

spackmanentertainmentgroup

(Company Registration No.:201401201N)

Unaudited Financial Statement and Dividend Announcement For the Three Months and the Nine Months Ended 30 September 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

| | Group Three Months Ended | | | Group Nine Months Ended | | |
|---|-----------------------------|-------------------------|-------------|----------------------------|-------------------------|-------------|
| | 30 September 2016 | 30 September 2015 | Change % | 30 September 2016 | 30 September 2015 | Change % |
| | (Unaudited) US\$'000 | (Unaudited) US\$'000 | | (Unaudited) US\$'000 | (Unaudited) US\$'000 | |
| Revenue | 2,701 | 782 | 245 | 10,290 | 2,811 | 266 |
| Cost of sales | (2,581) | (108) | 2,290 | (11,470) | (1,990) | 476 |
| Gross profit/(loss) | 120 | 674 | NM | (1,180) | 821 | NM |
| Other income | 2,857 | 136 | 2,001 | 4,471 | 290 | 1,442 |
| Selling expenses | (103) | (118) | (13) | (297) | (301) | (1) |
| General and administrative expenses | (1,081) | (1,148) | (6) | (3,971) | (3,766) | 5 |
| Finance costs | (26) | (20) | 30 | (111) | (87) | 28 |
| Other expenses | (458) | (408) | 12 | (639) | (527) | 21 |
| Share of results of an associate | 19 | (312) | NM | (354) | (381) | (7) |
| Profit/(loss) before tax | 1,328 | (1,196) | NM | (2,081) | (3,951) | (47) |
| Tax credit | 118 | 137 | (14) | 187 | 104 | 80 |
| Profit/(loss) from continuing operations | 1,446 | (1,059) | 237 | (1,894) | (3,847) | (51) |
| Loss from discontinued operation, net of tax | (212) | (62) | 242 | (378) | (161) | 135 |
| Profit/(loss) for the year | 1,234 | (1,121) | NM | (2,272) | (4,008) | (43) |
| Other comprehensive income | | | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | | | |
| Other comprehensive income on Equity method | 126 | - | NM | (8) | - | NM |
| Currency translation difference arising from consolidation | 574 | (692) | NM | 630 | (853) | NM |
| Total comprehensive profit/(loss) for the period | 1,934 | (1,813) | NM | (1,650) | (4,861) | (66) |
| Profit/(loss) for the period attributable to: | | | | | | |
| Equity holders of the Company | 1,468 | (1,041) | NM | (1,987) | (3,802) | (48) |
| Non-controlling interests | (234) | (80) | 193 | (285) | (206) | 38 |
| | 1,234 | (1,121) | 210 | (2,272) | (4,008) | (43) |
| Total comprehensive profit/(loss) for the period attributable to: | | | | | | |
| Equity holders of the Company | 2,059 | (1,458) | NM | (1,482) | (4,339) | (66) |
| Non-controlling interests | (125) | (355) | (65) | (168) | (522) | (68) |
| | 1,934 | (1,813) | NM | (1,650) | (4,861) | (66) |

NM – Not meaningful

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

Loss from continuing operations for the period was stated after charging/(crediting) the followings:

| | Three Months Ended | | | Nine Months Ended | | |
|---|--------------------|--------------|-------------|-------------------|--------------|--------|
| | 30 September | 30 September | Change | 30 September | 30 September | Change |
| | 2016 | 2015 | | 2016 | 2015 | |
| (Unaudited) | (Unaudited) | % | (Unaudited) | (Unaudited) | % | |
| | US\$'000 | US\$'000 | | US\$'000 | US\$'000 | |
| Personnel expenses | 521 | 666 | (22) | 2,137 | 2,266 | (6) |
| Rent expense | 204 | 184 | 11 | 664 | 506 | 31 |
| Travel expense | 20 | 16 | 25 | 105 | 80 | 31 |
| Entertainment expense | 54 | 46 | 17 | 110 | 133 | (17) |
| Service expenses | 143 | 98 | 46 | 598 | 495 | 21 |
| Impairment loss on film production inventories | 33 | - | NM | 92 | 48 | 92 |
| Depreciation and amortization | 34 | 26 | 31 | 100 | 91 | 10 |
| Allowance for doubtful receivables/ (Reversal of allowance of doubtful receivables) | 29 | 3 | 867 | 5 | (43) | NM |
| Profit on film distributable to external investor | 458 | 408 | 12 | 639 | 527 | 21 |
| Loss on film borne by external investors | (533) | - | NM | (1,810) | - | NM |
| Gain on disposal of subsidiaries | (2,131) | - | NM | (2,131) | - | NM |
| Interest expense | 26 | 20 | 30 | 111 | 87 | 28 |
| Interest income | (24) | (42) | (43) | (63) | (128) | (51) |
| Foreign exchange (gain)/loss, net | (109) | 146 | NM | (148) | 273 | NM |

NM – Not meaningful

Loss from discontinued operations for the period was stated after charging/(crediting) the followings:

| | Three Months Ended | | | Nine Months Ended | | |
|---|--------------------|--------------|-------------|-------------------|--------------|--------|
| | 30 September | 30 September | Change | 30 September | 30 September | Change |
| | 2016 | 2015 | | 2016 | 2015 | |
| (Unaudited) | (Unaudited) | % | (Unaudited) | (Unaudited) | % | |
| | US\$'000 | US\$'000 | | US\$'000 | US\$'000 | |
| Personnel expenses | 2 | 71 | (97) | 145 | 242 | (40) |
| Rent expense | - | 6 | NM | 1 | 33 | (97) |
| Travel expense | 8 | - | NM | 13 | 5 | 160 |
| Entertainment expense | 8 | 38 | (79) | 45 | 75 | (40) |
| Service expenses | - | 410 | NM | 56 | 683 | (92) |
| Depreciation and amortization | - | 7 | NM | 7 | 21 | (76) |
| Reversal of allowance of doubtful receivables | (128) | - | NM | (128) | - | NM |
| Interest expense/(income) | 2 | (18) | NM | (1) | (33) | (97) |
| Foreign exchange loss/(gain), net | - | (7) | NM | 3 | (10) | NM |

