

SPACKMAN ENTERTAINMENT GROUP LIMITED

Company registration number – 201401201N

Condensed Interim Financial Statements For the Six Months Ended 30 June 2022

spackmanentertainmentgroup

TABLE OF CONTENTS

	Page
A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income -----	1
B. Condensed Interim Statements of Financial Position (Group and Company) -----	3
C. Condensed Interim Consolidated Statement of Cash Flows -----	4
D. Condensed Interim Statements of Changes in Equity (Group and Company) -----	6
E. Notes to the Condensed Interim Consolidated Financial Statements -----	8
F. Other Information Required by Appendix 7C of the Catalist Rules -----	27

spackmanentertainmentgroup

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

		The Group					
		Three Months Ended			Six Months Ended		
		30 June 2022	30 June 2021	Change	30 June 2022	30 June 2021	Change
Note		US\$'000	US\$'000	%	US\$'000	US\$'000	%
			(Represented) ¹			(Represented) ¹	
	Continuing operations						
	Revenue	496	6,508	(92)	990	9,505	(90)
	Cost of sales	(271)	(5,450)	(95)	(539)	(8,483)	(94)
	Gross profit	225	1,058	(79)	451	1,022	(56)
	Other income and gains	108	80	35	156	123	27
	Interest income	32	27	19	62	56	11
	Expenses						
	Selling expenses	(140)	(83)	(69)	(232)	(166)	(40)
	General and administrative expenses	(1,015)	(1,109)	8	(1,925)	(2,276)	15
	Finance costs	(41)	(42)	2	(77)	(88)	13
	Other expenses	(393)	(14)	N.M.	(562)	(295)	(91)
	Share of results of associate	305	(96)	N.M.	429	(82)	N.M.
	Loss before tax	(919)	(179)	N.M.	(1,698)	(1,706)	(0)
	Tax credit/(expense)	2	2	N.M.	4	(2)	N.M.
	Loss for the financial period	(917)	(177)	N.M.	(1,694)	(1,708)	1
	Discontinued operations¹						
	Loss after tax for the year from discontinued operation	–	(292)	N.M.	–	(1,015)	N.M.
	Loss for the financial period	(917)	(469)	(96)	(1,694)	(2,723)	38
	Loss for the period attributable to:						
	Equity holders of the Company						
	-Continuing operation	(878)	(126)	N.M.	(1,593)	(1,616)	1
	-Discontinued operation	–	(292)	N.M.	–	(1,015)	N.M.
		(878)	(418)	110	(1,593)	(2,631)	39
	Non-controlling interests						
	-Continuing operation	(39)	(51)	24	(101)	(92)	(10)
	Loss for the financial period	(917)	(469)	(96)	(1,694)	(2,723)	38
	Loss per share attributable to the equity holders of the Company:						
	Basic and fully diluted (USD in cents) ²						
	-Continuing operation	(0.05)	(0.01)		(0.08)	(0.08)	
	-Discontinued operation	–	(0.02)		–	(0.05)	
		(0.05)	(0.03)		(0.08)	(0.13)	

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

² – 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.

N.M. – Not meaningful

spackmanentertainmentgroup

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

		The Group					
		Three Months Ended			Six Months Ended		
		30 June 2022	30 June 2021	Change	30 June 2022	30 June 2021	Change
Note		US\$'000	US\$'000	%	US\$'000	US\$'000	%
			(Repre nted) ¹			(Repre nted) ¹	
	Other comprehensive loss						
	<u>Items that are or may be reclassified subsequently to profit or loss:</u>						
	Currency translation difference arising from consolidation	248	(10)	N.M.	315	(177)	N.M.
	Share of other comprehensive loss of associated company	(172)	27	N.M.	(151)	(843)	82
	<u>Items that will not be reclassified subsequently to profit or loss:</u>						
	Currency translation difference arising from consolidation	(5)	2	N.M.	(8)	(23)	65
	Total comprehensive loss for the period	(846)	(450)	(88)	(1,538)	(3,766)	59
	Total comprehensive loss for the period attributable to:						
	Equity holders of the Company						
	-Continuing operation	(802)	(105)	N.M.	(1,430)	(2,672)	46
	-Discontinuing operation	-	(296)	N.M.	-	(979)	N.M.
		(802)	(401)	(100)	(1,430)	(3,651)	61
	Non-controlling interests						
	-Continuing operation	(44)	(49)	10	(108)	(115)	6
	Total comprehensive loss for the period	(846)	(450)	(88)	(1,538)	(3,766)	59

¹ – Discontinued operations arise from disposal of Frame Picture Co Ltd which results have been represented in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations.
N.M. – Not meaningful

spackmanentertainmentgroup

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND COMPANY)

