

MM2 ASIA LTD.

(Company Registration No. 201424372N)
(Incorporated in the Republic of Singapore)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FULL YEAR ENDED 31 MARCH 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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 SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements of 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 year.

	Group		
	For the year ended		
	31 Mar 2016	31 Mar 2015	Change
	FY2016	FY2015	
	(Unaudited)	(Audited)	
	SGD'000	SGD'000	%
Revenue	38,338	24,287	58%
Cost of sales	(19,952)	(14,704)	36%
Gross profit	18,386	9,583	92%
Other income			
- Interest income from bank deposits	11	3	267%
- Other gain/(losses) - net	236	7	3271%
- Other income	39	-	NM
Expenses:			
- Administrative	(8,295)	(2,995)	177%
- Finance	(387)	(18)	2050%
	(8,682)	(3,013)	188%
Share of profit of associated company	-	-	NM
Profit before taxation	9,990	6,580	52%
Income tax expense	(1,095)	(1,496)	-27%
Profit after tax for the year	8,895	5,084	75%
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference arising from consolidation	(545)	(53)	928%
Total comprehensive income for the year	8,350	5,031	66%
Profit for the year attributable to :			
Equity holders of the Company	8,176	5,084	61%
Non-controlling interests	719	-	NM
	8,895	5,084	75%
Total comprehensive income for the year attributable to :			
Equity holders of the Company	7,631	5,031	52%
Non-controlling interests	719	-	NM
	8,350	5,031	66%

NM - not meaningful

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

Profit/(Loss) for the year was stated after charging/(crediting) the followings:

	Group		
	For the year ended		
	31 Mar 2016	31 Mar 2015	Change
	FY2016	FY2015	
	(Unaudited)	(Audited)	
	SGD'000	SGD'000	%

Notes to Consolidated Statement of Comprehensive Income

Personnel expenses ⁽¹⁾	3,781	1,764	114%
Director's performance bonus ⁽¹⁾	592	324	83%
Travelling expenses	142	181	-22%
Finance costs	387	18	2050%
Depreciation	530	45	1078%
Entertainment	57	168	-66%
Rental expenses	1,224	171	616%
Utilities	288	15	1820%
Professional fee	1,298	344	277%
Allowance for doubtful debts	143	-	NM
Amortisation costs	8,453	3,375	150%
(Gain)/loss on disposal of property, plant & equipment	(19)	16	NM
Write down of investment	- *	-	NM
Interest income	(11)	(3)	267%
Other income	(39)	-	NM
Foreign exchange (gain)/loss, net	(218)	(7)	3014%

NM - not meaningful

* Less than \$1,000.

(1) Directors' performance bonus forms part of the personnel expenses.

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	
	31 Mar 2016 (Unaudited) SGD'000	31 Mar 2015 (Audited) SGD'000	31 Mar 2016 (Unaudited) SGD'000	31 Mar 2015 (Audited) SGD'000
ASSETS				
Current assets				
Cash and cash equivalents	4,743	5,755	343	3,987
Trade and other receivables	24,416	20,582	21,966	6,555
Inventories and work-in-progress	264	-	-	-
Film products and films under production	9,831	4,773	-	-
	<u>39,254</u>	<u>31,110</u>	<u>22,309</u>	<u>10,542</u>
Non-current assets				
Property, plant and equipment	3,648	99	-	-
Investment in associate company	-	- *	37,848	37,498
Available-for-sale investment	250	-	-	-
Intangible assets	25,283	6,349	-	-
Deferred income tax assets	550	14	-	-
	<u>29,731</u>	<u>6,462</u>	<u>37,848</u>	<u>37,498</u>
Total assets	<u>68,985</u>	<u>37,572</u>	<u>60,157</u>	<u>48,040</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	23,805	14,704	1,176	639
Current income tax liabilities	3,051	312	-	-
Deferred income	557	1,146	-	-
Progress billing in excess of work-in-progress	604	-	-	-
Borrowings	204	221	-	-
	<u>28,221</u>	<u>16,383</u>	<u>1,176</u>	<u>639</u>
Non-current liabilities				
Borrowings	2,845	85	2,154	-
Deferred income tax liabilities	754	1,923	-	-
	<u>3,599</u>	<u>2,008</u>	<u>2,154</u>	<u>-</u>
Total liabilities	<u>31,820</u>	<u>18,391</u>	<u>3,330</u>	<u>639</u>
NET ASSETS	<u>37,165</u>	<u>19,181</u>	<u>56,827</u>	<u>47,401</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	56,982	47,884	56,982	47,884
Other reserves	(37,655)	(37,387)	446	-
Retained profits	16,860	8,684	(601)	(483)
	<u>36,187</u>	<u>19,181</u>	<u>56,827</u>	<u>47,401</u>
Non-Controlling Interests	978	-	-	-
Total equity	<u>37,165</u>	<u>19,181</u>	<u>56,827</u>	<u>47,401</u>