NM – Not meaningful

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

| | Group | | Company | |
|--|---|--|---|--|
| | 30 September 2016 (Unaudited) US\$'000 | 31 December 2015 (Audited) US\$'000 | 30 September 2016 (Unaudited) US\$'000 | 31 December 2015 (Audited) US\$'000 |
| Assets | | | | |
| Investment in subsidiaries | - | - | 16,245 | 16,245 |
| Investment in associates | 3,362 | 3,577 | 2,477 | 2,477 |
| Property, plant and equipment | 3,524 | 3,338 | 13 | 14 |
| Intangible assets | 833 | 841 | - | - |
| Film production inventories | 607 | 1,762 | - | - |
| Long term investment | - | 60 | - | - |
| Deferred tax assets | 68 | - | - | - |
| Non-current assets | 8,394 | 9,578 | 18,735 | 18,736 |
| Investments | 3,140 | 6,887 | - | - |
| Trade and other receivables | 4,968 | 21,109 | 1,948 | 1,892 |
| Film production inventories | 3,138 | 6,672 | - | - |
| Inventories | 88 | 3 | - | - |
| Cash and cash equivalents | 4,468 | 4,114 | 547 | 824 |
| | 15,802 | 38,785 | 2,495 | 2,716 |
| Disposal group assets classified as held for sale | - | 8,948 | - | - |
| Current assets | 15,802 | 47,733 | 2,495 | 2,716 |
| Total assets | 24,196 | 57,311 | 21,230 | 21,452 |
| Liabilities | | | | |
| Borrowings | 2,098 | 1,962 | - | - |
| Other non-current liabilities | 51 | 39 | - | - |
| Deferred tax liabilities | 14 | 307 | - | - |
| Non-current liabilities | 2,163 | 2,308 | - | - |
| Trade and other payables | 1,017 | 15,705 | 1,001 | 163 |
| Deferred revenue | 2,526 | 3,833 | - | - |
| Borrowings | - | 3,123 | - | - |
| Film obligation and production loans | 4,013 | 10,226 | - | - |
| Liabilities directly associated with disposal group classified as held for sale | - | 5,421 | - | - |
| Tax payables | 118 | - | - | - |
| Current liabilities | 7,674 | 38,308 | 1,001 | 163 |
| Total liabilities | 9,837 | 40,616 | 1,001 | 163 |
| Net assets | 14,359 | 16,695 | 20,229 | 21,289 |
| Share capital and reserves | | | | |
| Share capital | 25,019 | 25,019 | 25,019 | 25,019 |
| Other reserves | (2,655) | (3,100) | - | - |
| Accumulated losses | (8,635) | (6,647) | (4,790) | (3,730) |
| Reserve of disposal group classified as held for sale | - | (207) | - | - |
| Equity attributable to equity holders of the Company, total | 13,729 | 15,065 | 20,229 | 21,289 |
| Non-controlling interests | 630 | 1,630 | - | - |
| Total equity | 14,359 | 16,695 | 20,229 | 21,289 |

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

Amount repayable in one year or less, or on demand

| As at 30 September 2016 (Unaudited) | | As at 31 December 2015 (Audited) | |
|--|-----------------------|---|-----------------------|
| Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| - | - | 1,135 | 1,988 |

Amount repayable after one year

| As at 30 September 2016 (Unaudited) | | As at 31 December 2015 (Audited) | |
|--|-----------------------|---|-----------------------|
| Secured US\$'000 | Unsecured US\$'000 | Secured US\$'000 | Unsecured US\$'000 |
| 2,098 | - | 1,962 | - |

Details of any collateral

The Group's secured portion of short-term borrowings as at 31 December 2015 was secured by either the Korea Technology Credit Guarantee Fund or guaranteed by the chief executive officer of Opus Pictures Limited Liability Company ("**Opus Pictures**") and all long-term borrowings is secured over land and a building with carrying amounts of US\$3,230,721.

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

Consolidated Statement of Cash Flows

| | Group | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 3 Months Ended | | 9 Months Ended | |
| | 30 September 2016 | 30 September 2015 | 30 September 2016 | 30 September 2015 |
| | (Unaudited) US\$'000 | (Unaudited) US\$'000 | (Unaudited) US\$'000 | (Unaudited) US\$'000 |
| Operating activities | | | | |
| Profit/(loss) before income tax from continuing operations | 1,328 | (1,196) | (2,081) | (3,951) |
| Profit/(loss) before income tax from discontinued operation | (212) | 30 | (378) | (55) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 33 | 27 | 104 | 106 |
| Amortization of intangible assets | 1 | 6 | 3 | 6 |
| Interest income | (22) | (60) | (64) | (161) |
| Interest expense | 26 | 20 | 111 | 87 |
| Defined benefits | 5 | - | 13 | - |
| Allowance/(reversal) of allowance of doubtful receivables | (99) | 3 | (123) | (43) |
| Impairment loss on film production inventories | 33 | - | 92 | 48 |
| Reversal of impairment loss on investment in theatrical film projects | (469) | - | - | - |
| (Gain)/loss on equity method | (19) | 381 | 354 | 381 |
| Loss on valuation of financial instrument | 16 | - | 16 | - |
| Loss/(gain) on disposal of short term investments | 8 | (69) | (19) | - |
| Gain on disposal of subsidiary | (2,131) | - | (2,131) | - |
| Gain on film borne by external investors | (87) | - | (1,810) | - |
| Loss/(Gain) on disposal of property, plant and equipment | 32 | - | 33 | (2) |
| Miscellaneous loss | 8 | - | 8 | - |
| Effect of foreign exchange rate changes | (116) | - | (116) | - |
| Operating loss before working capital changes | (1,665) | (858) | (5,988) | (3,584) |
| Working capital changes | | | | |
| Investment in theatrical film projects, net | - | - | - | (127) |
| Inventories | (41) | (205) | (40) | 4 |
| Film production inventories | (2,293) | (1,724) | (4,227) | (6,798) |
| Receivables | 5,245 | (132) | 27,032 | 1,446 |
| Payables | (1,466) | (2,410) | (20,600) | (2,615) |
| Currency translation adjustments | - | 200 | - | 244 |
| Cash used in operations | (220) | (5,129) | (3,823) | (11,430) |
| Interest received | 6 | 27 | 67 | 119 |
| Income tax received/(paid) | 26 | 9 | (270) | (76) |
| Net cash used in operating activities | (188) | (5,093) | (4,026) | (11,387) |
| Investing activities | | | | |
| Short term loans granted | - | (13) | (540) | (331) |
| Collection of short term loans | 77 | 197 | 335 | 1,063 |
| Purchases of property, plant and equipment | (52) | (991) | (192) | (1,899) |
| Proceeds from disposal of property, plant and equipment | 1 | - | 69 | - |