	Note	Group		Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Property, plant and equipment	13	703	1,093	167	265
Intangible assets	12	6,354	6,387	–	–
Film production inventories		1,388	1,077	–	–
Deferred tax assets		17	12	–	–
Investment in subsidiaries		–	–	16,415	16,415
Investment in associated company		13,117	12,839	12,972	12,972
Financial assets at fair value through profit or loss	11	213	215	192	192
Trade and other receivables		16	59	–	–
Non-current assets		21,808	21,682	29,746	29,844
Loan to subsidiaries		–	–	2,226	1,816
Inventories		6	9	–	–
Financial assets at fair value through profit or loss	11	2,901	2,911	–	–
Contract assets		4	38	–	–
Trade and other receivables		7,073	6,966	1,427	1,347
Cash and cash equivalents		8,406	11,345	74	1,233
Current assets		18,390	21,269	3,727	4,396
Total assets		40,198	42,951	33,473	34,240
Liabilities					
Borrowings	14	147	266	1,208	1,391
Other non-current liabilities		234	244	–	–
Non-current liabilities		381	510	1,208	1,391
Contract liabilities		3,125	3,439	–	–
Trade and other payables		2,156	2,849	238	648
Borrowings	14	2,625	2,734	4,073	3,504
Film obligation and production loans		424	394	–	–
Current liabilities		8,330	9,416	4,311	4,152
Total liabilities		8,711	9,926	5,519	5,543
Net assets		31,487	33,025	27,954	28,697
Share capital and reserves					
Share capital	15	70,007	70,007	70,007	70,007
Treasury shares		(680)	(680)	(680)	(680)
Other reserves		(3,010)	(3,174)	–	–
Accumulated losses		(34,835)	(33,242)	(41,373)	(40,630)
Equity attributable to equity holders of the Company, total		31,482	32,911	27,954	28,697
Non-controlling interests		5	114	–	–
Total equity		31,487	33,025	27,954	28,697

spackmanentertainmentgroup

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		Six Months Ended	
		30 June 2022	30 June 2021
		US\$'000	US\$'000
Cash flows from operating activities			
Loss before tax from continuing operation		(1,697)	(1,706)
Loss before tax from discontinued operation	7	–	(1,022)
Loss before tax		(1,697)	(2,728)
Adjustments for:			
Depreciation of property, plant and equipment	6	340	1,226
Interest income	6	(62)	(56)
Interest expense	6	77	105
Share of results of associated company		(429)	82
Amortisation of intangible assets	6	24	122
Allowance for impairment for receivables	6	40	–
Reversal of allowance for impairment for receivables		(32)	(47)
Reversal of loss on film borne by external investors		–	1
Gain from disposal of property, plant and equipment		–	(2)
Operating loss before working capital changes		(1,739)	(1,297)
Working capital changes			
Inventories and copyrights		3	(2)
Film production inventories		(416)	712
Receivables and contract assets		(98)	(594)
Payables and contract liabilities		(1,063)	2,078
Currency translation adjustments		691	27
Cash used in operations		(2,622)	924
Interest received		36	6
Income tax paid		–	(15)
Net cash (used in)/ generated from operating activities		(2,586)	915

Spackmanentertainmentgroup

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

	Group	
	Six Months Ended	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Investing activities		
Purchases of property, plant and equipment	(122)	(246)
Proceeds from disposal of property, plant and equipment	–	2
Purchases of intangible assets	–	(10)
Purchases of investments	(243)	(299)
Proceeds from disposal of investments	–	557
Additional short term loans	(209)	(792)
Repayment of short-term loans	32	791
Net decrease of leasehold deposit	161	190
Net cash (used in)/ generated from investing activities	(381)	193
 Financing activities		
Interest paid	(31)	(104)
Repayment of borrowings	(238)	(2,295)
Proceeds from borrowings	618	2,490
Advances received from directors of subsidiaries	33	98
Repayment of advances received from directors of subsidiaries	–	(63)
Proceeds from film obligations and production loans	122	594
Repayment of film obligations and production loans	(56)	(379)
Repayment of lease liabilities	(264)	(427)
Net cash generated from/(used in) financing activities	184	(86)
 Net change in cash and cash equivalents	(2,783)	1,022
Cash and cash equivalents at beginning of financial period	11,345	4,343
Effect of exchange rate changes	(156)	4
Cash and cash equivalents at end of the financial period	8,406	5,369

spackmanentertainmentgroup

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Share capital	Treasury shares	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2022							
Balance as at 1 January 2022	70,007	(680)	(3,174)	(33,242)	32,911	114	33,025
Profit for the financial period	–	–	–	(1,593)	(1,593)	(101)	(1,694)
<u>Other comprehensive loss for the period</u>							
Share of other comprehensive loss of associated company	–	–	(151)	–	(151)	–	(151)
Currency translation difference on consolidation	–	–	315	–	315	(8)	307
	–	–	164	–	164	(8)	156
Balance as at 30 June 2022	70,007	(680)	(3,010)	(34,835)	31,482	5	31,487
2021							
Balance as at 1 January 2021	70,007	(680)	(2,349)	(34,961)	32,017	618	32,635
Profit for the financial period	–	–	–	(2,631)	(2,631)	(92)	(2,723)
<u>Other comprehensive loss for the period</u>							
Share of other comprehensive loss of associated company	–	–	(843)	–	(843)	–	(843)
Currency translation difference on consolidation	–	–	(177)	–	(177)	(23)	(200)
	–	–	(1,020)	–	(1,020)	(23)	(1,043)
Balance as at 30 June 2021	70,007	(680)	(3,369)	(37,592)	28,366	503	28,869

