b>(43)</b>	<b>(858)</b>	<b>10,301</b>	<b>9,092</b>
Selling and general & administrative expenses	(1,145)	(107)	(504)	(867)	(2,623)
<b>Segment net results</b>	<b>(1,453)</b>	<b>(150)</b>	<b>(1,362)</b>	<b>9,434</b>	<b>6,469</b>
<b>Unallocated other income:</b>					
Other income and gains					144
Interest income					34
<b>Unallocated expenses:</b>					
Depreciation and amortisation					(424)
Other expenses					(324)
Finance costs					(67)
<b>Profit before tax</b>					<b>5,832</b>
Tax expense					(2,072)
<b>Profit for the period from continuing operation</b>					<b>3,760</b>
<b>Profit for the period from discontinued operation</b>					<b>322</b>
<b>Total profit for the period</b>					<b>4,082</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 Segment and revenue information (Cont'd)

#### 4.1 Reportable segments (Cont'd)

In US\$' 000	The Group				
	Six months ended 31 December 2020				
	Distribution of films	Production of films	Talent management	Others	Total
Revenue	395	186	334	2,153	3,068
Cost of sales	(167)	(100)	(293)	(1,285)	(1,845)
Share of results of associated companies	–	–	(562)	–	(562)
Loss on disposal of property, plant and equipment	(7)	(2)	–	–	(9)
Reversal of loss on film borne by external investor	(2)	–	–	–	(2)
Fair value on loss on investment in financial assets of FVTPL	(101)	–	–	(17)	(118)
Impairment loss on goodwill	(440)	(800)	(4,195)	–	(5,435)
Impairment loss of investment on Intangible assets	–	–	(4,377)	–	(4,377)
Impairment loss of in associated companies	–	–	(5,180)	–	(5,180)
<b>Segment gross results</b>	<b>(322)</b>	<b>(716)</b>	<b>(14,273)</b>	<b>851</b>	<b>(14,460)</b>
Selling and general & administrative expenses	(360)	(1,185)	(259)	(1,236)	(3,040)
<b>Segment net results</b>	<b>(682)</b>	<b>(1,901)</b>	<b>(14,532)</b>	<b>(385)</b>	<b>(17,500)</b>
<b>Unallocated other income:</b>					
Other income and gains					467
Interest income					37
<b>Unallocated expenses:</b>					
Depreciation and amortisation					536
Other expenses					(481)
Finance costs					(80)
<b>Loss before tax</b>					<b>(17,021)</b>
Tax credit					877
<b>Loss for the period from continuing operation</b>					<b>(16,144)</b>
<b>Loss for the period from discontinued operation</b>					<b>(2,696)</b>
<b>Total loss for the period</b>					<b>(18,840)</b>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4 Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

In US\$' 000	The Group				
	Twelve months ended 31 December 2021				Total
	Distribution of films	Production of films	Talent management	Others	
Revenue	1,750	81	602	744	3,177
Cost of sales	(467)	(1,345)	(488)	(140)	(2,440)
Share of results of associated companies	–	–	(982)	–	(982)
Loss on disposal of property, plant and equipment	–	–	–	2	2
Gain on disposal of subsidiary	–	–	–	10,131	10,131
Reversal of loss on film borne by external investor	(1)	–	–	–	(1)
Fair value on loss on investment in financial assets of FVTPL	(213)	–	–	(165)	(378)
Impairment loss on film production inventories	(94)	–	–	–	(94)
<b>Segment gross results</b>	<b>975</b>	<b>(1,264)</b>	<b>(868)</b>	<b>10,572</b>	<b>9,415</b>
Selling and general & administrative expenses	(2,314)	(107)	(797)	(983)	(4,201)
<b>Segment net results</b>	<b>(1,339)</b>	<b>(1,371)</b>	<b>(1,665)</b>	<b>9,589</b>	<b>5,214</b>
<b>Unallocated other income:</b>					
Other income and gains					264
Interest income					73
<b>Unallocated expenses:</b>					
Depreciation and amortisation					(835)
Other expenses					(475)
Finance costs					(143)
<b>Profit before tax</b>					<b>4,098</b>
Tax loss					(2,074)
<b>Profit for the period from continuing operation</b>					<b>2,024</b>
<b>Loss for the period from discontinued operation</b>					<b>(666)</b>
<b>Total profit for the period</b>					<b>1,358</b>
<b>Segment assets</b>	<b>1,109</b>	<b>2,743</b>	<b>16,491</b>	<b>324</b>	<b>20,667</b>
Unallocated assets					22,391
Total assets					43,058
<b>Segment liabilities</b>	<b>2,232</b>	<b>103</b>	<b>768</b>	<b>949</b>	<b>4,052</b>
Unallocated liabilities					5,874
Total liabilities					9,926

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 Segment and revenue information (Cont'd)