| | Group | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 3 Months Ended | | 9 Months Ended | |
| | 30 September 2016 | 30 September 2015 | 30 September 2016 | 30 September 2015 |
| | (Unaudited) US\$'000 | (Unaudited) US\$'000 | (Unaudited) US\$'000 | (Unaudited) US\$'000 |
| Purchases of intangible assets | (2) | (6) | (7) | (6) |
| Acquisition of subsidiaries | - | - | - | (509) |
| Disposal of subsidiaries | 1,001 | - | 1,001 | - |
| Acquisition of associates | - | - | - | (1,000) |
| Investment in short term investments | (16) | (142) | (898) | (1,908) |
| Proceeds from disposal of short term investments | 2 | 19 | 107 | 1,014 |
| Investment in long term investments | (22) | - | (38) | - |
| Proceeds from disposal of long term investments | 1 | - | 60 | - |
| Acquisition of investment in securities | (4) | - | (224) | - |
| Disposal of Investment in securities | 612 | - | 2,119 | - |
| Acquisition of investments in project | (1) | - | (103) | - |
| Disposal of investments in project | 2 | - | 86 | - |
| Decrease of leasehold deposit | 69 | - | 258 | - |
| Increase of leasehold deposit | (137) | - | (159) | - |
| Net cash from/(used in) investing activities | 1,531 | (936) | 1,874 | (3,576) |
| Financing activities | | | | |
| Repayment of loans | (796) | (48) | (2,634) | (884) |
| Additional loans | 15 | 729 | 955 | 2,767 |
| Additional film obligations and production loans | 149 | 3,709 | 3,659 | 10,599 |
| Repayment of film obligations and production loans | (86) | (238) | (1,440) | (3,894) |
| Additional leasehold deposits received | 2 | - | 86 | - |
| Interest paid | (16) | (53) | (129) | (104) |
| Net cash (used in)/from financing activities | (732) | 4,099 | 497 | 8,484 |
| Net change in cash and cash equivalents | 611 | (1,930) | (1,655) | (6,479) |
| Cash and cash equivalents at beginning of financial period | 3,586 | 7,612 | 5,949 | 12,176 |
| Effect of exchange rate changes | 352 | (278) | 255 | (293) |
| Cash generated from the acquisition of subsidiary | (81) | - | (81) | - |
| Cash and cash equivalents at end of the financial period | 4,468 | 5,404 | 4,468 | 5,404 |
| Cash and cash equivalents comprise: | | | | |
| (A) From continuing operations: | | | | |
| Cash and bank balances | 4,335 | 3,289 | 4,335 | 3,289 |
| Money market funds | 52 | 430 | 52 | 430 |
| | 4,387 | 3,719 | 4,387 | 3,719 |
| (B) From discontinued operation: | | | | |
| Cash and bank balances | 81 | 1,685 | 81 | 1,685 |
| Money market funds | - | - | - | - |
| | 81 | 1,685 | 81 | 1,685 |

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

Statement of Changes in Equity

| Group (unaudited) | ← Attributable to equity holders of the Company → | | | | | | |
|--|---|----------------|--|---|---------------|---------------------------|---------------|
| | Share capital | Other reserve | (Accumulated losses)/retained earnings | Reserve of disposal group classified as held for sale | Total | Non-controlling interests | Total equity |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance as at 1 July 2016 | 25,019 | (3,108) | (10,103) | (137) | 11,671 | 1,587 | 13,258 |
| Loss for the period | - | - | 1,468 | - | 1,468 | (234) | 1,234 |
| Other comprehensive profit for the period | - | 126 | - | - | 126 | - | 126 |
| Disposal of a subsidiary | - | (202) | - | 202 | - | (831) | (831) |
| Share of foreign currency translation difference of associate | - | 139 | - | - | 139 | - | 139 |
| Currency translation difference on consolidation | - | 325 | - | - | 325 | 108 | 433 |
| | - | 388 | 1,468 | 202 | 2,058 | (957) | 1,101 |
| Reserve attributable to disposal group classified as held for sale | - | 65 | - | (65) | - | - | - |
| Balance as at 30 September 2016 | 25,019 | (2,655) | (8,635) | - | 13,729 | 630 | 14,359 |
| Balance as at 1 July 2015 | 25,019 | (2,834) | (8,295) | - | 13,890 | 1,871 | 15,761 |
| Loss for the period | - | - | (1,040) | - | (1,040) | (80) | (1,120) |
| Currency translation difference on consolidation | - | (418) | - | - | (418) | (274) | (692) |
| | - | (418) | (1,040) | - | (1,458) | (354) | (1,812) |
| Balance as at 30 September 2015 | 25,019 | (3,252) | (9,335) | - | 12,432 | 1,517 | 13,949 |