spackmanentertainmentgroup

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

The Company	Share capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total US\$'000
2022				
Balance as at 1 January 2022	70,007	(680)	(40,630)	28,697
Profit for the financial period	–	–	(743)	(743)
Balance as at 30 June 2022	70,007	(680)	(41,373)	27,954
2021				
Balance as at 1 January 2021	70,007	(680)	(38,001)	31,326
Profit for the financial period	–	–	414	414
Balance as at 30 June 2021	70,007	(680)	(37,587)	31,740

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 30 June 2022 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 30 June 2022 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 annual financial statements for the year ended 31 December 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 2022 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.

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

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 2021.

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:

- a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) 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).
- c) Level 3 - input for the asset or liability that are not based on observable market data (Unobservable inputs)

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

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 business segments:

- Distribution of films;
- Production of films;
- Talent management;
- Restaurant sales and café lounge;
- Consulting services; 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.

spackmanentertainmentgroup

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
	Three months ended 30 June 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Revenue	242	52	6	142	–	54	496
Cost of sales	(170)	(47)	(9)	(45)	–	–	(271)
Share of results of associated companies	–	–	305	–	–	–	305
Segment gross results	72	5	302	97	–	54	530
Selling and general & administrative expenses	(490)	(100)	(10)	(290)	–	(111)	(1,001)
Segment net results	(418)	(95)	292	(193)	–	(57)	(471)
Unallocated other income:							
Other income and gains							108
Interest income							32
Unallocated expenses:							
Depreciation and amortisation							(154)
Other expenses							(393)
Finance costs							(41)
Profit before tax							(919)
Tax credit							2
Profit for the period from continuing operation							(917)
Segment assets	3,375	3,151	15,832	2,370	2,332	1,598	28,658
Unallocated assets							11,540
Total assets							40,198
Segment liabilities	1,795	688	211	1,214	845	950	5,703
Unallocated liabilities							3,008
Total liabilities							8,711

spackmanentertainmentgroup

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
	Three months ended 30 June 2021					
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Others ¹	
Revenue	900	5,004	455	77	72	6,508
Cost of sales	(369)	(4,651)	(383)	(30)	(17)	(5,450)
Share of results of associated companies	–	–	(96)	–	–	(96)
Segment gross results	531	353	(24)	47	55	962
Selling and general & administrative expenses	(153)	(842)	(77)	(11)	(11)	(1,094)
Segment net results	378	(489)	(101)	36	44	(132)
Unallocated other income:						
Other income and gains						80
Interest income						27
Unallocated expenses:						
Depreciation and amortisation						(98)
Other expenses						(14)
Finance costs						(42)
Loss before tax						(179)
Tax credit						2
Loss for the period from continuing operation						(177)
Loss for the period from discontinued operation						(292)
Total loss for the period						(469)
Segment assets	658	4,628	16,977	31	30	22,324
Unallocated assets						24,056
Total assets ²						46,380
Segment liabilities	902	5,734	370	96	95	7,197
Unallocated liabilities						8,685
Total liabilities ²						15,882

¹ – There was no revenue from consulting services for the three months ended 30 June 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

² - The balance excludes discontinued operation assets of US\$1,816,072 and liabilities of US\$3,444,929.

spackmanentertainmentgroup

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 30 June 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Revenue	335	52	44	231	162	166	990
Cost of sales	(220)	(47)	(39)	(87)	(146)	–	(539)
Share of results of associated companies	–	–	429	–	–	–	429
Segment gross results	115	5	434	144	16	166	880
Selling and general & administrative expenses	(617)	(91)	(73)	(418)	(291)	(327)	(1,817)
Segment net results	(502)	(86)	361	(274)	(275)	(161)	(937)
Unallocated other income:							
Other income and gains							156
Interest income							62
Unallocated expenses:							
Depreciation and amortisation							(340)
Other expenses							(562)
Finance costs							(77)
Profit before tax							(1,698)
Tax credit							4
Profit for the period from continuing operation							(1,694)
Segment assets	3,375	3,151	15,832	2,370	2,332	1,598	28,658
Unallocated assets							11,540
Total assets							40,198
Segment liabilities	1,795	688	211	1,214	845	950	5,703
Unallocated liabilities							3,008
Total liabilities							8,711

spackmanentertainmentgroup

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 30 June 2021					
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Others ¹	Total
Revenue	1,190	7,573	489	133	120	9,505
Cost of sales	(538)	(7,442)	(416)	(52)	(35)	(8,483)
Share of results of associated companies	–	–	(82)	–	–	(82)
Segment gross results	652	131	(9)	81	85	940
Selling and general & administrative expenses	(281)	(1,790)	(116)	–	(59)	(2,246)
Segment net results	371	(1,659)	(125)	81	26	(1,306)
Unallocated other income:						
Other income and gains						123
Interest income						56
Unallocated expenses:						
Depreciation and amortisation						(196)
Other expenses						(295)
Finance costs						(88)
Loss before tax						(1,706)
Tax credit						(2)
Loss for the period from continuing operation						(1,708)
Loss for the period from discontinued operation						(1,015)
Total loss for the period						(2,723)
Segment assets	658	4,628	16,977	31	30	22,324
Unallocated assets						24,056
Total assets ²						46,380
Segment liabilities	902	5,734	370	96	95	7,197
Unallocated liabilities						8,685
Total liabilities ²						15,882

