



Vividthree Holdings Ltd.

(Incorporated in the Republic of Singapore)

(Company Registration No. 201811828R)

**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.

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

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

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

	Group			Group		
	Three months period ended			Nine months period ended		
	31 Dec 2018	31 Dec 2017	Change %	31 Dec 2018	31 Dec 2017	Change %
	3Q FY2019	3Q FY2018 ⁽¹⁾		9M FY2019	9M FY2018 ⁽¹⁾	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	\$	\$		\$	\$	
Revenue	2,759,485	2,132,506	29.4%	5,261,933	5,241,939	0.4%
Cost of sales	(730,018)	(375,981)	94.2%	(1,537,350)	(1,339,256)	14.8%
Gross profit	2,029,467	1,756,525	15.5%	3,724,583	3,902,683	(4.6%)
Other income	24,808	11,981	107.1%	385,460	39,361	879.3%
Other (losses)/gains - net	(2,061)	(727)	183.5%	439	(1,094)	(140.1%)
Administrative expenses	(677,585)	(364,800)	85.7%	(2,049,952)	(1,048,309)	95.5%
Finance expenses	-	(3,372)	(100.0%)	(3,520)	(11,779)	(70.1%)
Profit before income tax	1,374,629	1,399,607	(1.8%)	2,057,010	2,880,862	(28.6%)
Income tax expense	(200,000)	-	NM	(318,421)	(231,716)	37.4%
Net profit for the financial period attributable to equity holders of the Company	1,174,629	1,399,607	(16.1%)	1,738,589	2,649,146	(34.4%)
Other comprehensive income/(loss), net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - gain/(loss)	1,675	-	NM	(2,937)	-	NM
Total comprehensive income attributable to equity holders of the Company	1,176,304	1,399,607	(16.0%)	1,735,652	2,649,146	(34.5%)

NM - not meaningful

⁽¹⁾ The combined statement of comprehensive income for the financial period ended 31 December 2017 have been prepared based on the pooling-of-interest method as if the current group structure had been in existence prior to the restructuring exercise.

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

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

	Group			Group		
	Three months period ended			Nine months period ended		
	31 Dec 2018 3Q FY2019 (Unaudited) \$	31 Dec 2017 3Q FY2018 ⁽¹⁾ (Unaudited) \$	Change %	31 Dec 2018 9M FY2019 (Unaudited) \$	31 Dec 2017 9M FY2018 ⁽¹⁾ (Unaudited) \$	Change %
Amortisation of intangible assets	10,787	10,787	-	32,362	32,362	-
Depreciation of plant and equipment	85,187	50,947	67.2%	275,959	157,578	75.1%
Employees compensation	289,903	441,127	(34.3%)	1,431,468	1,392,608	2.8%
Interest expenses	-	3,372	(100.0%)	3,520	11,779	(70.1%)
Listing expenses	-	-	NM	167,993	-	NM
Other income	(14,450)	(11,981)	20.6%	(87,285)	(39,361)	121.8%
Waiver of the founders' entitlement to the gain from disposal of an investment property of subsidiary	-	-	NM	(287,817)	-	NM
Interest income	(10,358)	-	NM	(10,358)	-	NM
Foreign exchange loss/(gain), net	2,061	727	183.5%	(439)	1,094	(140.1%)

NM - not meaningful

⁽¹⁾ The combined statement of comprehensive income for the financial period ended 31 December 2017 have been prepared based on the pooling-of-interest method as if the current group structure had been in existence prior to the restructuring exercise.