Statement of Changes in Equity

| Company (unaudited) | ← Attributable to equity holders of the Company → | | | | | Total equity US\$'000 |
|--|---|------------------------------|--|-------------------|--|--------------------------|
| | Share capital US\$'000 | Other reserve US\$'000 | (Accumulated losses)/retained earnings US\$'000 | Total US\$'000 | Non- controlling interests US\$'000 | |
| Balance as at 1 July 2016 | 25,019 | - | (4,384) | 20,635 | - | 20,635 |
| Loss and total comprehensive loss for the period | - | - | (406) | (406) | - | (406) |
| Balance as at 30 September 2016 | 25,019 | - | (4,790) | 20,229 | - | 20,229 |
| Balance as at 1 July 2015 | 25,019 | - | (2,951) | 22,068 | - | 22,068 |
| Loss and total comprehensive loss for the period | - | - | (391) | (391) | - | (391) |
| Balance as at 30 September 2015 | 25,019 | - | (3,342) | 21,677 | - | 21,677 |

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

Shares Capital – Ordinary Shares

| | <u>Number of shares</u> | <u>Issued and paid-up share capital</u> |
|--|-------------------------|---|
| Balance as at 1 July 2016 and 30 September 2016 | 398,770,209 | US\$25,019,233 |

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2016 and 30 September 2015.

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

| | <u>As at 30 September 2016</u> | <u>As at 31 December 2015</u> |
|-------------------------------|------------------------------------|-----------------------------------|
| Total number of issued shares | 398,770,209 | 398,770,209 |

The Company did not have any treasury shares as at 30 September 2016 and 31 December 2015.

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

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

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

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

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

Not applicable.

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the most recently audited annual financial statements for the financial year ended 31 December 2015 ("FY2015").

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

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial period compared with the audited financial statements for FY2015, except for the adoption of the Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 January 2016. The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial period reported on.

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

| Earnings/(loss) per share (EPS/LPS) | Group 3 months ended | | Group 9 months ended | |
|--|-------------------------|----------------------|-------------------------|----------------------|
| | 30 September 2016 | 30 September 2015 | 30 September 2016 | 30 September 2015 |
| Earnings/(loss) attributable to shareholders of the Company (US\$) | 1,468,483 | (1,040,563) | (1,986,711) | (3,801,845) |
| Weighted average number of ordinary shares in issue | 398,770,209 | 398,770,209 | 398,770,209 | 398,668,438 |
| Basic and fully diluted basis EPS/(LPS) (US cents) ⁽¹⁾ | 0.37 | (0.26) | (0.50) | (0.95) |
| Adjusted EPS/(LPS) (US cents) ⁽²⁾ | 0.37 | (0.26) | (0.50) | (0.95) |

Notes:

- (1) The basic and fully diluted basic EPS/LPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue for the respective periods.
(2) For comparative purposes, the adjusted EPS/LPS of the Group for the respective periods was calculated based on 398,770,209 ordinary shares in issue as at 30 September 2016.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
(a) Current financial period reported on; and
(b) Immediately preceding financial year

| | Group | | Company | |
|---|----------------------|---------------------|----------------------|---------------------|
| | 30 September 2016 | 31 December 2015 | 30 September 2016 | 31 December 2015 |
| Net asset value (US\$) | 14,359,426 | 16,694,988 | 20,228,342 | 21,289,299 |
| Number of ordinary shares in issue | 398,770,209 | 398,770,209 | 398,770,209 | 398,770,209 |
| Net asset value per ordinary share (US\$) | 0.036 | 0.042 | 0.051 | 0.053 |

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

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

Consolidated Statement of Comprehensive Income

Revenue

Nine months ended 30 September 2016 ("9M 2016") vs Nine months ended 30 September 2015 ("9M 2015")

The breakdown of revenue in 9M 2016 and 9M 2015 is as follows:

| Source of revenue | Group | |
|---|---|---|
| | 9M 2016 (Unaudited) US\$ million | 9M 2015 (Unaudited) US\$ million |
| Production of films | 6.93 | - |
| Distribution of films and others (*) | 2.87 | 1.45 |
| Production of documentaries | 0.03 | 0.99 |
| Restaurant sales and café lounge business | 0.34 | 0.26 |
| Photography | 0.12 | 0.11 |
| Total | 10.29 | 2.81 |

(*) Revenue from distribution of films and others is recognized upon the settlement of the proceeds (i.e., payments of taxes on tickets, other charges and fees, and deductions by movie theatres and theatre circuits of their respective share of the box office sales) from the box office and the ancillary market.

Revenue increased by approximately US\$7.48 million or 266% year-on-year ("YoY") from US\$2.81 million in 9M 2015 to US\$10.29 million in 9M 2016. The increase arose mainly due to *MASTER* (produced by an indirect wholly-owned subsidiary of the Company, Zip Cinema Co., Ltd. ("**ZIP Cinema**") and presented by a third party, CJ E&M under production during 9M 2016, while there were no films under production during 9M 2015, where the Group is the producer but the presenter is a third party. The Group uses the percentage-of-completion method to recognize revenue from the production of films where the Group is the producer but a third party is the presenter. If the Group is both the producer and presenter, revenue from the production of films will only be recognized upon the release of a film.

In 9M 2016, the Group generated US\$6.93 million in film production from *MASTER* which is currently expected to be released in December 2016. The Group also distributed several motion films including *THE PRIESTS*, *CHASING*, *MUSUDAN* and others, which generated distribution revenue of US\$2.87 million. In addition, US\$0.49 million of revenue was generated from restaurant sales from our café lounge business (US\$0.34 million), photography services (US\$0.12 million) and production of documentaries (US\$0.03 million).