¹ – There was no revenue from consulting services for the six months ended 30 June 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

² - The balance excludes discontinued operation assets of US\$1,816,072 and liabilities of US\$3,444,929.

spackmanentertainmentgroup

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	<i>The Group</i>					Total
	Three months ended 30 June 2022					
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Others ¹	
Type of revenue:						
Distribution of films and others	242	–	–	–	–	242
Production of films	–	52	–	–	–	52
Restaurant sales and café lounge	–	–	–	142	–	142
Photography	–	–	–	–	30	30
Talent management	–	–	6	–	–	6
Sales of content	–	–	–	–	16	16
Others	–	–	–	–	8	8
Total revenue	242	52	6	142	54	496
Timing of revenue recognition:						
At a point in time	–	–	–	142	–	142
Over time	242	52	6	–	54	354
Total revenue	242	52	6	142	54	496
Geographical information:						
South Korea	242	52	6	142	54	496
Total revenue	242	52	6	142	54	496

¹ – There was no revenue from consulting services for the three months ended 30 June 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

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
	Three months ended 30 June 2021					
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Others ¹	
Type of revenue:						
Distribution of films and others	900	–	–	–	–	900
Production of films	–	5,004	–	–	–	5,004
Restaurant sales and café lounge	–	–	–	77	–	77
Photography	–	–	–	–	37	37
Talent management	–	–	455	–	–	455
Others	–	–	–	–	35	35
Total revenue	900	5,004	455	77	72	6,508
Timing of revenue recognition:						
At a point in time	–	–	–	77	–	77
Over time	900	5,004	455	–	72	6,431
Total revenue	900	5,004	455	77	72	6,508
Geographical information:						
South Korea	900	5,004	455	77	72	6,508
Total revenue	900	5,004	455	77	72	6,508

¹ – There was no revenue from consulting services for the three months ended 30 June 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

spackmanentertainmentgroup

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
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Type of revenue:							
Distribution of films and others	335	–	–	–	–	–	335
Production of films	–	52	–	–	–	–	52
Consulting services	–	–	–	–	162	–	162
Restaurant sales and café lounge	–	–	–	231	–	–	231
Photography	–	–	–	–	–	70	70
Talent management	–	–	44	–	–	–	44
Sales of content	–	–	–	–	–	16	16
Others	–	–	–	–	–	80	80
Total revenue	335	52	44	231	162	166	990
Timing of revenue recognition:							
At a point in time	–	–	–	231	–	–	231
Over time	335	52	44	–	162	166	759
Total revenue	335	52	44	231	162	166	990
Geographical information:							
South Korea	335	52	44	231	162	166	990
Total revenue	335	52	44	231	162	166	990

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 30 June 2021					
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Others ¹	
Type of revenue:						
Distribution of films and others	1,190	–	–	–	–	1,190
Production of films	–	7,573	–	–	–	7,573
Restaurant sales and café lounge	–	–	–	133	–	133
Photography	–	–	–	–	49	49
Talent management	–	–	489	–	–	489
Others	–	–	–	–	71	71
Total revenue	1,190	7,573	489	133	120	9,505
Timing of revenue recognition:						
At a point in time	–	–	–	133	–	133
Over time	1,190	7,573	489	–	120	9,372
Total revenue	1,190	7,573	489	133	120	9,505
Geographical information:						
South Korea	1,190	7,573	489	133	120	9,505
Total revenue	1,190	7,573	489	133	120	9,505

¹ – There was no revenue from consulting services for the six months ended 30 June 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

spackmanentertainmentgroup

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 30 June 2022 and 31 December 2021:

	Note	The Group		The Company	
		30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
Financial Assets					
Financial assets at fair value through profit or loss	11	3,114	3,126	192	192
Cash and bank		8,406	11,345	74	1,233
Trade and other receivables (Amortised cost) #		3,152	4,298	3,596	3,126
		14,672	18,769	3,862	4,551
Financial liabilities					
Financial liabilities at fair value through profit or loss		424	394	–	–
Trade and other payables (Amortised cost) *		4,367	5,440	5,519	5,543
		4,791	5,834	5,519	5,543