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
	As at 31 Dec 2018 3Q FY2019 (Unaudited) \$	As at 31 Mar 2018 ⁽¹⁾ FY2018 (Audited) \$	As at 31 Dec 2018 ⁽²⁾ 3Q FY2019 (Unaudited) \$
ASSETS			
Current assets			
Cash and cash equivalents	6,979,907	2,353,739	711,001
Trade and other receivables	8,964,414	4,061,801	14,028,544
Contract assets	2,198,068	531,105	-
	18,142,389	6,946,645	14,739,545
Non-current assets			
Plant and equipment	667,281	284,365	-
Investment in a subsidiary	-	-	50,000
Goodwill arising from consolidation	2,851,917	2,851,917	-
Intangible assets	3,983,727	61,650	-
	7,502,925	3,197,932	50,000
Total assets	25,645,314	10,144,577	14,789,545
LIABILITIES			
Current liabilities			
Trade and other payables	964,559	829,300	1,299,517
Contract liabilities	418,954	182,635	-
Current income tax liabilities	337,762	528,036	-
Borrowings	-	89,299	-
	1,721,275	1,629,270	1,299,517
Non-current liabilities			
Borrowings	-	36,742	-
Deferred income tax liabilities	51,626	64,035	-
	51,626	100,777	-
Total liabilities	1,772,901	1,730,047	1,299,517
NET ASSETS	23,872,413	8,414,530	13,490,028
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13,772,231	50,000	13,772,231
Reserves	2,917,616	2,920,553	-
Retained profits/(accumulated losses)	7,182,566	5,443,977	(282,203)
Total equity	23,872,413	8,414,530	13,490,028

⁽¹⁾ The combined statement of financial position for the financial year ended 31 March 2018 have been prepared based on the pooling-of-interest method as if the current group structure had been in existence prior to the restructuring exercise as set out in the Company's Offer Document dated 17 September 2018.

⁽²⁾ There are no comparative figures for the preceding financial period for the Company as it was incorporated on 7 April 2018.

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

Amount repayable in one year or less or on demand

As at 31 Dec 2018		As at 31 Mar 2018	
(Unaudited)		(Audited)	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
-	-	71,094	18,205

Amount repayable after one year

As at 31 Dec 2018		As at 31 Mar 2018	
(Unaudited)		(Audited)	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
-	-	36,742	-

Details of any collateral

As at 31 March 2018, the Group's secured portion of borrowings were secured by personal guarantees given by the directors of the subsidiary, Vividthree Productions Pte. Ltd. Subsequent to 31 March 2018, the Group has fully repaid the borrowings in 2Q FY2019.

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

Consolidated Statement of Cash Flows

	Group		Group	
	Three months period ended		Nine months period ended	
	31 Dec 2018 3Q FY2019 (Unaudited) \$	31 Dec 2017 ⁽¹⁾ 3Q FY2018 (Unaudited) \$	31 Dec 2018 9M FY2019 (Unaudited) \$	31 Dec 2017 ⁽¹⁾ 9M FY2018 (Unaudited) \$
Cash flows from operating activities				
Net profit	1,174,629	1,399,607	1,738,589	2,649,146
Adjustments for:				
- Income tax expenses	200,000	-	318,421	231,716
- Depreciation of plant and equipment	85,187	50,947	275,959	157,578
- Interest income	(10,358)	-	(10,358)	-
- Interest expense	-	3,372	3,520	11,779
- Amortisation of intangible assets	10,787	10,787	32,362	32,362
- Plant and equipment written off	-	-	327	-
- Token of appreciation given to employees via issuing of ordinary shares	-	-	18,500	-
- Listing expenses	-	-	167,993	-
Operating cash flow before working capital changes	1,460,245	1,464,713	2,545,313	3,082,581
Change in working capital, net of effects from acquisition of subsidiary:				
- Trade and other receivables	(2,942,805)	(1,943,063)	(4,911,171)	(831,668)
- Contract assets	(1,758,899)	(831,557)	(2,537,214)	(964,611)
- Trade and other payables	(744,336)	876,864	103,562	596,611
- Contract liabilities	275,716	270,513	418,954	234,290
Cash (used in)/provided by operations	(3,710,079)	(162,530)	(4,380,556)	2,117,203
Income tax paid	(260,550)	(43,440)	(521,103)	(81,893)
Net cash (used in)/provided by operating activities	(3,970,629)	(205,970)	(4,901,659)	2,035,310
Cash flows from investing activities				
Additions to plant and equipment	(5,720)	(21,448)	(204,338)	(38,781)
Additions to intangible assets	(3,500,000)	-	(3,500,000)	-
Interest received	10,358	-	10,358	-
Net cash provided by/(used in) investing activities	(3,495,362)	(21,448)	(3,693,980)	(38,781)
Cash flows from financing activities				
Interest paid	-	(3,372)	(3,520)	(11,779)
Proceeds from issuance of new shares	-	-	12,950,000	-
Listing expenses pertaining to issuance of new shares	-	-	(1,596,062)	-
Proceeds from issuance of convertible loans	-	-	2,000,000	-
Repayment of borrowings	-	(29,936)	(126,040)	(126,940)
Net cash (used in)/provided by financing activities	-	(33,308)	13,224,378	(138,719)
Net (decrease)/increase in cash and cash equivalents	(7,465,991)	(260,726)	4,628,739	1,857,810
Cash and cash equivalents				
Beginning of financial period	14,444,186	2,717,570	2,353,739	599,034
Effects of currency translation on cash and cash equivalents	1,712	-	(2,571)	-
End of financial period	6,979,907	2,456,844	6,979,907	2,456,844
Cash and cash equivalents comprise:				
Cash and bank balances	2,979,907	2,456,844	2,979,907	2,456,844
Fixed deposits	4,000,000	-	4,000,000	-
	6,979,907	2,456,844	6,979,907	2,456,844