#### 4.1 Reportable segments (Cont'd)

In US\$' 000	The Group				Total
	Distribution of films	Production of films	Talent management	Others	
	Twelve months ended 31 December 2020				
Revenue	802	3,203	552	2,353	6,910
Cost of sales	(535)	(2,588)	(449)	(1,366)	(4,938)
Share of results of associated companies	–	–	(1,359)	–	(1,359)
Loss on disposal of property, plant and equipment	(7)	(2)	–	–	(9)
Reversal of loss on film borne by external investor	(2)	–	–	–	(2)
Fair value on loss on investment in financial assets of FVTPL	(101)	–	–	(17)	(118)
Impairment loss on film production inventories	(583)	–	–	–	(583)
Impairment loss on goodwill	(440)	(800)	(4,195)	–	(5,435)
Impairment loss of investment on Intangible assets	–	–	(4,377)	–	(4,377)
Impairment loss of in associated companies	–	–	(5,180)	–	(5,180)
<b>Segment gross results</b>	<b>(866)</b>	<b>(187)</b>	<b>(15,008)</b>	<b>970</b>	<b>(15,091)</b>
Selling and general & administrative expenses	(342)	(1,366)	(235)	(1,003)	(2,946)
<b>Segment net results</b>	<b>(1,208)</b>	<b>(1,553)</b>	<b>(15,243)</b>	<b>(33)</b>	<b>(18,037)</b>
<b>Unallocated other income:</b>					
Other income and gains					554
Interest income					67
<b>Unallocated expenses:</b>					
Depreciation and amortisation					(1,608)
Other expenses					(618)
Finance costs					(191)
<b>Loss before tax</b>					<b>(19,833)</b>
Tax credit					878
<b>Loss for the period from continuing operation</b>					<b>(18,955)</b>
<b>Loss for the period from discontinued operation</b>					<b>(4,170)</b>
<b>Total loss for the period</b>					<b>(23,125)</b>
<b>Segment assets</b>	1,111	5,676	19,016	4,234	31,740
Unallocated assets					18,480
Total assets					50,220
<b>Segment liabilities</b>	230	1,021	1,087	523	5,600
Unallocated liabilities					11,985
Total liabilities					17,585



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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 Segment and revenue information (Cont'd)

#### 4.2 Disaggregation of revenue

In US\$' 000	The Group				Total
	Six months ended 31 December 2021				
	Distribution of films	Production of films	Talent management	Others	
<b>Type of revenue:</b>					
Production of films	–	81	–	–	81
Consulting services	–	–	–	126	126
Restaurant sales and café lounge business	–	–	–	220	220
Photography	–	–	–	5	5
Talent management	–	–	113	–	113
<b>Total revenue</b>	<b>–</b>	<b>81</b>	<b>113</b>	<b>351</b>	<b>545</b>
<b>Timing of revenue recognition:</b>					
At a point in time	–	–	–	220	220
Over time	–	81	113	131	325
<b>Total revenue</b>	<b>–</b>	<b>81</b>	<b>113</b>	<b>351</b>	<b>545</b>
<b>Geographical information:</b>					
South Korea	–	81	113	351	545
<b>Total revenue</b>	<b>–</b>	<b>81</b>	<b>113</b>	<b>351</b>	<b>545</b>

# spackmanentertainmentgroup

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 Segment and revenue information (Cont'd)

#### 4.2 Disaggregation of revenue (Cont'd)

In US\$' 000	The Group				Total
	Six months ended 31 December 2020				
	Distribution of films	Production of films	Talent management	Others	
<b>Type of revenue:</b>					
Production of films	–	186	–	–	186
Distribution of films and others	395	–	–	–	395
Sales of content	–	–	–	1,958	1,958
Restaurant sales and café lounge business	–	–	–	129	129
Photography	–	–	–	41	41
Talent management	–	–	334	–	334
Others	–	–	–	24	24
<b>Total revenue</b>	<b>395</b>	<b>186</b>	<b>334</b>	<b>2,153</b>	<b>3,068</b>
<b>Timing of revenue recognition:</b>					
At a point in time	180	–	–	2,087	2,267
Over time	215	186	334	66	801
<b>Total revenue</b>	<b>395</b>	<b>186</b>	<b>334</b>	<b>2,153</b>	<b>3,068</b>
<b>Geographical information:</b>					
South Korea	395	186	334	2,153	3,068
<b>Total revenue</b>	<b>395</b>	<b>186</b>	<b>334</b>	<b>2,153</b>	<b>3,068</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 Segment and revenue information (Cont'd)

#### 4.2 Disaggregation of revenue (Cont'd)

In US\$' 000	The Group				Total
	Distribution of films	Production of films	Talent management	Others	
<b>Type of revenue:</b>					
Production of films	–	81	–	–	81
Distribution of films and others	1,750	–	–	–	1,750
Consulting services	–	–	–	126	126
Restaurant sales and café lounge business	–	–	–	354	354
Photography	–	–	–	128	128
Talent management	–	–	602	–	602
Others	–	–	–	136	136
<b>Total revenue</b>	<b>1,750</b>	<b>81</b>	<b>602</b>	<b>744</b>	<b>3,177</b>
<b>Timing of revenue recognition:</b>					
At a point in time	–	–	–	354	354
Over time	1,750	81	602	390	2,823
<b>Total revenue</b>	<b>1,750</b>	<b>81</b>	<b>602</b>	<b>744</b>	<b>3,177</b>
<b>Geographical information:</b>					
South Korea	1,750	81	602	744	3,177
<b>Total revenue</b>	<b>1,750</b>	<b>81</b>	<b>602</b>	<b>744</b>	<b>3,177</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 Segment and revenue information (Cont'd)