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			
	Three Months Ended 30 June 2022 US\$'000	Three Months Ended 30 June 2021 US\$'000	Six Months Ended 30 June 2022 US\$'000	Six Months Ended 30 June 2021 US\$'000
Income				
Interest income	32	27	62	56
Expenses				
Interest expense	41	42	77	105
Depreciation on property, plant and equipment	154	364	340	1,226
Amortisation of intangible assets	12	30	24	122
Allowance for impairment for receivables	40	–	40	–
Foreign exchange loss, net	385	4	495	149

spackmanentertainmentgroup

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

7. Discontinued operations

On 23 December 2021, the Group entered into a sale and purchase agreement to dispose Frame Pictures Co., Ltd ("Frame Pictures"), wholly owned subsidiary. The disposal was completed on 30 December 2021. Therefore, the Group has classified the post-tax results of Frame Pictures under discontinued operations in the FY2021 consolidated profit or loss and other comprehensive income.

Income statement disclosures

The result of Frame Pictures for the six-month ended 30 June 2021 are presented as follows:

	Three Months Ended 30 June 2021 US\$'000	Six Months Ended 30 June 2021 US\$'000
Revenue	102	106
Cost of sales	(156)	(657)
Gross profit/(loss)	(54)	(551)
Other income and gains		5
Expenses		
Selling expenses	(3)	(9)
General and administrative expenses	(234)	(449)
Finance costs	(8)	(18)
Loss before tax from discontinued operations	(299)	(1,022)
Tax credit	7	7
Loss from discontinued operations	(292)	(1,015)

The net cash flow incurred by Frame Pictures for the six-month ended 30 June 2021 are presented as follows:

	Three Months Ended 30 June 2021 US\$'000	Six Months Ended 30 June 2021 US\$'000
Operating	(128)	(240)
Investing	(7)	231
Financing	422	278
Net cash inflow	287	269

spackmanentertainmentgroup

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

8. 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.

	Group			
	Three Months Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Loss for the period attributable to equity holders of the Company from				
- Continuing operations	878	126	1,593	1,616
- Discontinued operations	-	292	-	1,015
	<u>878</u>	<u>418</u>	<u>1,593</u>	<u>2,631</u>
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation	1,901,657,319	1,901,657,319	1,901,657,319	1,901,657,319

spackmanentertainmentgroup

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:

	Group			
	Three Months Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Tax (credit)/expenses attributable to loss is made up of:				
- Current income tax provision	–	1	–	16
- Deferred tax	(2)	(10)	(4)	(21)
	(2)	(9)	(4)	(5)
Income tax (credit)/expenses attributable to				
- Continuing operations	(2)	(1)	(4)	2
- Discontinued operations	–	(8)	–	(7)
	(2)	(9)	(4)	(5)

10. Net asset value

	Group		Company	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	US\$	US\$	US\$	US\$
Net asset value	31,488,640	33,025,071	27,953,951	28,696,724
Net asset value per ordinary share	0.017	0.017	0.015	0.015

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).

spackmanentertainmentgroup

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

11. Financial assets at fair value through profit or loss

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

	Group		Company	
	30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
Non-current				
Unquoted equity investments	192	192	192	192
Investment in insurance products	21	23	–	–
	213	215	192	192
Current				
Investment in film funds	1,507	1,390	–	–
Investment in theatrical projects	1,394	1,521	–	–
	2,901	2,911	–	–
	3,114	3,126	192	192

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 measurements are categorised in Level 3 of the fair value hierarchy. The fair value of the unquoted equity shares of the other investee company was determined based on the income approach. The investment was fully written down in FY2020.

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 film funds represents the Group's interest in private equity funds that focus on investments in the entertainment industry in Korea. The Group expects to earn returns on the investment by way of distribution of dividends. This fair value measurement is categorised in Level 3 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 30 June 2022 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.

spackmanentertainmentgroup

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

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

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
The Group – 30 June 2022				
Financial assets				
Financial assets at fair value through profit or loss	–	21	3,093	3,114
The Group – 31 December 2021				
Financial assets				
Financial assets at fair value through profit or loss	–	23	3,103	3,126

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
As at 30 June 2022							
Cost	28	23	13,514	693	244	629	15,131
Accumulated amortization and disposal	(28)	(23)	(7,800)	(693)	(216)	(17)	(8,777)
Net book amount	–	–	5,714	–	28	612	6,354
As at 31 December 2021							
Cost	28	23	13,514	693	244	629	15,131
Accumulated amortization and disposal	(28)	(23)	(7,800)	(693)	(192)	(8)	(8,744)
Net book amount	–	–	5,714	–	52	621	6,387

spackmanentertainmentgroup

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

13. Property, plant and equipment

The Group property, plant and equipment amounts to US\$703,165 (31 December 2021: US\$1,092,816) and the Company plant and equipment amounts to US\$166,872 (31 December 2021: US\$265,343). The decrease is mainly attributable to the decrease in right of use asset.