In 9M 2015, the Group distributed several motion films including *BIG MATCH*, *MY BRILLIANT LIFE*, *FOR THE EMPEROR*, *WONDERS* and others which generated distribution revenue of US\$1.45 million. In addition, US\$1.36 million of revenue was generated from the production of documentaries (US\$0.99 million), restaurant sales from our café lounge business (US\$0.26 million), and photography services (US\$0.11 million).

Three months ended 30 September 2016 (“Q3 2016”) vs Three months ended 30 September 2016 (“Q3 2015”)

The breakdown of revenue in Q3 2016 and Q3 2015 is as follows:

| Source of revenue | Group | |
|---|---|---|
| | Q3 2016 (Unaudited) US\$ million | Q3 2015 (Unaudited) US\$ million |
| Production of films | 2.17 | - |
| Distribution of films and others (*) | 0.34 | 0.66 |
| Production of documentaries | 0.02 | - |
| Restaurant sales and café lounge business | 0.13 | 0.09 |
| Photography | 0.04 | 0.03 |
| Total | 2.70 | 0.78 |

(*) Revenue from distribution of films and others is recognized upon the settlement of the proceeds (i.e., payments of taxes on tickets, other charges and fees, and deductions by movie theatres and theatre circuits of their respective share of the box office sales) from the box office and the ancillary market.

Revenue increased by approximately US\$1.92 million or 245% YoY from US\$0.78 million in Q3 2015 to US\$2.70 million in Q3 2016.

In Q3 2016, the Group generated US\$2.17 million in film production from *MASTER*. The Group also distributed several motion films including *THE PRIESTS*, *CHASING*, *MUSUDAN* and others, which generated distribution revenue of US\$0.34 million. In addition, US\$0.19 million of revenue was generated from the production of documentaries (US\$0.02 million), restaurant sales from our café lounge business (US\$0.13 million), and photography services (US\$0.04 million).

In Q3 2015, the Group distributed several motion films including *BIG MATCH*, *MY BRILLIANT LIFE*, *FOR THE EMPEROR*, *WONDERS*, and others, which generated distribution revenue of US\$0.66 million. In addition, US\$0.12 million of revenue was generated from restaurant sales from our café lounge business (US\$0.09 million), and photography services (US\$0.03 million).

Cost of sales

9M 2016 vs 9M 2015

The breakdown of cost of sales in 9M 2016 and 9M 2015 is as follows:

| Cost of sales | Group | |
|---|---|---|
| | 9M 2016 (Unaudited) US\$ million | 9M 2015 (Unaudited) US\$ million |
| Production of films | 6.57 | - |
| Distribution of films and others (*) | 4.78 | 0.79 |
| Production of documentaries | 0.01 | 1.11 |
| Restaurant sales and café lounge business | 0.11 | 0.09 |
| Total | 11.47 | 1.99 |

(*) Cost of sales from distribution of films and others is recognized upon the settlement of the proceeds (i.e., payments of taxes on tickets, other charges and fees, and deductions by movie theatres and theatre circuits of their respective share of the box office sales) from the box office and the ancillary market.

Our cost of sales increased by US\$9.48 million or 476% YoY from US\$1.99 million in 9M 2015 to US\$11.47 million in 9M 2016, mainly because of the same reason which resulted in the increase in the Group's revenue.

In 9M 2016, cost of sales incurred from production of *MASTER* was US\$6.57 million. Cost of sales of US\$4.78 million was attributable to the distribution of several films including *THE PRIESTS*, *CHASING*, *MUSUDAN* and others. In addition, US\$0.12 million of cost of sales was incurred from the restaurant sales and café lounge business (US\$0.11 million) and the production of documentaries (US\$0.01 million).

In 9M 2015, cost of sales incurred from distribution of several motion films including *BIG MATCH*, *MY BRILLIANT LIFE*, *FOR THE EMPEROR*, *WONDERS* and others was US\$0.79 million. In addition, US\$1.20 million of cost of sales was incurred from the production of documentaries (US\$1.11 million) and the café lounge business (US\$0.09 million).

Q3 2016 vs Q3 2015

The breakdown of cost of sales in Q3 2016 and Q3 2015 is as follows:

| | Group | |
|---|---|---|
| | Q3 2016 (Unaudited) US\$ million | Q3 2015 (Unaudited) US\$ million |
| Cost of sales | | |
| Production of films | 2.07 | - |
| Distribution of films and others (*) | 0.47 | 0.07 |
| Production of documentaries | - | 0.01 |
| Restaurant sales and café lounge business | 0.04 | 0.03 |
| Total | 2.58 | 0.11 |

(*) Cost of sales from distribution of films and others is recognized upon the settlement of the proceeds (i.e., payments of taxes on tickets, other charges and fees, and deductions by movie theatres and theatre circuits of their respective share of the box office sales) from the box office and the ancillary market.

Our cost of sales increased by US\$2.47 million from US\$0.11 million in Q3 2015 to US\$2.58 million in Q3 2016, mainly because of the same reason which resulted in the increase in the Group's revenue.

In Q3 2016, cost of sales incurred from production of *MASTER* was US\$2.07 million. Cost of sales of US\$0.47 million was attributable to the distribution of several films including *THE PRIESTS*, *CHASING*, *MUSUDAN* and others. In addition, US\$0.04 million of cost of sales was incurred from the café lounge business.

In Q3 2015, cost of sales incurred from distribution of several motion films including *BIG MATCH*, *MY BRILLIANT LIFE*, *FOR THE EMPEROR*, *WONDERS* and others was US\$0.07 million. In addition, US\$0.04 million of cost of sales was incurred from the production of documentaries (US\$0.01 million) and the café lounge business (US\$0.03 million).