#### 4.2 Disaggregation of revenue (Cont'd)

In US\$' 000	The Group				Total
	Distribution of films	Production of films	Talent management	Others	
<b>Type of revenue:</b>					
Production of films	–	3,203	–	–	3,203
Distribution of films and others	802	–	–	–	802
Sales of content	–	–	–	1,983	1,983
Consulting services	–	–	–	7	7
Restaurant sales and café lounge business	–	–	–	271	271
Photography	–	–	–	91	91
Talent management	–	–	552	–	552
<b>Total revenue</b>	<b>802</b>	<b>3,203</b>	<b>552</b>	<b>2,353</b>	<b>6,910</b>
<b>Timing of revenue recognition:</b>					
At a point in time	429	–	–	2,254	2,683
Over time	373	3,203	552	99	4,227
<b>Total revenue</b>	<b>802</b>	<b>3,203</b>	<b>552</b>	<b>2,353</b>	<b>6,910</b>
<b>Geographical information:</b>					
South Korea	802	3,203	552	2,353	6,910
<b>Total revenue</b>	<b>802</b>	<b>3,203</b>	<b>552</b>	<b>2,353</b>	<b>6,910</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	Note	The Group		The Company	
		31 December 2021 US\$'000	31 December 2020 US\$'000	31 December 2021 US\$'000	31 December 2020 US\$'000
<b>Financial Assets</b>					
Financial assets at fair value through profit or loss	11	3,126	4,922	192	357
Cash and bank		11,345	4,343	1,233	237
Trade and other receivables (Amortised cost) #		4,320	7,389	3,162	2,208
		<b>18,791</b>	<b>16,654</b>	<b>4,587</b>	<b>2,802</b>
<b>Financial liabilities</b>					
Financial liabilities at fair value through profit or loss		394	308	–	–
Trade and other payables (Amortised cost) *		4,917	12,439	5,020	3,450
		<b>5,311</b>	<b>12,747</b>	<b>5,020</b>	<b>3,450</b>

# Excludes prepayments and advance payments

\* Excludes deferred income and advance received

### 6. Loss before tax

The following significant items have been included in arriving at loss before tax:

	Group			
	Six Months Ended 31 December 2021 US\$'000	Six Months Ended 31 December 2020 US\$'000	Twelve Months Ended 31 December 2021 US\$'000	Twelve Months Ended 31 December 2020 US\$'000
Gain on disposal of property, plant and equipment	767	–	767	–
Gain on disposal of subsidiary	10,131	–	10,131	–
Interest expense	(388)	(153)	(493)	(331)
Depreciation on property, plant and equipment	(837)	(845)	(2,063)	(1,919)
Amortisation of intangible assets	(94)	(37)	(216)	(310)
Impairment loss on goodwill	–	(6,554)	–	(6,554)
Impairment loss on investment in associated company	–	(5,180)	–	(5,180)
Impairment loss on intangible assets	–	(4,377)	–	(4,377)
Impairment loss on property, plant and equipment	–	(597)	–	(1,534)
Impairment loss on film production inventories	(94)	16	(94)	(583)
Fair value loss on investments in financial assets at FVTPL	(378)	(101)	(378)	(118)
Foreign exchange gain/(loss), net	(210)	52	(359)	(29)

# spackmanentertainmentgroup

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 7. Discontinued operations

(a) On 14 September 2021, the Group announced the proposed disposal of the entire issued and paid-up capital of Zip Cinema Co., Ltd (“Zip Cinema”). The disposal was completed on 2 December 2021.

(b) On 23 December 2021, the Group announced the proposed disposal of the entire issued and paid-up capital of Frame Pictures Co., Ltd (“Frame Pictures”). The disposal was completed on 30 December 2021.

#### Balance sheet disclosures

The major classes of assets and liabilities of Zip Cinema and Frame Pictures are as follows:

	31 December 2021 US\$'000	31 December 2020 US\$'000
<b>Assets</b>		
Property, plant and equipment	18,898	5,285
Intangible assets	95	148
Film production inventories	678	641
Deferred tax assets	291	281
Trade and other receivables	268	726
Financial assets at fair value through profit or loss	–	829
<b>Non-current assets</b>	<b>20,230</b>	<b>7,910</b>
Financial assets at fair value through profit or loss	17	39
Trade and other receivables	1,203	2,482
Contract assets	136	25
Cash and cash equivalents	7,456	3,555
<b>Current assets</b>	<b>8,812</b>	<b>6,101</b>
<b>Total assets</b>	<b>29,042</b>	<b>14,011</b>
<b>Liabilities</b>		
Borrowings	14,348	853
Other non-current liabilities	38	110
Contract liabilities	783	1,503
<b>Non-current liabilities</b>	<b>15,169</b>	<b>2,466</b>
Trade and other payables	6,722	1,611
Contract liabilities	844	287
Borrowings	1,495	2,439
Film obligation and production loans	14	32
<b>Current liabilities</b>	<b>9,075</b>	<b>4,369</b>
<b>Total liabilities</b>	<b>24,244</b>	<b>6,835</b>
<b>Net assets</b>	<b>4,798</b>	<b>7,176</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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### 7. Discontinued operations (cont'd)

#### Income statement disclosures

The result of Zip Cinema and Frame Pictures for the year are presented as follows:

	31 December 2021 US\$'000	31 December 2020 US\$'000
Revenue	12,698	2,571
Cost of sales	(11,438)	(2,841)
<b>Gross profit</b>	<b>1,260</b>	<b>(270)</b>
Other income and gains	789	170
Interest income	29	39
<b>Expenses</b>		
Selling expenses	(38)	(67)
General and administrative expenses	(2,235)	(2,223)
Finance costs	(350)	(140)
Other expenses	(152)	(2,174)
<b>Loss before tax from discontinued operations</b>	<b>(697)</b>	<b>(4,665)</b>
Tax credit	30	495
<b>Loss from discontinued operations</b>	<b>(666)</b>	<b>(4,170)</b>

#### Cash flow statement disclosures

Cash flow of Zip Cinema and Frame Pictures for the year are presented as follows:

	31 December 2021 US\$'000	31 December 2020 US\$'000
Operating	(223)	581
Investing	(13,678)	332
Financing	18,303	(705)
<b>Net cash inflow</b>	<b>4,402</b>	<b>208</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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### 8. Earnings/(loss) per share

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The following tables reflect the income and share data used in the computation of basic and diluted loss per share for the end of the period.