⁽¹⁾ The combined statement of cash flows for the financial period ended 31 December 2017 have been prepared based on the pooling-of-interest method as if the current group structure had been in existence prior too the restructuring exercise.

- 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.

Consolidated Statement of Changes in Equity

Group (Unaudited)	← Attributable to equity holders of the Company →			
	Share capital \$	Other reserves \$	Retained profits \$	Total \$
As at 1 April 2018	50,000	2,920,553	5,443,977	8,414,530
Net profit for the period	-	-	1,020,620	1,020,620
Other comprehensive loss for the period	-	(3,502)	-	(3,502)
Total comprehensive income for the period	-	(3,502)	1,020,620	1,017,118
	50,000	2,917,051	6,464,597	9,431,648
Incorporation of the Company	300	-	-	300
As at 30 June 2018 / 1 July 2018	50,300	2,917,051	6,464,597	9,431,948
Net loss for the period	-	-	(456,660)	(456,660)
Other comprehensive loss for the period	-	(1,110)	-	(1,110)
Total comprehensive loss for the period	-	(1,110)	(456,660)	(457,770)
	50,300	2,915,941	6,007,937	8,974,178
Issuance of new shares pursuant to convertible loan agreement	2,000,000	-	-	2,000,000
Issuance of new shares to employees	200,000	-	-	200,000
Issuance of new shares pursuant to IPO	12,950,000	-	-	12,950,000
Listing expenses	(1,428,069)	-	-	(1,428,069)
As at 30 September 2018 / 1 October 2018	13,772,231	2,915,941	6,007,937	22,696,109
Net profit for the period	-	-	1,174,629	1,174,629
Other comprehensive income for the period	-	1,675	-	1,675
Total comprehensive loss for the period	-	1,675	1,174,629	1,176,304
As at 31 December 2018	13,772,231	2,917,616	7,182,566	23,872,413

Group (Unaudited)	← Attributable to equity holders of the Company →			
	Share capital \$	Other reserves \$	Retained profits \$	Total \$
As at 1 April 2017	50,000	2,921,000	2,733,778	5,704,778
Total comprehensive income for the period	-	-	403,946	403,946
As at 30 June 2017 / 1 July 2017	50,000	2,921,000	3,137,724	6,108,724
Total comprehensive income for the period	-	-	845,593	845,593
As at 30 September 2017 / 1 October 2017	50,000	2,921,000	3,983,317	6,954,317
Total comprehensive income for the period	-	-	1,399,607	1,399,607
As at 31 December 2017	50,000	2,921,000	5,382,924	8,353,924

- 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 period. (continued)

Consolidated Statement of Changes in Equity (continued)

