

# spackmanentertainmentgroup

## NEWS RELEASE

### SPACKMAN ENTERTAINMENT GROUP REPORTS FY2015 FINANCIAL RESULTS

- *Narrowed full-year loss attributable to shareholders from US\$8.0 million in FY2014 to US\$1.1 million in FY2015*
- *Recorded revenue of US\$13.57 million*
- *Gross profit margin increases to 27% from 3% in FY2014 on the back of strong performance of THE PRIESTS which sold 5.44 million tickets*
- *To release mystery-thriller MUSUDAN on 3 March 2016 and romance thriller LIFE RISKING ROMANCE in Korean theatres in April 2016*

**Singapore, 26 February 2016** – Spackman Entertainment Group Limited (“**Spackman Entertainment Group**” or the “**Company**” and together with its subsidiaries, the “**Group**”), one of Korea’s leading entertainment production groups, has reported its full-year financials for the financial year ended 31 December 2015 (“**FY2015**”).

Revenue decreased 16% to US\$13.57 million in FY2015 from US\$16.06 million in FY2014, mainly due to the decrease in the number of theatrical films released by the Group in FY2015. The Group released one film, *THE PRIESTS* (produced by Zip Cinema and presented by Opus Pictures) in FY2015. This is compared to the production and/or presentation of four films in FY2014, namely, *FOR THE EMPEROR* (produced and presented by Opus Pictures), *CONFESSION* (produced by Opus Pictures), *MY BRILLIANT LIFE* (produced by Zip Cinema) and *BIG MATCH* (presented by Opus Pictures).

*THE PRIESTS* was released on 5 November 2015 and sold 5.44 million tickets, grossing KRW42.41 billion at the Korean box office. For acting as the producer, the Group recorded revenue of US\$9.40 million and US\$1.16 million as presenter and investor of the film.

In addition to the above-mentioned film production and other film related revenue, the Group also recorded revenue of US\$1.55 million from the distribution of several motion films including *BIG MATCH*, *MY BRILLIANT LIFE*, *CONFESSION*, *FOR THE EMPEROR* and others. In addition, the Group recognised revenue of US\$1.46 million from the production of documentaries, restaurant sales from the Group’s café lounge business and professional photography services from noon pictures Co., Ltd.

The Group’s cost of sales decreased 36% to US\$9.93 million in FY2015 from US\$15.55 million in FY2014, mainly due to the release of one film in FY2015 as compared with four films a year ago.

For FY2015, the Group's gross profit increased 619% to US\$3.64 million from US\$0.51 million a year ago, representing a gross profit margin of 26.85% in FY2015. The increase was mainly attributable to the strong performance of *THE PRIESTS*.

Other income amounted to US\$2.43 million in FY2015 as compared to US\$0.51 million in FY2014. The increase was primarily attributable to a bargain purchase of associate of US\$1.71 million recognized in FY2015, arising from the excess of the Group's share of net fair value assets of Spackman Media Group Pte. Ltd. ("**SMGPL**"), a newly acquired associated company in FY2015, over the cost of investments on the acquisition date, whereas there was no such gain in FY2014. In addition, other income also included interest income, rental income, foreign exchange gain and miscellaneous income.

General and administrative expenses declined 19% from US\$7.76 million in FY2014 to US\$6.26 million in FY2015, mainly due to the absence of IPO expenses in FY2015 and decreases in impairment loss on film production inventories and allowance for doubtful receivables. The decrease was partially offset by an increase in personnel expenses arising from the acquisition of Novus Mediacorp Co., Ltd., which was completed in January 2015 and an increase in professional fees as the Group transitioned to a publicly listed company.

As a result of the above, the Group narrowed its loss attributable to shareholders from US\$8.0 million in FY2014 to US\$1.1 million in FY2015.

Mr. Charles Spackman, Executive Chairman of Spackman Entertainment Group, said, "Our improved financial performance reflects the strong box office performance of *THE PRIESTS*, which was Korea's 11<sup>th</sup> best-selling movie for 2015. We remain confident in our film production capabilities and will work towards building a pipeline of commercially successful films to strengthen our financial performance. In addition, the Company is considering plans to restructure its loss making businesses in the coming year."

## Outlook

Mystery-thriller movie *MUSUDAN*, presented by Opus Pictures and produced by a third party will be released in Korean theatres on 3 March 2016.

The Group also expects to release romance thriller *LIFE RISKING ROMANCE*, presented and co-produced by Novus Mediacorp Co., Ltd., and co-presented and distributed by Opus Pictures, in Korean theatres in April 2016.

“We remain optimistic of the performance of our upcoming films. For *LIFE RISKING ROMANCE*, we hope that the multinational cast would boost the film’s appeal to audience in Asia, particularly in Greater China.” added Mr. Spackman.

The Group announced a share swap agreement with Spackman Media Group Limited for the sale of its 45.8% equity interest in its associated company, SMGPL, in consideration for 7,500,000 ordinary shares in the capital of Spackman Media Group Limited. The Group is currently seeking regulatory approvals and will provide updates progressively.

On 30 December 2015, the Group also announced a sale and purchase agreement with Spackman Media Group Limited for the sale of its 51.36% equity stake in UAA Korea Co., Ltd.