	<b>Group</b>			
	<b>Six Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Profit/(loss) for the period attributable to owners of the Company from				
- Continuing operations	4,135	(16,088)	2,492	(18,740)
- Discontinued operations	322	(2,696)	(666)	(4,170)
	4,457	(18,784)	1,826	(22,910)
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation (no. of shares)	1,582,900,488	1,582,900,488	1,582,900,488	1,582,900,488



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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 9. Tax credit

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>			
	<b>Six Months Ended 31 December 2021 US\$'000</b>	<b>31 December 2020 US\$'000</b>	<b>Twelve Months Ended 31 December 2021 US\$'000</b>	<b>31 December 2020 US\$'000</b>
Current income tax				
- Continuing operations	(1,764)	100	(1,780)	23
- Discontinued operations	(34)	-	(34)	41
	<u>(1,798)</u>	<u>100</u>	<u>(1,814)</u>	<u>64</u>
Deferred income tax				
- Continuing operations	(300)	1,272	(294)	1660
- Discontinued operations	49	(158)	64	(352)
	<u>(251)</u>	<u>1,114</u>	<u>(230)</u>	<u>1,308</u>
Tax (loss)/credit				
- Continuing operations	(2,072)	877	(2,074)	878
- Discontinued operations	23	336	30	494
	<u>(2,049)</u>	<u>1,214</u>	<u>(2,044)</u>	<u>1,373</u>

# spackmanentertainmentgroup

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 10. Net asset value

	Group		Company	
	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 US\$	31 December 2020 US\$
Net asset value	33,132,277	32,635,176	30,717,334	31,326,021
Net asset value per ordinary share	0.017	0.017	0.016	0.016

Net asset value per share for both periods is computed based on the number of shares in issue of 1,901,657,319 (excluding treasury shares).

### 11. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the following:

	Group		Company	
	31 December 2021 US\$'000	31 December 2020 US\$'000	31 December 2021 US\$'000	31 December 2020 US\$'000
<b>Non-current</b>				
Unquoted equity investments	192	357	192	357
Investment in insurance products	23	854	–	–
	215	1,211	192	357
<b>Current</b>				
Investment in film funds	1,390	1,439	–	–
Investment in theatrical projects	1,521	2,272	–	–
	2,911	3,711	–	–
	<b>3,126</b>	<b>4,922</b>	<b>192</b>	<b>357</b>

Unquoted equity shares represent the Group's and Company's interest in two companies in Singapore which are engaged in skincare and food and beverage related activities. The fair value of unquoted equity shares of one investee company is determined based on recent transacted prices of the investee company's equity as well as internal or external changes in the business and market environment that the investee operates in. The fair value of unquoted equity shares of the other investee company remains at US\$ Nil as the investee company is in the progress of liquidation. The fair value measurements are categorised in Level 3 of the fair value hierarchy.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

**11. Financial assets at fair value through profit or loss (Cont'd)**

The fair value of the investment in insurance products is determined by reference to the funds statements as at the balance sheet date provided by the respective investment managers. These are classified within Level 2 of the fair value hierarchy.

Investment in theatrical projects represents the Group's financing of production and marketing expenditure that are associated with specific film titles. The fair value of investment in theatrical projects is determined based on the stage of production of the underlying films. Investment in theatrical projects as at 31 December 2021 mainly relates to one film which is in the early stages of production as at the balance sheet date and the fair value of the investment has been determined to approximate the cost of the investments. The remaining amounts relate to films which have been released in the theatres and the fair values are determined based on the future cash flows expected to be received by the Group. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>The Group – 31 December 2021</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	–	23	3,103	3,126
<b>The Group – 31 December 2020</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	–	854	4,068	4,922

# spackmanentertainmentgroup

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 12. Intangible assets

Group	Acquired libraries US\$'000	Software US\$'000	Goodwill US\$'000	Customer contracts US\$'000	Customer relationships US\$'000	Copyrights US\$'000	Total US\$'000
<b>As at 30 June 2021</b>							
Cost	104	205	13,514	693	1,217	280	16,013
Accumulated amortization and disposal	(28)	(189)	(7,800)	(684)	(767)	–	(9,468)
<b>Net book amount</b>	<b>76</b>	<b>16</b>	<b>5,714</b>	<b>9</b>	<b>450</b>	<b>280</b>	<b>6,545</b>
<b>6 months ended 31 December 2021</b>							
Opening net book amount	76	16	5,714	9	450	280	6,545
Amortisation charged	–	(12)	–	(9)	(74)	–	(95)
Disposal	(76)	(4)	–	–	(324)	(59)	(463)
Addition	–	–	–	–	–	400	400
<b>Net book amount</b>	<b>–</b>	<b>–</b>	<b>5,714</b>	<b>–</b>	<b>52</b>	<b>621</b>	<b>6,387</b>
<b>As at 31 December 2021</b>							
Cost	<b>28</b>	<b>23</b>	<b>13,514</b>	<b>693</b>	<b>244</b>	<b>621</b>	<b>15,123</b>
Accumulated amortization and disposal	(28)	(23)	(7,800)	(693)	(192)	–	(8,736)
<b>Net book amount</b>	<b>–</b>	<b>–</b>	<b>5,714</b>	<b>–</b>	<b>52</b>	<b>621</b>	<b>6,387</b>