Company (Unaudited)	← Attributable to equity holders of the Company →		
	Share capital \$	Retained profits \$	Total \$
As at 7 April 2018 (Date of incorporation)	300	-	300
Net loss for the period	-	(70)	(70)
As at 30 June 2018 / 1 July 2018	300	(70)	230
Net loss for the period	-	(154,351)	(154,351)
Issuance of new shares pursuant to the restructuring exercise	50,000	-	50,000
Issuance of new shares pursuant to convertible loan agreement	2,000,000	-	2,000,000
Issuance of new shares to employees	200,000	-	200,000
Issuance of new shares pursuant to IPO	12,950,000	-	12,950,000
Listing expenses	(1,428,069)	-	(1,428,069)
As at 30 September 2018 / 1 October 2018	13,772,231	(154,421)	13,617,810
Net loss for the period	-	(127,782)	(127,782)
As at 31 December 2018	13,772,231	(282,203)	13,490,028

- 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 issue on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Shares Capital - Ordinary Shares

	Number of shares	Issued and paid-up share capital (\$)
Ordinary shares of the Company		
Issued and paid-up shares as at date of incorporation: 7 April 2018	300	300
Issue of shares pursuant to the completion of the restructuring exercise ⁽¹⁾	49,700	50,000
Sub-division	271,950,000	-
Conversion of pre-IPO convertible loan	9,411,764	2,000,000
Issue of shares to employees	800,000	200,000
Pre-placement issued and paid-up share capital	282,211,764	2,250,300
Issue of new shares pursuant to the placement	51,800,000	12,950,000
	334,011,764	15,200,300
Less: Listing expenses directly attributable to issuance of placement shares	-	(1,428,069)
Post-placement issued and paid-up share capital	334,011,764	13,772,231

Notes:

- (1) The shares were issued to the ultimate holding company, mm2 Asia Ltd. and the founders of Vividthree Productions Pte. Ltd. pursuant to the restructuring exercise.

The Company did not have any outstanding options, convertibles or treasury shares as at 31 December 2018.

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

	31 Dec 2018	31 Mar 2018
Total number of issued shares	334,011,764	N/A

The Company did not have any treasury shares as at 31 December 2018 and 31 March 2018.
"N/A" denotes not applicable as the Company was only incorporated on 7 April 2018

- 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.

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

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

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

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

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

Not applicable.

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

Same as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period ended 31 December 2018 compared to the audited combined financial statements for the financial year ended 31 March 2018 as set out in the Company's Offer Document dated 17 September 2018.

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

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards and Interpretations of FRS ("Int FRS") that are relevant to its operations and effective for the financial period on or after 1 April 2018, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting period.

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 per share ("EPS")	Group Three months period ended		Group Nine months period ended	
	31 Dec 2018 3Q FY2019	31 Dec 2017 3Q FY2018	31 Dec 2018 9M FY2019	31 Dec 2017 9M FY2018
	Profit attributable to equity holders of the Company (\$)	1,174,629	1,399,607	1,738,589
Weighted average number of ordinary share in issue	334,011,764	-	132,665,952	-
Basic and fully diluted basis EPS (cents) ⁽¹⁾ ⁽²⁾ ⁽³⁾	0.35	NM	1.31	NM

Notes:

- (1) The basic EPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue for the respective periods.
- (2) The fully diluted basis EPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue plus number of shares that may be issued on conversion of outstanding convertibles and share allotment for the respective periods.
- (3) Comparison with the EPS for the corresponding period of the immediately preceding financial year is not meaningful as no shares existed for the Group in FY2018.

- 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 ⁽¹⁾
	31 Dec 2018	31 Mar 2018 ⁽²⁾	31 Dec 2018
Net asset value attributable to equity holders of the Company (\$)	23,872,413	8,414,530	13,490,028
Number of ordinary shares in issue	334,011,764	334,011,764	334,011,764
Net asset value per ordinary share (cents)	7.15	2.52	4.04

Notes:

- (1) There are no comparative figures for the preceding financial year for the Company as it was incorporated in 7 April 2018.
(2) For illustrative purposes, the number of ordinary shares in issue of the Group for the financial year ended 31 March 2018 was calculated based on the post-IPO placement number of ordinary shares.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)

9M FY2019 vs 9M FY2018

Revenue

3Q FY2019 vs 3Q FY2018

The Group recorded higher revenue of \$626,979 or 29.4%, from \$2,132,506 in 3Q FY2018 to \$2,759,485 in 3Q FY2019. This was mainly due to higher revenue in Content Production services in 3Q FY2019, as a result of completion of the first virtual reality (VR) tour set as well as sales of territorial rights.