14. Borrowings

	Group		Company	
	30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
Amount repayable within one year or less, or on demand				
Unsecured loans	1,949	1,727	4,073	3,504
Secured loans ⁽¹⁾	676	1,007	–	–
	<u>2,625</u>	<u>2,734</u>	<u>4,073</u>	<u>3,504</u>
Amount repayable after one year				
Unsecured loans	–	–	1,208	1,391
Secured loans ⁽²⁾	147	266	–	–
	<u>147</u>	<u>266</u>	<u>1,208</u>	<u>1,391</u>
Total loans and borrowings	<u>2,772</u>	<u>3,000</u>	<u>5,281</u>	<u>4,895</u>

Notes:

- (1) The Group's short-term borrowings are secured by guarantees from Korea Credit Guarantee Fund and Korea Technology Finance Corporation.
- (2) The Group's long-term borrowings are secured by a guarantee from Korea Credit Guarantee Fund.

spackmanentertainmentgroup

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

15. Share capital

	<u>Number of shares</u>	<u>US\$</u>
Fully paid ordinary shares:		
As at 1 January 2022 and 30 June 2022	<u>1,949,225,819</u>	<u>70,007,456</u>
Treasury shares:		
As at 1 January 2022 and 30 June 2022	<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 2021. The Company did not have any outstanding options or convertibles as at 30 June 2022 and 30 June 2021.

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 30 June 2022 and 30 June 2021.

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

Under the Share Buy-Back Mandate last renewed by Shareholders at the Annual General Meeting held on 29 April 2022 ("**Approval Date**"), the Company purchased a total of 65,266,000 ordinary shares in the share capital of the Company between the Approval Date and the date of this announcement, representing 3.43% of the Company's issued shares (excluding treasury shares) of 1,901,657,319 as at the date of the share buy-back resolution.

The total number of issued shares (excluding treasury shares) and the total number of treasury shares held are recorded as 1,836,391,319 and 112,834,500 respectively, as at the date of this announcement.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

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 30 June 2022 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 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 FY2021 financial statements.

The independent review on the Group by Deloitte & Touche Financial Advisory Services Pte. Ltd. had concluded with the final independent review report issued and the summary of the findings announced on 16 June 2022. The Board had engaged its internal auditor to review and enhance the Company's operating procedures and internal controls in relation to the areas of concern identified in the independent review.

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			
	3M Ended June 2022 US\$ million	3M Ended June 2021 US\$ million	6M Ended June 2022 US\$ million	6M Ended June 2021 US\$ million
Continuing operations				
Production of films	0.05	5.00	0.05	7.57
Distribution of films and others	0.24	0.90	0.34	1.19
Sales of content	0.02	–	0.02	–
Consulting services	–	–	0.16	–
Restaurant sales and café lounge business	0.14	0.08	0.23	0.13
Photography	0.03	0.04	0.07	0.05
Talent management	0.01	0.46	0.04	0.49
Others	0.01	0.03	0.08	0.08
	0.50	6.51	0.99	9.51

Revenue decreased by US\$6.01 million or 92% quarter-on-quarter (“QoQ”) and US\$8.52 million or 90% year-on-year (“YoY”) to US\$0.99 million in 6M FY2022. This is mainly due to decrease in production of films as result of the disposal of production subsidiary Zip Cinema Co., Ltd (“Zip Cinema”) in FY2021. The percentage-of-completion “POC” for production revenue of US\$0.05 million is attributed by Studio Take Co., Ltd (“Studio Take”) for *A MAN OF REASON* which majority of filming completed in FY2021 and is expected to be released in the fourth quarter of 2022 or first quarter of 2023. Revenue from distribution of films for current period comprises of US\$0.34 million is from Novus Mediacorp Co., Ltd (“Novus”) for *THE OUTLAWS*. FY2021 distribution revenue is higher by US\$0.66million QoQ and US\$0.85 million YOY due to *THE BOX* from Studio Take and *#ALIVE* from Zip Cinema.

The Group recorded higher revenue from restaurant sales and cafe lounge business and consulting services for both QoQ and YoY and higher revenue from sales of content as compared to previous year.

b) Cost of sales

	Group			
	3M Ended June 2022 US\$ million	3M Ended June 2021 US\$ million	6M Ended June 2022 US\$ million	6M Ended June 2021 US\$ million
Continuing operations				
Production of films	0.05	4.65	0.05	7.44
Distribution of films and others	0.17	0.37	0.22	0.54
Consulting services	–	–	0.14	–
Restaurant sales and café lounge business	0.04	0.03	0.09	0.05
Talent management	0.01	0.38	0.04	0.42
Others	–	0.02	–	0.03
	0.27	5.45	0.54	8.48

Cost of sales decreased by US\$5.18 million or 95% QoQ and US\$7.94 million or 94% YoY in 6M FY2022, mainly due to a decrease of the production costs incurred in 6M FY2021 for *THE BOX* by Studio Take and *BROKER* by Zip Cinema.

c) Gross profit

The Group registered gross profit of US\$0.45 million in 6M FY2022. This was US\$0.83 million or 79% lower QoQ and US\$0.57 million or 56% lower than its corresponding period in 6M FY2021. Gross margin wise, it is higher by 35% YoY because of lower film production margin from *THE BOX* in FY2021.