Company	Software US\$
Cost and net book amount as at 30 June 2021	277
Amortization and impairment charged	(277)
Net book amount as at 31 December 2021	–
As at 31 December 2021	
Cost	277
Accumulated amortization and impairment	(277)
Net book amount	–

### Impairment testing

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 31 December 2021 based on the business performance of cash-generating units (“CGU”). The Group performed its annual impairment test in December 2020. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

13. Property, plant and equipment

The Group property, plant and equipment amounts to US\$1,092,816 (31 December 2020: US\$6,074,105). The decrease is mainly attributable to the disposal of property, plant and equipment relating to the discontinued operations.

14. Borrowings

	Group		Company	
	31 December 2021 US\$'000	31 December 2020 US\$'000	31 December 2021 US\$'000	31 December 2020 US\$'000
<b>Amount repayable within one year or less, or on demand</b>				
Unsecured loans	884	3,848	3,504	582
Secured loans <sup>(1)</sup>	1,007	2,357	–	–
	<u>1,891</u>	<u>6,205</u>	<u>3,504</u>	<u>582</u>
<b>Amount repayable after one year</b>				
Unsecured loans	844	919	1,391	2,213
Secured loans <sup>(2)</sup>	266	1,435	–	–
	<u>1,110</u>	<u>2,354</u>	<u>1,391</u>	<u>2,213</u>
<b>Total loans and borrowings</b>	<u><b>3,001</b></u>	<u><b>8,559</b></u>	<u><b>4,895</b></u>	<u><b>2,795</b></u>

Notes:

- (1) The Group's short-term borrowings are secured by guarantees from Korea Credit Guarantee Fund ("KCGF") and Shinhan Credit Guarantee Fund ("SCGF"), a personal guarantee by a subsidiary's chief executive officer and the film *JESTERS: THE GAME CHANGERS* by Seoul Guarantee Insurance Co., Ltd.
- (2) The Group's long-term borrowings are secured by a guarantee from SCGF.

# spackmanentertainmentgroup

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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### 15. Share capital

	<u>Number of shares</u>	<u>US\$</u>
<b>Fully paid ordinary shares:</b>		
As at 1 July 2021 and 31 December 2021	<u>1,949,225,819</u>	<u>70,007,456</u>
<b>Treasury shares:</b>		
As at 1 July 2021 and 31 December 2021	<u>47,568,500</u>	<u>679,698</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2020. The Company did not have any outstanding options or convertibles as at 31 December 2021 and 31 December 2020.

There were 47,568,500 treasury shares, representing 2.50% of the total number of outstanding shares in issue (excluding treasury shares) of 1,901,657,319 as at 31 December 2021 and 31 December 2020.

There are no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at end of the current financial period reported on.

There are no subsidiary holdings during and as at end of the current financial period reported on.

### 16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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## OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

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

The condensed interim consolidated statement of financial position of Spackman Entertainment Group Limited and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and full year and certain explanatory notes have not been audited or reviewed.

**2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

On 3 September 2020, the Exchange issued Regulatory Actions/Notice of Compliance to the Company in which it directs company's Audit & Risk Management Committee ("ARMC") to perform a holistic review on the past acquisitions in SMGL. Therefore, in view of the matter above, a qualified opinion was issued for FY2020 financial statements. As at the date of this announcement, the ARMC has completed the review of the final draft of the independent review report which has been submitted to SGX Regco by the Sponsor.

**3. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- 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.

# spackmanentertainmentgroup

## OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

#### a) Revenue

	Group			
	6M Ended 2021 US\$ million	6M Ended 2020 US\$ million	12M 2021 US\$ million	12M 2020 US\$ million
<b>Continuing and discontinued operations</b>				
Production of films	4.84	0.91	11.44	4.75
Distribution of films and others	–	0.52	2.05	1.23
Leasing of equipment	0.64	–	0.74	0.54
Sales of content	–	1.96	–	1.98
Consulting services	0.13	–	0.13	0.01
Restaurant sales and café lounge business	0.22	0.13	0.35	0.27
Photography	0.08	0.05	0.13	0.10
Talent management	0.11	0.33	0.60	0.55
Others	0.25	0.02	0.44	0.05
	<b>6.27</b>	<b>3.92</b>	<b>15.88</b>	<b>9.48</b>

	Group			
	6M Ended 2021 US\$ million	6M Ended 2020 US\$ million	12M 2021 US\$ million	12M 2020 US\$ million
<b>Continuing operations</b>				
Production of films	0.08	0.19	0.08	3.20
Distribution of films and others	–	0.39	1.75	0.80
Sales of content	–	1.96	–	1.98
Consulting services	0.13	–	0.13	0.01
Restaurant sales and café lounge business	0.22	0.13	0.35	0.27
Photography	–	0.05	0.13	0.1
Talent management	0.11	0.33	0.60	0.55
Others	–	0.02	0.14	–
	<b>0.54</b>	<b>3.07</b>	<b>3.18</b>	<b>6.91</b>

Revenue increased by 67% year-on-year (“YoY”) to US\$15.88 million in FY2021, mainly due to an increase of US\$7 million from production of films mainly due to higher percentage-of-completion “POC” generated in FY2021 for *BROKER* and *ACCIDENT* (produced by Zip Cinema Co., Ltd. “**Zip Cinema**”) of US\$6.86 million and US\$4.33 million respectively as compared to the production revenue that were generated in FY2020 for *#ALIVE*, *A MAN OF REASON* and *BROKER* of total US\$4.44 million.