9M FY2019 vs 9M FY2018

The Group's revenue increased marginally by \$19,994 or 0.4%, from \$5,241,939 in 9M FY2018 to \$5,261,933 in 9M FY2019.

Cost of sales

3Q FY2019 vs 3Q FY2018

Cost of sales increased by \$354,037 or 94.2%, from \$375,981 in 3Q FY2018 to \$730,018 in 3Q FY2019. This was mainly due to Content Production costs being charged out in Q3 FY2019 upon completion of the first VR tour set.

9M FY2019 vs 9M FY2018

Cost of sales increased by \$198,094 or 14.8%, from \$1,339,256 in 9M FY2018 to \$1,537,350 in 9M FY2019.

Gross profit

3Q FY2019 vs 3Q FY2018

Gross profit increased by \$272,942 or 15.5%, from \$1,756,525 in 3Q FY2018 to \$2,029,467 in 3Q FY2019, in tandem with the increase in revenue in Content Production services and cost of sales during the period under review.

9M FY2019 vs 9M FY2018

Gross profit decreased by \$178,100 or 4.6%, from \$3,902,683 in 9M FY2018 to \$3,724,583 in 9M FY2019.

REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME) (CONTINUED)

Other income

3Q FY2019 vs 3Q FY2018

Other income increased by \$12,827 or 107.1%, from \$11,981 in 3Q FY2018 to \$24,808 in 3Q FY2019, mainly due to interest income received of \$10,358 from fixed deposit placement.

9M FY2019 vs 9M FY2018

Other income increased by \$346,099 or 879.3%, from \$39,361 in 9M FY2018 to \$385,460 in 9M FY2019. This was due to waiver of the founders' entitlement to the gain from disposal of an investment property of subsidiary amounted to \$287,817. In addition, the Group received advertisement income of \$36,000 in 2Q FY2019 and interest income generated from fixed deposits of \$10,358.

Other gains/(losses) - net

3Q FY2019 vs 3Q FY2018

Other losses - net increased by \$1,334 or 183.5%, from \$727 in 3Q FY2018, to \$2,061 in 3Q FY2019. This was due to foreign exchange losses in 3Q FY2019.

9M FY2019 vs 9M FY2018

Other gains/(losses) - net increased by \$1,533 or 140.1%, from net losses of \$1,094 in 9M FY2018, to net gains of \$439 in 9M FY2019. This was due to foreign exchange gains in 9M FY2019.

Administrative expenses

3Q FY2019 vs 3Q FY2018

Administrative expenses increased by \$312,785 or 85.7%, from \$364,800 in 3Q FY2018 to \$677,585 in 3Q FY2019. The increase in administrative expenses is mainly due to staff costs of \$120,164, professional fees of \$106,105, depreciation of plant and equipment of \$34,240, rental expenses of \$25,760, and travelling expenses of \$28,377, offset with decrease in other administrative expenses of \$1,861. The increase was generally due to expansion of business/operations of the Group in FY2019.

9M FY2019 vs 9M FY2018

Administrative expenses increased by \$1,001,643 or 95.5%, from \$1,048,309 in 9M FY2018 to \$2,049,952 in 9M FY2019. The increase in administrative expenses is mainly due to staff costs of \$308,509, professional fees of \$112,320, depreciation of plant and equipment of \$118,381, rental expenses of \$85,807, travelling expenses of \$43,340, computer and software maintenance of \$54,705, entertainment of \$83,492, one-off listing expenses of \$167,993 being charged out in 2Q FY2019, and other administrative expenses of \$27,096. The increase was generally due to expansion of business/operations of the Group in FY2019.

Finance expenses

3Q FY2019 vs 3Q FY2018

Finance expenses decreased by \$3,372 or 100.0% in 3Q FY2019 as compared to the corresponding period in 3Q FY2018, due to all borrowings being fully repaid in 2Q FY2019 and no new borrowings were obtained during the period.

9M FY2019 vs 9M FY2018

Finance expenses decreased by \$8,259 or 70.1%, from \$11,779 in 9M FY2018 to \$3,520 in 9M FY2019, due to the repayment of all borrowings in 2Q FY2019 and no new borrowings were obtained during the period.