* Less than \$1,000.

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 March 2016		As at 31 March 2015	
(Unaudited)		(Audited)	
Secured SGD'000	Unsecured SGD'000	Secured SGD'000	Unsecured SGD'000
204	-	221	-

Amount repayable after one year

As at 31 March 2016		As at 31 March 2015	
(Unaudited)		(Audited)	
Secured SGD'000	Unsecured SGD'000	Secured SGD'000	Unsecured SGD'000
663	2,182	85	-

Details of any collateral

The Group's secured portion of borrowings are secured by deeds of guarantee and indemnities, joint and several personal guarantees provided by our CEO and Controlling Shareholder, Melvin Ang, and our Management Officers, Angelin Ong, Kent Chan, Lee Hoon Hwee, Hong Wei Chien and Yeo Eng Pu, Charles.

- 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	
	For the year ended	
	31 Mar 2016 FY2016 (Unaudited) SGD'000	31 Mar 2015 FY2015 (Audited) SGD'000
Cash flows from operating activities		
Net profit	8,895	5,084
Adjustments for:		
- Income tax expense	1,095	1,496
- Amortisation of intangible assets	8,453	3,248
- Depreciation of property, plant & equipment	530	45
- Doubtful debts	143	-
- Write down of investment	- *	126
- (Gain)/loss on disposal of property, plant & equipment	(19)	16
- Interest income	(11)	(3)
- Interest expense	387	18
- Placement and listing expenses	-	240
- Share of profit of associated company	-	-
- Currency translation difference	(480)	(94)
	<u>18,993</u>	<u>10,176</u>
Change in working capital:		
- Trade and other receivables	(2,953)	(8,019)
- Film products and films under production	(15,985)	(8,466)
- Film intangibles	(1,304)	-
- Film inventories	(952)	-
- Inventories	(46)	-
- Trade and other payables	(1,131)	3,569
- Progress billing in excess of work-in-progress	387	-
- Deferred income	(589)	908
Cash generated from operations	<u>(3,580)</u>	<u>(1,832)</u>
Cash flows from operating activities:		
Interest received	-	3
Income tax paid	(86)	(73)
Net cash generated from operating activities	<u>(3,666)</u>	<u>(1,902)</u>
Cash flows from investing activities		
Acquisition of a subsidiary	(600) ⁽¹⁾	-
Deposit to acquire film right	-	(1,200)
Additions of script rights	-	(743)
Software development	(3)	-
Additions to property, plant and equipment	(589)	(32)
Proceeds from disposal of property, plant and equipment	24	-
Purchase of business assets	(7,110)	-
Purchase of available-for-sale investment	(250)	-
Interest received	11	-
Net cash used in investing activities	<u>(8,517)</u>	<u>(1,975)</u>
Cash flows from financing activities		
Proceeds from issuance of convertible bonds	2,600	3,300
Issuance of shares	9,098	7,750
Placement and listing expenses paid	-	(1,604)
Proceeds from borrowings	28	125
Repayment of borrowings	(279)	(481)
Repayment of lease liabilities	(53)	(27)
Interest paid	(240)	(18)
Fixed deposit pledged	(439)	-
Net cash provided by financing activities	<u>10,715</u>	<u>9,045</u>
Net change in cash and cash equivalents	(1,468)	5,168
Exchange effects on cash and cash equivalents	(73)	-
Beginning of financial year	<u>5,674</u>	<u>506</u>
End of financial year	<u>4,133</u>	<u>5,674</u>

* Less than \$1,000.