# spackmanentertainmentgroup

## OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

### Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

#### b) Cost of sales

	Group			
	6M Ended 2021 US\$ million	6M Ended 2020 US\$ million	12M 2021 US\$ million	12M 2020 US\$ million
<b>Continuing and discontinued operations</b>				
Production of films	4.30	1.23	11.81	4.64
Distribution of films and others	–	0.17	0.47	0.54
Leasing of equipment	0.23	0.25	0.89	0.73
Sales of content	–	1.23	–	1.24
Restaurant sales and café lounge business	0.08	0.05	0.14	0.12
Talent management	0.07	0.29	0.49	0.45
Others	0.06	0.06	0.08	0.06
	<b>4.74</b>	<b>3.28</b>	<b>13.88</b>	<b>7.78</b>

	Group			
	6M Ended 2021 US\$ million	6M Ended 2020 US\$ million	12M 2021 US\$ million	12M 2020 US\$ million
<b>Continuing operations</b>				
Production of films	0.05	0.10	1.34	2.59
Distribution of films and others	–	0.17	0.47	0.54
Sales of content	–	1.23	–	1.24
Restaurant sales and café lounge business	0.08	0.06	0.14	0.12
Talent management	0.07	0.29	0.49	0.45
	<b>0.20</b>	<b>1.85</b>	<b>2.44</b>	<b>4.94</b>

Cost of sales increased by 78% YoY to US\$13.88 million in FY2021, mainly due to an increase of US\$7.17 million from production of films mainly due to higher production costs incurred in FY2021 for *BROKER*, *ACCIDENT* and *THE BOX* of US\$6.25 million, US\$4.05 million and US\$1.21 million respectively, as compared to the production costs that were incurred in FY2020 for *#ALIVE*, *A MAN OF REASON* and *BROKER* of total US\$4.18 million respectively.

#### c) Gross profit

The Group registered gross profit of US\$2 million in FY2021, which was US\$0.30 million higher than its corresponding period in 2020. Gross margin wise, it is lower by 5.4% compared to last year because of lower film production margin from the *BROKER* and *ACCIDENT* by Zip Cinema.

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## OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

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### Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

d) Other income and gains

Other income and gains mainly consist of gain on disposal of property, plant and equipment and gain on disposal of subsidiaries. Other income and gains increased by US\$10.46 million or 1445% YoY to US\$11.19 million in FY2021 mainly due to gain on disposal of subsidiaries namely Zip Cinema and Frame Pictures by US\$10.13 million and gain on disposal of property, plant and equipment of \$0.77 million. This gain is partially offset by lower gain arising from foreign exchange.

e) Selling expenses

Selling expenses increased marginally by US\$0.05 million or 14% YoY to US\$0.43 million in FY2021 mainly due to slight increase in business travel numbers due to the lifting of border restrictions and the gradual reopening of air traffic in FY2021.

f) General and administrative expenses

General and administrative expenses increased marginally by US\$0.41 million or 6% YoY to US\$6.88 million in FY2021 mainly attributable to increase in salaries and wages by US\$0.41 million in FY2021.

g) Other expenses

Other expenses decreased by US\$17.40 million or 94% YoY to US\$1.10 million in FY2021 mainly due to absence of non-recurring impairment loss on property, plant and equipment of Frame Pictures of US\$1.53 million, impairment loss on intangible assets of US\$4.38 million, goodwill written-off of US\$6.55 million and impairment loss on investment associate of Spackman Media Group Limited "SMGL" of US\$5.18 million in FY2020.

h) Share of results of associate

The share of results of associate of a loss of US\$0.98 million in FY2021 (FY2020: loss of US\$1.36 million) was mainly attributable to the losses from the Company's 43.88% owned associated company, SMGL of US\$0.98 million. The loss registered by SMGL was US\$0.4 million lower than FY2020 as there has been a recuperation of talent management revenue due to the restart of filming of TV dramas and movies in South Korea in 2021.

i) Tax expense

The Group recorded tax expense of US\$2.04 million in FY2021 (FY2020: tax credit of US\$1.37 million), mainly because of the tax expenses incurred for the disposal of subsidiaries and profit-making position of the Group in FY2021.

j) Profit after tax for the year

As a result of the above, the Group recorded a profit after tax of US\$1.36 million in FY2021 as compared to a loss after tax of US\$23.13 million in FY2020.