Gross profit/(loss)

9M 2016 vs 9M 2015

The Group recorded a gross loss of US\$1.18 million in 9M 2016 as compared to a gross profit of US\$0.82 million in 9M 2015. The reversal from a gross profit margin of 29.2% recorded in 9M 2015 to a gross loss margin of 11.5% in 9M 2016 was mainly due to gross loss of US\$1.91 million from distribution of films which was primarily attributable to the lackluster performance of three films released during 9M 2016, *CHASING* (presented by Opus Pictures and produced by 3rd party), *MUSUDAN* (presented by Opus Pictures and produced by 3rd party) and *ONE MORE TIME* (invested by Opus Pictures).

Q3 2016 vs Q3 2015

The Group recorded a gross profit of US\$0.12 million in Q3 2016 as compared to a gross profit of US\$0.67 million in Q3 2015. The decrease in gross profit margin, from 86.2% recorded in 9M 2015 to 4.4% in 9M 2016 was mainly due to the lackluster performance of *ONE MORE TIME* invested by Opus Pictures.

Other income

9M 2016 vs 9M 2015

Other income increased by US\$4.18 million from US\$0.29 million in 9M 2015 to US\$4.47 million in 9M 2016. The increase was mainly due to the gain on disposal of subsidiaries, Opus Pictures and UAA Korea Co. Ltd ("**UAA Korea**"), of US\$2.13 million (9M 2015: nil) and the loss on film borne by external investors of US\$1.81 million (9M 2015: nil). The loss on film borne by external investor in 9M 2016 was incurred from *MUSUDAN* (US\$1.06 million) and *CHASING* (US\$0.75 million).

Q3 2016 vs Q3 2015

Other income increased by US\$2.72 million from US\$0.14 million in Q3 2015 to US\$2.86 million Q3 2016. The increase was mainly due to the gain on disposal of subsidiaries, Opus Pictures and UAA Korea, of US\$2.13 million (Q3 2015: nil) and the loss on film borne by external investors of US\$0.53 million (Q3 2015: nil). The loss on film borne by external investor in Q3 2016 was incurred from *MUSUDAN* (US\$0.53 million).

Selling expenses

9M 2016 vs 9M 2015

There was no significant change in selling expenses (9M 2016: US\$0.30 million, 9M 2015: US\$0.30 million).

Q3 2016 vs Q3 2015

There was no significant change in selling expenses (Q3 2016: US\$0.10 million, Q3 2015: US\$0.12 million).

General and administrative expenses

9M 2016 vs 9M 2015

General and administrative expenses increased by US\$0.20 million or 5% YoY from US\$3.77 million in 9M 2015 to US\$3.97 million in 9M 2016. The increase was mainly due to an increase in rent expense of US\$0.15 million from US\$0.51 million in 9M 2015 to US\$0.66 million in 9M 2016, an increase in service fees of US\$0.10 million from US\$0.50 million in 9M 2015 to US\$0.60 million in 9M 2016, an increase in allowance of doubtful receivables of US\$0.06 million (9M 2015: US\$2,000), and partially offset by a decrease in personnel expenses of US\$0.13 million from US\$2.27 million in 9M 2015 to US\$2.14 million in 9M 2016.

The increase in rent expense was mainly due to the Singapore office which opened from May 2015 and the increase in allowance of doubtful receivables was due to provision of bad debt allowance on loans to 3rd party production company. The increase in service fees was mainly due to an increase in professional fees incurred in relation to the disposal of Opus Pictures and UAA Korea. The decrease in personnel expenses was mainly due to a decrease in number of employees after the disposal of Opus Pictures and UAA Korea.

Q3 2016 vs Q3 2015

General and administrative expenses decreased by US\$0.07 million or 6% YoY from US\$1.15 million in Q3 2015 to US\$1.08 million in Q3 2016. The decrease was mainly due to a decrease in personnel expenses of US\$0.15 million from US\$0.67 million in Q3 2015 to US\$0.52 million in Q3 2016 and partially offset an increase in rent expense of US\$0.02 million from US\$0.18 million in Q3 2015 to US\$0.20 million in Q3 2016 and an increase in service fees of US\$0.04 million from US\$0.10 million in Q3 2015 to US\$0.14 million in Q3 2016.

The YoY decrease in personnel expenses and the YoY increase in service fees as a result of an increase in professional fees were for the same reasons as explained in the 9M 2016 versus 9M 2015 commentary. The increase in rent expense was mainly due to the increased rental expenses incurred by the Korea office.

Finance costs

9M 2016 vs 9M 2015

Finance costs increased by US\$0.02 million or 28% YoY from US\$0.09 million in 9M 2015 to US\$0.11 million in 9M 2016 mainly due to an increase in the interest expenses on bank loans related to the construction of a building.

Q3 2016 vs Q3 2015

There was no significant change in finance costs (Q3 2016: US\$0.03 million, Q3 2015: US\$0.02 million).

Other expenses

9M 2016 vs 9M 2015

Other expenses were US\$0.64 million in 9M 2016 compared with US\$0.53 million in 9M 2015. These other expenses were related to profit on film distributable to external investors from *THE PRIESTS* in 9M 2016 and from *FOR THE EMPEROR* in 9M 2015, respectively. Such expenses were higher in 9M 2016 due to the better performance of *THE PRIESTS*.

Q3 2016 vs Q3 2015

Other expenses were US\$0.46 million in Q3 2016 compared with US\$0.41 million in Q3 2015. The increase was for the same reasons as explained in the 9M 2016 versus 9M 2015 commentary.

Share of results of associate

9M 2016 vs 9M 2015

The share of results of associate of a loss of US\$0.35 million in 9M 2016 (9M 2015: a loss of US\$0.38 million) was attributable to the loss from the Company's 27.2% owned associated company, Spackman Media Group Limited. ("SMGL").

The share of results of associate of a loss decreased by US\$0.03 million or 7% YoY mainly due to profit of US\$0.46 million earned from its talent management business through MS Team Entertainment Co., Ltd., Kook Entertainment Co., Ltd, SBD Entertainment Inc., UL Entertainment Co, Ltd., UAA & Co Inc. and Fiftyone K Inc., which are subsidiaries of SMGL that were acquired subsequent to 30 September 2015.