## About Spackman Entertainment Group Limited

Spackman Entertainment Group Limited (“**SEGL**”), and together with its subsidiaries, (the “**Group**”) is a leading entertainment production company that is primarily engaged in the independent development, production, presentation, and financing of theatrical motion pictures in Korea. In addition to our film business, we also make investments into entertainment companies and film funds that can financially and strategically complement our existing core operations. SEGL is listed on the Catalist of the Singapore Exchange Securities Trading Limited under the ticker 40E.

Our three motion picture production and financing subsidiaries, namely, Zip Cinema Co., Ltd. (“**Zip Cinema**”), Opus Pictures Limited Liability Company (“**Opus Pictures**”), and Novus Mediacorp Co., Ltd. (“**Novus Mediacorp**”) are three of the most recognized film production labels in Korea, and have originated, produced, and financed some of Korea’s most commercially successful theatrical films for the past 8 years. Our films are theatrically distributed and released in Korea and overseas markets, as well as for subsequent post-theatrical worldwide release in other forms of media, including cable TV, broadcast TV, IPTV, video-on-demand, and home video/DVD, etc. We release all of our motion pictures into wide-theatrical exhibition initially in Korea, and then in overseas and ancillary markets.

Zip Cinema and Opus Pictures have produced/presented and released a total of 20 theatrical motion pictures since their incorporation, the majority of which were profitable and some of which were among the top grossing films in Korea in recent years. Recent theatrical releases of our motion pictures include some of Korea’s highest grossing and award-winning films such as *THE PRIESTS* (2015), *SNOWPIERCER* (2013-2014), *COLD EYES* (2013), and *ALL ABOUT MY WIFE* (2012). In addition, for the past 5 years, Novus Mediacorp was the investor, presenter, and/or ancillary distributor for a total of 55 films (36 Korean and 19 foreign) including *SECRETLY, GREATLY*, which was one of the biggest box office hits of 2013 starring Kim Soo-hyun of *MY LOVE FROM THE STARS* fame, as well as *FRIEND 2: THE GREAT LEGACY*. In 2012, Novus was also the ancillary distributor of *ALL ABOUT MY WIFE*, a top-grossing romantic comedy produced by Zip Cinema.

We also own one of Korea’s leading talent management agencies, UAA Korea Co., Ltd., which represents Hallyu stars such as Song Hye-kyo (*THE CROSSING; MY BRILLIANT LIFE; THE GRANDMASTER; HWANG JIN YI; THE QUEENS*), and Yoo Ah-in (*VETERAN; THE THRONE; THREAD OF LIES*); operate a café-lounge called Upper West, in the Gangnam district of Seoul; own a professional photography studio, noon pictures Co., Ltd.; and produce documentary programmes for broadcast and cable TV through Film Auteur Co., Ltd.

The Group is a strategic shareholder of Spackman Media Group Pte. Ltd. ("**Spackman Media Group**"), an associated company of SEGL. Spackman Media Group owns a 99% interest in Delmedia Co., Ltd. ("**Delmedia**"), a leading variety show and unscripted entertainment program production company, which has produced some of Korea's most popular series such as *I AM A SINGER* (MBC), *INFINITE GIRLS* (MBC EVERY1) and *STAR AUDITION: THE GREAT BIRTH* (MBC). Since its founding in November 2003, Delmedia has produced more than 120 variety shows/unscripted entertainment programs, TV dramas and documentaries.

Spackman Media Group also owns a 51.0% majority stake in Breakfastfilm Co., Ltd. ("**Breakfastfilm**"), a leading marketing and media company that specializes in the production of TV/new media commercials and K-pop music videos in Korea. Founded in 2004, Breakfastfilm has produced some of Korea's most well-known TV commercials for major multinational clients such as Samsung, Hyundai Motors, LG, Coca-Cola, McDonald's, Adidas as well as other major Korean corporate brands. Moreover, as a leading producer of K-pop music videos, Breakfastfilm has produced many of Korea's most popular music videos including Wonder Girls' *Nobody*, Girls Generation's *Genie*, 2PM's *Without You*, Miss A's *Breathe*, Rain's *I'm Coming*, Super Junior's *Bonamana*, Shinee's *Everybody*, and JYP's *No Love No More*. ([www.breakfastfilm.com](http://www.breakfastfilm.com))

On 21 August 2015, Spackman Media Group engaged KGI Capital Limited to act as the Sole Global Coordinator, Sole Sponsor, Bookrunner and Lead Manager in respect of the proposed listing of Spackman Media Group and its affiliates, which together will form the resultant listing group subsequent to a restructuring exercise, on The Stock Exchange of Hong Kong. Subsequently, on 30 December 2015, the Group announced a share swap agreement for the proposed sale of its 45.8% equity interest in its associated company, Spackman Media Group, in consideration for 7,500,000 ordinary shares in the capital of Spackman Media Group Limited.

On 30 December 2015, the Group also announced a sale and purchase agreement with Spackman Media Group Limited for the proposed sale of its 51.36% equity stake in UAA.

For more details, do visit <http://www.spackmanentertainmentgroup.com/>

## **Important Notice**

*The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 22 July 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").*

*This news release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this news release.*

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

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