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## OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

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### Consolidated Statement of Financial Position

The Group's non-current assets as at 31 December 2021 were US\$21.71 million, decreased by US\$10.28 million or 32% from US\$31.99 million as at 31 December 2020. The reduction was due to:

- i) decrease in property, plant and equipment by US\$4.98 million was mainly attributable to the disposal of property, plant and equipment of Zip Cinema by US\$3.48 and depreciation charged during FY2021;
- ii) decrease in investment in associated company by US\$1.91 million was mainly attributable to US\$0.98 million loss in the share of results of associate for the year and US\$0.92 million other comprehensive losses from foreign exchange variation;
- iii) decrease in financial assets at fair value through profit or loss by US\$1.00 million was mainly attributable to the disposal of the financial instrument of US\$0.76 million, along with fair value loss of US\$0.2 million on the investment in Skin Inc;
- iv) decrease in film production inventories of US\$0.81 million, within which US\$0.68 million relates to the film production inventories of Zip Cinema which was derecognized on disposal of subsidiary; and
- v) along with decrease in other non-current assets attributed from the disposal of Zip Cinema and Frame Pictures in deferred tax assets of US\$0.29 million, trade and other receivables of US\$0.27 million and intangible assets of US\$0.95 million.

The Group's current assets amounted to US\$21.33 million as at 31 December 2021. The increase in current assets from US\$18.23 million as at 31 December 2020 was mainly due to an increase in cash and cash equivalents of US\$7.00 million. The above increase was partially offset by the decrease in trade and other receivables by US\$2.20 million and film production inventories by US\$ 0.92 million upon the release of *THE BOX* in movie theatre on 24 March 2021.

The Group's non-current liabilities amounted to US\$1.35 million as at 31 December 2021. The decrease in non-current liabilities from US\$4.34 million as at 31 December 2020 was mainly due to an decrease in borrowings of US\$1.24 million and contract liabilities of US\$1.50 million in relation to advance production budget received prior to the commencement of production activities.

The Group's current liabilities amounted to US\$8.57 million as at 31 December 2021. The decrease in current liabilities from US\$13.25 million as at 31 December 2020 was mainly due to a decrease in borrowings of US\$4.31 million in relation to the disposal of Zip Cinema and Frame Pictures.

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**OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)**

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**Consolidated Statement of Cash Flow**

As at 31 December 2021, the Group had cash and cash equivalents amounting to US\$11.34 million as compared to cash and cash equivalents amounting to US\$4.34 million as at 31 December 2020.

The significant cash movements during FY2021 as compared to FY2020 can be summarised as follows:

Cash flow used in operating activities for FY2021 amounted to US\$2.82 million as compared to cash used from operating activities of US\$1.04 million for FY2020. The cash used in operating activities for FY2021 was mainly due to operating loss before working capital changes of US\$3.37 million, decrease in receivables and contract assets of US\$5.68 million, tax paid of US\$1.71 million, and partially offset by an increase in payables and contract liabilities of US\$7.47 million.

Cash flow used in investing activities for FY2021 was US\$0.50 million as compared to cash flow used in investing activities of US\$1.15 million for FY2020. The cash flow used in investing activities for FY2021 was mainly due to purchases of property, plant and equipment of US\$19.55 million and the cash flow generated from investing activities was the receipt of consideration by the disposal of a subsidiary by Zip Cinema and Frame Pictures of US\$12.87 million.

Cash flow generated from financing activities was US\$10.04 million for FY2021 as compared to cash flow generated from financing activities of US\$2.40 million for FY2020. The cash generated in financing activities in FY2021 was mainly due to proceeds from borrowings of US\$17.37 million and, partially offset by repayment of borrowings and lease liabilities of US\$5.98 million, interest paid of US\$0.32 million, and repayment of advances received from staff of US\$1.09 million.

**4. 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.

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**OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)**

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5. **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.**

**Film & Drama Production**

In December 2021, the Group announced its completion of its disposal of 100% equity interest in Zip Cinema. Against the backdrop of uncertainty of the entertainment sector brought about by the coronavirus pandemic, particularly in relation to the theatrical film industry, the disposal of Zip Cinema will provide the Group with the funds to expand further into the development, production and financing of Korean dramas and foray into US Hollywood movies.

According to Korea's Ministry of Culture, Sports & Tourism, Korean content is becoming a worldwide phenomenon with the exports of South Korea's content sector surging 16% year-on-year to US\$11.9 billion in 2020, despite the coronavirus pandemic<sup>1</sup>. Demand for Korean content has been burgeoning on over-the-top ("OTT") platforms as consumers become more accustomed to watching content in the comfort of their homes and on their mobile devices amidst the prolonged coronavirus situation. OTT platforms have also strived to ramp up their investments in Korean content with Netflix Korea announcing its plans to invest around KRW 550 billion in the creation of such productions in 2021<sup>2</sup>.

Recent success of Korean drama productions include *ALL OF US ARE DEAD* (2022), Netflix's top show ever *SQUID GAME* (2021), starring rising international Korean star Wi Ha-jun of Spackman Media Group, *HELLBOUND* (2021) and *MY NAME* (2021) serve as exemplary projects that attract huge viewership not only in the US and Asia, but globally.

In light of the booming popularity of Korean content internationally, the Group shall continue to tap on its subsidiaries, such as Take Pictures Pte. Ltd., Simplex Films Limited, Greenlight Content Limited and Novus Mediacorp Co., Ltd. to develop, produce and invest in Korean dramas and films.

The Group will announce if there are any material updates or if definitive agreements have been signed for its upcoming content projects, as and when necessary.

The Group's indirect wholly-owned subsidiary, Studio Take, released its second film *THE BOX* in Korea on 24 March 2021, following its maiden film *STONE SKIPPING*. Studio Take's next film, *A MAN OF REASON*, with the previous working title *GUARDIAN*, is expected to be released in Korea in 2022.