(1) Out of the total purchase consideration of S\$3,060,000, initial payment of S\$600,000 was paid to the sellers during the year.

- 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	
	For the year ended	
	31 Mar 2016	31 Mar 2015
	FY2016	FY2015
	(Unaudited)	(Audited)
	SGD'000	SGD'000
Cash and cash equivalents comprise:		
Cash and bank balances	4,223	5,674
Fixed deposits	520	81
	<u>4,743</u>	<u>5,755</u>
Cash and Cash equivalents		
Cash and bank balances (as above (b)(i))	4,743	5,755
Less : Bank deposits pledged	(520)	(81)
Less : Bank overdrafts	(90)	-
Cash and cash equivalents per consolidated statement of cash flows	<u>4,133</u>	<u>5,674</u>

- 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 Group ----->					
	Share capital SGD'000	Other reserve SGD'000	(Accumulated losses)/retained earnings SGD'000	Total SGD'000	Non-controlling interest SGD'000	Total equity SGD'000
Balance as at 1 April 2015	47,884	(37,387)	8,684	19,181	-	19,181
Total comprehensive income for the year						
- Profit for the year	-	-	8,176	8,176	719	8,895
- Other comprehensive loss for the year	-	(545)	-	(545)	-	(545)
Total	47,884	(37,932)	16,860	26,812	719	27,531
Convertible bond equity component	-	446	-	446	-	446
Net asset retained by non-controlling interest upon acquisition of a subsidiary	-	(169)	-	(169)	-	(169)
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	259	259
Issuance of new shares pursuant to conversion of exchangeable notes	1,208	-	-	1,208	-	1,208
Issuance of new shares pursuant to conversion of convertible notes	2,890	-	-	2,890	-	2,890
Issuance of new shares pursuant to placement agreement with Hesheng Media Co., Ltd	1,000	-	-	1,000	-	1,000
Issuance of new shares pursuant to placement agreement with Maxi-Harvest Group Pte. Ltd.	2,000	-	-	2,000	-	2,000
Issuance of new shares pursuant to placement agreement with Apex Capital Group Pte. Ltd.	2,000	-	-	2,000	-	2,000
Balance as at 31 March 2016	56,982	(37,655)	16,860	36,187	978	37,165
Group (Audited)						
Balance as at 1 April 2014	83	4	3,559	3,646	126	3,772
Total comprehensive income for the year						
- Profit for the year	-	-	5,084	5,084	-	5,084
- Other comprehensive loss for the year	-	(53)	-	(53)	-	(53)
Total	83	(49)	8,643	8,677	126	8,803
Adjustment pursuant to the restructuring exercise	(83)	(37,338)	41	(37,380)	(126)	(37,506)
Issuance of new shares pursuant to the restructuring exercise	37,498	-	-	37,498	-	37,498
Issue of shares from conversion of convertible loan	4,000	-	-	4,000	-	4,000
Issue of new shares pursuant to IPO	7,750	-	-	7,750	-	7,750
Share issue expense	(1,364)	-	-	(1,364)	-	(1,364)
Balance as at 31 March 2015	47,884	(37,387)	8,684	19,181	-	19,181