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

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

d) Other income and gains

Other income and gains increased by US\$0.03 million or 35% QoQ and 27% YoY to US\$0.16 million in 6M FY2022, mainly due to government grant income of \$0.05 million for Covid-19 support.

e) Selling expenses

Selling expenses increased marginally by US\$0.06 million or 69% QoQ and US\$0.07 million or 40% YoY to US\$0.23 million in 6M FY2022 mainly due to slight increase in business travel numbers due to the lifting of border restrictions and the gradual reopening of air traffic.

f) General and administrative expenses

General and administrative expenses decreased marginally by US\$0.09 million or 8% QoQ and US\$0.35 million or 15% YoY to US\$1.92 million in 6M FY2022 mainly attributable by the decrease in salaries and wages by US\$0.33 million as Zip Cinema was disposed in FY2021.

g) Other expenses

Other expenses increased by US\$0.38 million QoQ and US\$0.27 million or 91% YoY to US\$0.56 million in 6M FY2022 mainly due to higher loss arising from foreign exchange of US\$0.34 million.

h) Share of results of associate

The share of results of associate recorded a gain of US\$0.40 million gain QoQ and US\$0.51 million gain YoY with US\$0.43 million in 6M FY2022 (6M FY2021: loss of US\$0.08 million). This was mainly attributable by the profits from the Group's 43.88% owned associated company, Spackman Media Group Limited ("SMGL") of US\$0.43 million. The profit recorded by SMGL was US\$1.17 million higher than 6M FY2021 as more talent management revenue was generated through more filming and endorsement activities in 6M FY2022.

i) Tax expense

The Group recorded tax credit of US\$4 thousands in 6M FY2022 (6M FY2021: tax expense of US\$2 thousands), mainly because of the loss-making position of the Group in 6M FY2022.

j) Profit after tax for the year

As a result of the above, the Group recorded a loss after tax of US\$0.92 million as compared to US\$0.18 million QoQ. YoY, the Group recorded a loss after tax of US\$1.69 million in 6M FY2022 as compared to a loss after tax of US\$1.71 million in 6M FY2021.

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

Consolidated Statement of Financial Position

The Group's non-current assets as at 30 June 2022 were US\$21.81 million, increased by US\$0.13 million or 0.6% from US\$21.68 million as at 31 December 2021. The increase was mainly due to:

- i) increase in film production inventories by US\$0.31 million mainly from production of film *THE GUEST* for Studio Take;
- ii) increase in investment in associated company by US\$0.28 million compared to FY2021 Q4 was mainly attributable to US\$0.43 million gain in the share of results of associate for the year and US\$0.15 million other comprehensive losses from foreign exchange variation; and
- iii) partially offset by decrease in property, plant and equipment and intangible assets by US\$0.42 million was mainly attributable to the depreciation charged during 6M FY2022;

The Group's current assets decreased by US\$2.88 million from US\$21.27 million as at 31 December 2021 to US\$18.39 million as at 30 June 2022. This was mainly due to decrease in cash and cash equivalents of US\$2.94 million as explained in the consolidated statement of cash flow below. The decrease partially offset by the increase in trade and other receivables of US\$0.11 million.

The Group's non-current liabilities decrease by US\$0.13 million from US\$0.51 million as at 31 December 2021 to US\$0.38 million as at 30 June 2022. This was mainly due to a decrease in lease liabilities of US\$0.12 million to current liabilities as its approaching maturity.

The Group's current liabilities amounted to US\$8.33 million as at 30 June 2022 as compared to current liabilities of US\$9.41 million as at 31 December 2021. The decrease was mainly due to a decrease in trade and other payables of US\$0.69 million and foreign exchange variation for contract liabilities of US\$0.31 million.

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

Consolidated Statement of Cash Flow

As at 30 June 2022, the Group had cash and cash equivalents amounting to US\$8.41 million as compared to cash and cash equivalents amounting to US\$5.37 million as at 30 June 2021.

The significant cash movements during 6M FY2022 as compared to 6M FY2021 can be summarised as follows:

Cash flow used in operating activities for 6M FY2022 amounted to US\$2.59 million as compared to cash flow generated from operating activities of US\$0.91 million for 6M FY2021. The decrease was mainly attributed by decrease in payables and contract liabilities of US\$1.06 million, decrease in film production inventories of US\$0.42 million, decrease in receivables and contract assets of US\$0.10 million and operating loss before working capital changes of US\$1.74 million. This was partially offset by the currency translation gain of US\$0.69 million.

Cash flow used in investing activities for 6M FY2022 was US\$0.38 million as compared to cash flow generated from investing activities of US\$0.19 million for 6M FY2021. The cash flow used in investing activities for 6M FY2022 was mainly due to purchases of property, plant and equipment of US\$0.12 million, investment of financial assets at fair value through profit or loss of US\$0.24 million, additional short-term loans of US\$0.21 million and partially offset by proceeds from repayment of short-term loan US\$0.03 million, recovery from leasehold deposits of US\$0.16 million.