**Independent Review**

The final draft report of the independent review prepared by the independent reviewer, Deloitte & Touche Financial Advisory Services Pte Ltd, has been submitted to SGX RegCo. The Company will make further announcement(s) as and when there are material updates on this matter.

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<sup>1</sup> Exports of S. Korean content industry rise in 2020 despite pandemic, Yonhap News Agency, 24 January 2022

<sup>2</sup> Forbes, Netflix Will Invest \$500 Million In Korean Content This Year,

<https://www.forbes.com/sites/saramerican/2021/02/26/netflix-will-invest-500-million-in-korean-content-this-year/?sh=5646f0fe194b>, 26 February 2021

**OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)**

**6. Dividend Information**

- a) *Current Financial Period Reported on:* Any dividend declared for the current financial period reported on?  
No dividend is declared.
- b) *Corresponding Period of the Immediately Preceding Financial Year:* Any dividend declared for the corresponding period of the immediately preceding financial year?  
No.
- c) Date payable: Not applicable
- d) Record date: Not applicable.

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

No dividend is recommended for FY2021 as the Group intends to conserve cash for working capital use.

**8. Breakdown of sales as follows**

	FY2021 (Unaudited) US\$'000	Group FY2020 (Audited) US\$'000	Increase/ (Decrease) %
(a) Sales reported for first half year for continuing operation	2,632	3,842	(31%)
(b) Operating loss after tax before deducting minority interests reported for first half year from continuing operations	(1,736)	(2,811)	38%
(c) Sales reported for second half year for continuing operation	545	3,068	(82%)
(d) Operating loss after tax before deducting minority interests reported for second half year from continuing operations	3,760	(16,144)	N.M.

*N.M. denotes not meaningful*

**OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)**

**9. 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 has not obtained a general mandate from shareholders for interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
Eugene Lee (Executive Director and Chief Producer of the Company)	- (1)	Not applicable

Note:

(1) As a condition outlined in the sales and purchase agreement on the disposal of Zip Cinema, Ms Eugene Lee had resigned as the representative director of Zip Cinema on 5 November 2021. Disposal of Zip Cinema was completed on 2 December 2021.

The amount disclosed relates to total loan extended from Zip Cinema to Eugene Lee including interest due, comprising a loan of KRW200 million extended on 2 August 2017, an additional loan of KRW380 million extended on 25 October 2018, and an additional loan of KRW300 million extended on 29 April 2020. Each of the loans have a tenure of 1 year and interest payable is at 4.6% per annum. The loans extended on 2 August 2017 and 25 October 2018 had been renewed subsequently. On 30 March 2021, 20 April 2021, 1 November 2021 and 11 November 2021, partial loan repayments of KRW160 million, KRW200 million, KRW300 million and KRW20 million were received accordingly.

Upon disposal of Zip Cinema, the remaining loan balance amount of KRW200 million is not related to the Group and the Group has no outstanding loan to Eugene as of the date of announcement.

**10. Use of Placement proceeds**

The Company refers to the net proceeds amounting to approximately KRW 17,820 million or US\$15.02 million raised from the completion of disposal of Zip Cinema.

The status on the use of the proceeds as at the date of this announcement is as follows:

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

9. Use of Placement proceeds (Cont'd)

Use of proceeds	Value (KRW Million)	Value (USD Million)	Amount after first reallocation <sup>(2)</sup> (USD Million)	Amount utilized as announced on 30 Dec 2021 (USD Million)	Balance as announced on 30 Dec 2021 (USD Million)	Total amount utilized as of today <sup>(3)</sup> (USD Million)	Total new Balance as of today (USD Million)
Production/ Investments of film projects	4,500	3.79	3.79	–	3.79	(0.25)	3.54
Acquisition/ Investment of new business	5,500	4.63	4.63	–	4.63	–	4.63
Repayment of borrowings	1,800	1.52	1.52	(1.52)	–	–	–
Share Buyback	1,000	0.84	0.84	–	0.84	–	0.84
Payment of tax related to disposal of Zip Korea	2,000	1.69	1.74	(1.74)	–	–	–
Working capital <sup>(1)</sup>	3,020	2.55	2.50	(0.34)	2.16	(1.00)	1.16
<b>Total</b>	<b>17,820</b>	<b>15.02</b>	<b>15.02</b>	<b>(3.60)</b>	<b>11.42</b>	<b>(1.25)</b>	<b>10.17</b>

\*Based on exchange rate of USD1:KRW1,182

Notes:

(1) US\$1.34 million of working capital utilised for:

- Personnel expenses (US\$644,115);
- Audit and professional fees (US\$343,586);
- Rental expenses (US\$183,170); and
- Others (US\$173,959)

(2) As announced on 30 December 2021, US\$0.05 million was reallocated from working capital to the payment of tax related to disposal of Zip Cinema. In addition, US\$1.52 million, US\$1.74 million and US\$0.34 million of the Net Proceeds have been utilized for repayment of borrowings, payment of tax related to disposal of Zip Cinema and working capital respectively.

(3) As of today, US\$0.25 million and US\$1.00 million of the Net Proceeds have been further utilized for production/investments of film projects and working capital respectively.



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## OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

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- 10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

- 11. 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 received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

### BY ORDER OF THE BOARD

Na Kyoungwon  
COO, President and Executive Director

Date: 28 February 2022

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Mah How Soon, Registered Professional, at 6 Raffles Quay #24-02, Singapore 048580, sponsor@rhtgoc.com.