Profit before income tax

3Q FY2019 vs 3Q FY2018

As a result of the analysis above, the Group registered a profit before tax of \$1,374,629 in 3Q FY2019, compared to a profit before tax of \$1,399,607 in corresponding period of last year.

9M FY2019 vs 9M FY2018

As a result of the analysis above, the Group registered a profit before tax of \$2,057,010 in 9M FY2019, compared to a profit before tax of \$2,880,862 in 9M FY2018.

REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

As at 31 December 2018 vs as at 31 March 2018

Current assets

Current assets increased by \$11,195,744 or 161.2% to \$18,142,389, from \$6,946,645 as at 31 March 2018. This represents 70.7% of total assets and comprised the following:

- (i) Cash and cash equivalents of \$6,979,907, increased by \$4,626,168 or 196.5%, from \$2,353,739 as at 31 March 2018. This was mainly due to the cash proceeds from issuance of new shares of \$12,950,000, offset with payments in relation to projects;
- (ii) Trade and other receivables of \$8,964,414, increased by \$4,902,613 or 120.7% from \$4,061,801 as at 31 March 2018, mainly due to payment for project deposits of \$4,800,000; and
- (iii) Contract assets of \$2,198,068, increased by \$1,666,963 or 313.9% from \$531,105 as at 31 March 2018. The increase is mainly due to higher number of projects still in progress, including projects from Content Production services.

Non-current assets

Non-current assets increased by \$4,304,993 or 134.6% to \$7,502,925 from \$3,197,932 as at 31 March 2018, the main variances are as follow:

- (i) Plant and equipment increased by \$382,916, mainly due to additions of computers and software; and
- (ii) Intangible assets increased by \$3,922,077, mainly due to an investment in project of \$3,500,000 and capitalisation of the VR content development costs.

Current liabilities

Current liabilities increased by \$92,005 or 5.6% to \$1,721,275, from \$1,629,270 as at 31 March 2018, representing 97.1% of total liabilities and comprised the following:

- (i) Trade and other payables of \$964,559, increased by \$135,259 or 16.3%, from \$829,300 as at 31 March 2018;
- (ii) Contract liabilities increased by \$236,319 or 129.4%, from \$182,635 as at 31 March 2018, to \$418,954;
- (iii) Current income tax liabilities decreased by \$190,274 or 36.0%, to \$337,762 from \$528,036 as at 31 March 2018, mainly due to income tax paid and offset with tax provisions during the financial period; and
- (iv) Borrowings decreased by \$89,299 or 100.0%, from \$89,299 as at 31 March 2018. This was due to the repayment of all borrowings the financial period.

There are no borrowings as at 31 December 2018 as the Group had fully repaid all borrowings in 2Q FY2019.

Non-current liabilities

Non-current liabilities decreased by \$49,151 or 48.8% from \$100,777 as at 31 March 2018 to \$51,626. The decrease was mainly due to the repayment of all borrowings during the financial period as described under current liabilities, note (iv).

REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW)

As at 31 December 2018 (3Q FY2019)

As at 31 December 2018 (3Q FY2019), the Group's cash and cash equivalents amounted to \$6,979,907 as compared to cash and cash equivalents of \$2,456,844 as at 31 December 2017 (3Q FY2018).

Net cash used in operating activities

In 3Q FY2019, the Group generated net cash inflow of \$1,460,245 from operating activities before net working capital changes. The net working capital changes was net cash outflow of \$5,430,874 arising from the following:

- (1) \$1,758,899 increase in contract assets;
- (2) \$2,942,805 increase in trade and other receivables;
- (3) \$744,336 decrease in trade and other payables;
- (4) \$275,716 increase in contract liabilities; and
- (5) \$260,550 of income tax paid.

Net cash used in investing activities

Net cash used in investing activities amounted to \$3,495,362 was mainly due to:

- (1) cash outflow of \$5,720 for additions of plant and equipment;
- (2) cash outflow of \$3,500,000 for additions of intangible assets; and
- (3) cash inflow of \$10,358 of interest income received from fixed deposit.