Cash flow generated from financing activities was US\$0.18 million for 6M FY2022 as compared to cash flow used in financing activities of US\$0.09 million for 6M FY2021. The cash flow generated from financing activities for 6M FY2022 was mainly due to the proceeds from borrowings of US\$0.62 million and net proceeds from film obligations and production loans of US\$0.07 million partially offset by repayment of borrowings and lease liabilities of US\$0.50 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.

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

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

The Group's latest film *A MAN OF REASON*, with the previous working title *GUARDIAN*, produced by its wholly-owned indirect subsidiary, Studio Take Co., Ltd. ("**Studio Take**"), is set to premiere globally at the 47th Toronto International Film Festival, the largest film festival in North America, from 8 to 18 September 2022. The film marks the directorial debut of Korean star Jung Woo-sung, internationally known for his role in *STEEL RAIN* (2017) and the Group's production *COLD EYES* (2013). *A MAN OF REASON* also stars Park Sung-woong of *FOR THE EMPEROR* (2014) produced by the Group, and Kim Nam-gil of *LOVERS VANISHED* (2010), also previously produced by the Group. Distributed by Korean distributor Acemaker, *A MAN OF REASON* is expected to be released at theatres in Korea in the fourth quarter of 2022 or first quarter of 2023.

Various big players in the global streaming services such as Netflix and Disney+ are emphasizing Korean content, which is vital to traction in Korea and many Asian markets. Korean films and dramas are well-known for their creative concepts, elevated production values and quality screenwriting. As consumers become more accustomed to watching content in the comfort of their homes and on their mobile devices, over-the-top ("**OTT**") platforms have also strived to ramp up their investments in Korean content with Netflix aiming to make more Korean series in 2022 and to at least match its US\$460 million investment on Korean productions in 2021¹, and Disney+ expanding its partnership with Korean content creators to add 12 pieces of Korean original content and 20 Korean shows or films this year².

In view of the burgeoning demand for Korean content internationally on OTT platforms, the Group has been actively searching for opportunities to develop, produce and invest in top quality Korean film and drama by tapping on its subsidiaries, such as Studio Take, Simplex Films Limited, Greenlight Content Limited and Novus Mediacorp Co., Ltd. Besides Korean content, the Group shall be reviewing projects for the co-production and financing of US films, which are potentially more profitable than Korean films due to a wider international audience base.

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.

¹ South China Morning Post, <https://www.scmp.com/lifestyle/k-pop/k-drama/article/3163361/netflix-original-korean-drama-series-spending-continue>, Netflix original Korean drama series spending to continue after global success of Squid Game, Hellbound and My Name, streaming platform's Korea VP says, 16 Jan 2022.

² Korea JooAng Daily, <https://koreajoongangdaily.joins.com/2022/03/03/entertainment/television/Disney-Korean-original/20220303163402185.html>, Disney+ has 12 Korean original series or films in store for this year, 3 March 2022.

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

5. Dividend Information

- a) *Current Financial Period Reported on:* Any dividend declared for the current financial period reported on?
No interim 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.

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

No interim dividend is recommended for the half year ended 30 June 2022 (30 June 2021: Nil) as the Group intends to conserve cash for working capital use.

7. 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)
None	Not applicable	Not applicable

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

8. Use of 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:

Use of proceeds	Value (KRW million)	Value (USD million)	Amount after first reallocation ⁽²⁾ (US\$ million)	Amount after second reallocation ⁽³⁾ (USD million)	Total amount utilized (USD million)	Total new Balance as of today (USD million)
Production/ Investments of film projects	4,500	3.79	3.79	3.79	(0.66)	3.13
Acquisition/ Investment of new business	5,500	4.63	4.63	3.13	–	3.13
Repayment of borrowings	1,800	1.52	1.52	1.52	(1.52)	–
Share Buyback	1,000	0.84	0.84	0.84	(0.24)	0.60
Payment of tax related to disposal of Zip Korea	2,000	1.69	1.74	1.74	(1.74)	–
Working capital ⁽¹⁾	3,020	2.55	2.50	4.00	(3.09)	0.91
Total	17,820	15.02	15.02	15.02	(7.25)	7.77

*Based on exchange rate of USD1:KRW1,182

Notes:

(1) US\$3.09 million of working capital utilised for:

- Personnel expenses (US\$970,387);
- Audit and professional fees (US\$976,961);
- Rental expenses (US\$414,471); and
- Others (US\$728,684)

(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.

(3) As announced on 12 August 2022, US\$1.50 million was reallocated from acquisition/investment of new business to working capital.

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

9. 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.

10. 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.

11. Negative Assurance Confirmation on Interim Financial Results Pursuant to Rule 705(5) of the Listing Manual

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial results for the half year ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Na Kyoungwon
COO, President and Executive Director

Anthony Wei Kit Wong
Non-Executive and Independent Chairman

Date: 12 August 2022

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.

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.