This was partially offset by an increase in losses of US\$0.43 million primarily due to losses incurred from SMGL's variety show production business through Delmedia Co., Ltd. (which is 99% owned by SMGL and was subsequently being fully disposed in July 2016), its TV/media commercials and music video production business through Breakfastfilm Co., Ltd. (51% owned by SMGL, which was acquired by SMGL on 30 September 2015 and was subsequently being fully disposed in July 2016).

Q3 2016 vs Q3 2015

The share of results of associate of a profit of US\$0.02 million in Q3 2016 (Q3 2015: a loss of US\$0.31 million) was for the same reasons as explained in the 9M 2016 versus 9M 2015 commentary.

Tax (expenses)/credit

9M 2016 vs 9M 2015

The Group recorded tax credit of US\$0.19 million in 9M 2016 (9M 2015: tax credit of US\$0.10 million) as all of the Company's subsidiaries were loss-making in 9M 2016 and Zip Cinema recognized deferred tax assets.

Q3 2016 vs Q3 2015

The Group recorded tax credit of US\$0.12 million in Q3 2016 compared to tax credit of US\$0.14 million in Q3 2015, mainly due to same reasons as explained above.

Loss before tax

9M 2016 vs 9M 2015

As a result of the above, our loss before tax decreased by US\$1.87 million or 47% YoY from a loss before tax of US\$3.95 million in 9M 2015 as compared to a loss before tax of US\$2.08 million in 9M 2016.

Q3 2016 vs Q3 2015

As a result of the above, we recorded a profit before tax of US\$1.33 million in Q3 2016 as compared to a loss before tax of US\$1.20 million in Q3 2015.

Discontinued operation

On 19 April 2016, Spackman Entertainment Group (HK) Limited, a direct wholly-owned subsidiary of the Company and Spackman Equities Limited, an indirect wholly-owned subsidiary of the Company entered into a conditional share sale and purchase agreement with Tae Hun Lee (the "**Purchaser**"), the former Executive Director and Chief Executive Officer of the Group for the sale of the Group's 100% equity interest in Opus Pictures and 51.50% equity interest in UAA Korea to the Purchaser (the "**Restructuring**").

The Restructuring has been completed the same day after receiving shareholder's approval at the extraordinary general meeting of the Company held on 12 August 2016.

Pursuant to the completion of the Restructuring, the statement of profit or loss and other comprehensive income of UAA Korea was classified as a single amount, loss from discontinued operation, of US\$0.38 million in 9M 2016 and US\$0.21 million in Q3 2016 (9M 2015: US\$0.16 million, Q3 2015: US\$0.06 million).

Consolidated Statement of Financial Position

The Group's non-current assets amounted to US\$8.39 million as at 30 September 2016. The decrease in non-current assets from US\$9.58 million as at 31 December 2015 was mainly due to:

- i) Decrease in film production inventories of US\$1.16 million mainly related to the disposal of Opus Pictures;
- ii) Decrease in investment in associates of US\$0.22 million due to the loss from the Company's 27.2% owned associate company, SMGL;
- iii) Partially offset by an increase in property, plant and equipment of US\$0.19 million due to the renovation of Korea office; and
- iv) Partially offset by an increase in deferred tax assets of US\$0.07 million as at 30 September 2016 (31 December 2015: NIL) arising from unused tax losses recognized by Zip Cinema.

Current assets

The Group's current assets amounted to US\$15.80 million as at 30 September 2016. The decrease in current assets from US\$47.73 million as at 31 December 2015 was mainly due to:

- i) Decrease in trade receivables of US\$17.38 million mainly due to the collection of trade receivables related to *THE PRIESTS*;
- ii) Decrease in disposal group assets classified as held for sale of US\$8.95 million primarily attributable to the disposal of UAA Korea;
- iii) Decrease in film production inventories of US\$3.53 million mainly due to two films, *CHASING and MUSUDAN*, which were released in the first quarter ended 31 March 2016;
- iv) Decrease in investments by US\$3.75 million mainly due to the disposal of Opus Pictures and disposal of film investment funds;
- v) Partially offset by an increase in other receivables of US\$1.24 million mainly due to the short term deposits placed in the financial institutions to benefit from the higher interest rates; and
- vi) Partially offset by an increase in cash and cash equivalents of US\$0.35 million mainly due to the reasons as explained under the discussion for the "Consolidated Statement of Cash Flow" below.

Non-current liabilities

The Group's non-current liabilities amounted to US\$2.16 million as at 30 September 2016, a decrease of US\$0.15 million as compared with US\$2.31 million as at 31 December 2015 mainly due to the decrease in deferred tax liabilities as a result of realization of deferred tax liability of Zip Cinema.

Current liabilities

The Group's current liabilities amounted to US\$7.67 million as at 30 September 2016. The decrease in current liabilities from US\$38.31 million as at 31 December 2015 was mainly due to:

- i) a decrease in trade payables of US\$4.91 million and share of box office proceeds payable to investors of US\$9.26 million, which were both mainly due to the payments related to *THE PRIESTS*;
- ii) a decrease in film obligations and production loans of US\$6.22 million mainly due to the repayments to investors of *THE PRIESTS*;
- iii) Decrease in liabilities directly associated with disposal group of US\$5.42 million primarily attributable to the disposal of UAA Korea;
- iv) a decrease in short term borrowings of US\$3.12 million held by Opus Pictures, mainly due to the disposal of Opus Pictures;
- v) a decrease in deferred revenue of US\$1.30 million mainly as the minimum guarantee received for the Group's sale of distribution rights in ancillary market of films were released to revenue from distribution of films; and
- vi) partially offset by an increase of US\$0.12 million in tax payables as at 30 September 2016 (31 December 2015: nil) mainly due to chargeable income from Zip Cinema in 9M 2016.