Net decrease in cash and cash equivalents

As a result of the above, the Group has recorded net cash decrease of \$7,465,991 in 3Q FY2019, as compared to the cash decrease of \$260,726 in 3Q FY2018.

As at 31 December 2018 (9M FY2019)

As at 31 December 2018 (9M FY2019), the Group's cash and cash equivalents amounted to \$6,979,907 as compared to cash and cash equivalents of \$2,456,844 as at 31 December 2017 (9M FY2018).

Net cash used in operating activities

In 9M FY2019, the Group generated net cash inflow of \$2,545,313 from operating activities before net working capital changes. The net working capital changes was net cash outflow of \$7,446,972 arising from the following:

- (1) \$2,537,214 increase in contract assets;
- (2) \$4,911,171 increase in trade and other receivables;
- (3) \$103,562 increase in trade and other payables;
- (4) \$418,954 increase in contract liabilities; and
- (5) \$521,103 of income tax paid.

Net cash used in investing activities

Net cash used in investing activities amounted to \$3,693,980 was mainly due to:

- (1) cash outflow of \$204,338 for additions of plant and equipment;
- (2) cash outflow of \$3,500,000 for additions of intangible assets; and
- (3) cash inflow of \$10,358 of interest income received from fixed deposit.

Net cash provided by financing activities

Net cash of \$13,224,378 provided by financing activities was mainly due to:

- (1) cash outflow of \$3,520 for the payment of bank borrowings interest;
- (2) cash inflow of \$12,950,000 of proceeds from issuance of shares from placement;
- (3) cash outflow of \$1,596,062 for listing expenses;
- (4) cash inflow of \$2,000,000 of proceeds from issuances of convertible loans, now converted to shares; and
- (5) cash outflow of \$126,040 of bank borrowings repayment.

Net increase in cash and cash equivalents

As a result of the above, the Group has recorded net cash increase of \$4,628,739 in 9M FY2019, as compared to net cash increase of \$1,857,810 in 9M FY2018.

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 Group continues to be optimistic for both its Content Production business and Post-Production business within the next twelve calendar months. The Group's Post-Production business remained on track with strong support rendered from its existing and potential clients.

During the quarter, Vividthree premiered the first Train to Busan ("TTB") VR tour set in Beijing. The TTB VR tour set in Beijing will be held out for a short period and is looking to gain from China's golden week- Lunar New Year and Lantern Festival. The Group is also in negotiation to have TTB show Touring in other major cities after Beijing.

Tapping on the highly anticipated upcoming TTB movie prequel slated for production in 2019, the Group has received encouraging responses from several promoters in the region and is currently in negotiation to introduce the TTB show to other cities.

In October 2018, the Group has signed a Letter of Intent ("LOI") with a Taiwan Stock Exchange listed company - Bossdom DigInnovation Co. Ltd., granting them territorial rights to host TTB VR tour set exclusively in Taiwan, Hong Kong and Macau, with a second TTB VR set expected to be produced by end of 4QFY2019.

The Group's business remains positive for the financial year ending 31 March 2019.

11 If a decision regarding dividend has been made:

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

None.

(b) Amount per share in cents

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

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

Not applicable.

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

There was no dividend declared or recommended in the current year under review.

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

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

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

14 Update on use of proceeds

The Company refers to the gross proceeds amounting to \$12.95 million raised from the IPO on the Catalist Board of the SGX-ST on 25 September 2018.

As at the date of this announcement, the status of the use of proceeds in Singapore dollars is as follows:

Use of IPO Proceeds

	Amount allocated	Amount utilised	Amount unutilised
	\$'000	\$'000	\$'000
General working capital purposes, including production of virtual reality content and immersive media	7,825	(5,000)	2,825
Expansion through: <ul style="list-style-type: none">• Development and/or acquisition of intellectual property• Acquisition, joint ventures and/or strategic alliances	3,354	-	3,354
IPO expenditure	1,771	(1,596)	175
Total	12,950	(6,596)	6,354

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

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group and the Company for the third quarter and nine months ended 31 December 2018, to be false or misleading, in any material aspect.

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

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

BY ORDER OF THE BOARD

Charles Yeo Eng Pu
Managing Director

11 February 2019