Consolidated Statement of Cash Flow

As at 30 September 2016, the Group had cash and cash equivalents amounting to US\$4.47 million (comprised of US\$4.39 million from continuing operation and US\$0.08 million from discontinued operation) as compared to cash and cash equivalents amounting to US\$5.40 million as at 30 September 2015.

The significant cash movements during Q3 2016 as compared to Q3 2015 can be summarized as follows:

Net cash used in operating activities for Q3 2016 amounted to US\$0.19 million as compared to net cash used in operating activities of US\$5.09 million for Q3 2015. The cash flow used in operating activities for Q3 2016 was mainly due to the operating loss before working capital changes of US\$1.67 million, offset by a net working capital inflows of US\$1.45 million mainly resulting from an increase in receivables of US\$5.25 million, offset by a decrease in film production inventories of US\$2.29 million and a decrease in payables of US\$1.47 million.

Cash flow generated from investing activities for Q3 2016 was US\$1.53 million as compared to cash flow used in investing activities of US\$0.94 million for Q3 2015. The cash flow generated from investing activities for Q3 2016 was mainly due to proceeds from disposal of subsidiaries of US\$1.00 million and disposal of investment in securities of US\$0.61 million, offset by the increase of leasehold deposit of US\$0.14 million.

Cash flow used in financing activities was US\$0.73 million for Q3 2016 as compared to cash flow generated from financing activities of US\$4.10 million for Q3 2015. The cash used in financing activities in Q3 2016 was mainly due to the repayment of loans of US\$0.80 million and repayment of film obligations and production loans of US\$0.09 million, offset by the proceeds from additional film obligations and production loans of US\$0.15 million mainly for the production of *LIFE RISKING ROMANCE* (co-presented by Novus Mediacorp).

Segment information

The Group is organized into business units based on nature of the income for management purposes. The reportable segments are revenue from distribution of films and production of films.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information for continuing operation provided to management for the reportable segments are as follows:

| | Distribution of films | | Production of films | | Others | | Total | |
|--|-----------------------|--------------|---------------------|---------------|--------------|--------------|---------------|---------------|
| | 9M 2016 | 9M 2015 | 9M 2016 | 9M 2015 | 9M 2016 | 9M 2015 | 9M 2016 | 9M 2015 |
| | US\$ million | US\$ million | US\$ million | US\$ million | US\$ million | US\$ million | US\$ million | US\$ million |
| Segment revenue | 2.87 | 1.45 | 6.93 | - | 0.49 | 1.36 | 10.29 | 2.81 |
| Segment cost of sales | (4.78) | (0.79) | (6.57) | - | (0.12) | (1.20) | (11.47) | (1.99) |
| Impairment loss on film production inventories | - | - | (0.09) | (0.05) | - | - | (0.09) | (0.05) |
| Profit on film distribution to investors | (0.64) | (0.53) | - | - | - | - | (0.64) | (0.53) |
| Loss on film borne by external investor | 1.81 | - | - | - | - | - | 1.81 | - |
| Segment performance | (0.74) | 0.13 | 0.27 | (0.05) | 0.37 | 0.16 | (0.10) | 0.24 |
| Unallocated other income: | | | | | | | | |
| Other income | | | | | | | 2.66 | 0.29 |
| Unallocated expenses: | | | | | | | | |
| Selling expenses | | | | | | | (0.30) | (0.30) |
| General and administrative expenses | | | | | | | (3.78) | (3.62) |
| Share of results of associate | | | | | | | (0.35) | (0.38) |
| Depreciation and amortization | | | | | | | (0.10) | (0.09) |
| Finance costs | | | | | | | (0.11) | (0.09) |
| Loss before tax | | | | | | | (2.08) | (3.95) |
| Tax expense | | | | | | | 0.19 | 0.10 |
| Loss for the year | | | | | | | (1.89) | (3.85) |

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

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

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

The South Korean film market remained relatively stable with a 0.7% year-on-year decrease in admissions to 168.1 million and a 0.5% increase year-on-year in gross box office to US\$1.2 billion. According to the Korean Film Council, admissions for local films increased 7.7% to 90.5 million in the third quarter of 2016 compared to the same period last year. The market share for local films increased 4.2% year-on-year to 54.2%.

On 14 September 2016, the Group announced the completion of the disposal of its entire equity interest in loss-making asset, Opus Pictures. The Group's upcoming major Korean releases in 2016 include *LIFE RISKING ROMANCE* and *MASTER* which are expected to be screened in December.

LIFE RISKING ROMANCE, a romance thriller starring Ha Ji-won, Chun Jung-myung and Chen Bolin, is set to be released in Korea on 15 December 2016. The film is presented and co-produced by the Group's majority-owned subsidiary Novus Mediacorp Co., Ltd.

MASTER, a highly anticipated crime-action movie starring Lee Byung-hun, Gang Dong-won, and Kim Woo-bin, is slated to be screened in Korea on 22 December 2016. The film is produced by the Group's indirect wholly-owned subsidiary ZIP Cinema Co., Ltd.

The Group and its 27.2% associated company, SMGL have been exploring collaboration with and discussing potential equity investment from certain potential strategic investors regarding transactions that may or may not involve the sale of a portion of the shares of SMGL owned by the Company. The Group will keep shareholders updated (by way of announcements on SGXNET) of material developments in any such discussions, as and when appropriate.

(Source: Korean Film Council, <http://www.kobis.or.kr/>, 30 September 2016)

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

No

(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) Books closure date:

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for Q3 2016.

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

The Group has not obtained a general mandate from shareholders for interested person transactions.

There were no IPT of S\$100,000 and above for 9M 2016.

14. 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 confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

15. Negative Confirmation by the Board Pursuant to Rule 705(5)

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the 3 months and 9 months financial periods ended 30 September 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Charles Choi Spackman

Executive Chairman

Date: 10 November 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance 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 verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Ms. Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.