- 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

Company (Unaudited)	<----- Attributable to equity holders of the Company ----->					
	Share capital SGD'000	Other reserve SGD'000	(Accumulated losses)/retained earnings SGD'000	Total SGD'000	Non-controlling interest SGD'000	Total equity SGD'000
Balance as at 1 April 2015	47,884	-	(483)	47,401	-	47,401
Total comprehensive income for the year						
- Loss for the year	-	-	(118)	(118)	-	(118)
Total	47,884	-	(601)	47,283	-	47,283
Convertible bond equity component	-	446	-	446	-	446
Issuance of new shares pursuant to conversion of exchangeable notes	1,208	-	-	1,208	-	1,208
Issuance of new shares pursuant to conversion of convertible notes	2,890	-	-	2,890	-	2,890
Issuance of new shares pursuant to placement agreement with Hesheng Media Co., Ltd	1,000	-	-	1,000	-	1,000
Issuance of new shares pursuant to placement agreement with Maxi-Harvest Group Pte. Ltd.	2,000	-	-	2,000	-	2,000
Issuance of new shares pursuant to placement agreement with Apex Capital Group Pte. Ltd.	2,000	-	-	2,000	-	2,000
Balance as at 31 March 2016	56,982	446	(601)	56,827	-	56,827
Company (Audited)						
Balance as at 1 April 2014	-	-	-	-	-	-
Total comprehensive income for the year						
- Loss for the year	-	-	(483)	(483)	-	(483)
Total	-	-	(483)	(483)	-	(483)
Issuance of new shares pursuant to the restructuring exercise	37,498	-	-	37,498	-	37,498
Issue of shares from conversion of convertible loan	4,000	-	-	4,000	-	4,000
Issue of new shares pursuant to IPO	7,750	-	-	7,750	-	7,750
Share issue expense	(1,364)	-	-	(1,364)	-	(1,364)
Balance as at 31 March 2015	47,884	-	(483)	47,401	-	47,401

- 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

	Number of shares	Issued and paid-up share capital (S\$)
Ordinary shares of the Company		
As at 31 March 2015	206,729,032	47,883,612
As at 31 March 2016	442,264,888 ⁽¹⁾	56,981,767

Outstanding Convertibles

	Number of shares that may be issued on conversion	Principal amount (S\$)
Exchangeable notes - A right		
As at 31 March 2016	9,517,857 ⁽²⁾⁽³⁾	2,600,000

(1) The number of shares included 221,132,444 shares issued pursuant to completion of share split exercise on 1 March 2016.

(2) Based on the maximum number of the Company's new shares to be issued on Exchange-A, which is determined by dividing the aggregate of (i) the principal amount of the Note to be converted and (ii) all unpaid Accrued Interest (2.5%) up to and including the date of conversion, by the *Exchange-A Price*.

Exchange-A Price: S\$0.5635, which is 112.5% of the volume-weighted average price of the Company's shares (as quoted on the SGX-ST) for the previous 15 Trading Days prior to, but excluding, the date of the Agreement, being the price at which the Company's new shares will be issued upon Exchange-A.

(3) Pursuant to the Share Split, the new exchange price of the outstanding S\$2,600,000 in aggregate principal amount of exchangeable notes are exchanged into Shares has been adjusted from S\$0.5635 to S\$0.28. This figure represents the maximum number of additional Shares that may be issued arising from such adjustment of exchange price.

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2015.

- 1 (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>31 Mar 2016</u>	<u>31 Mar 2015</u>
Total number of issued shares	<u>442,264,888 ⁽¹⁾</u>	<u>206,729,032</u>

The Company did not have any treasury shares as at 31 March 2016 and 31 March 2015.

(1) The number of shares included 221,132,444 shares issued pursuant to completion of share split exercise on 1 March 2016.

- (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 year 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 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.

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period compared to the audited financial statements for the financial year ended 31 March 2015, except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 April 2015. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ending 31 March 2016, as disclosed in paragraph 5 below.

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 all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("Int FRS") that are relevant to its operations and effective for the financial period on or after 1 April 2015, 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 year.

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.

	Group For the year ended 31 Mar 2016 FY2016	Group For the year ended 31 Mar 2015 FY2015
Earnings per share ("EPS")		
Profit attributable to shareholders of the Company (S\$)	8,176,819	5,083,524
Weighted average number of ordinary share in issue	442,264,888 ⁽¹⁾	206,729,032
Basic EPS (S\$) ⁽²⁾	0.02	0.02
Weighted average number of ordinary share in issue + number of shares that may be issued on conversion of outstanding convertibles	451,782,745	206,729,032
Fully diluted basis EPS (S\$) ⁽³⁾	0.02	0.02

Notes:

(1) The number of shares included 221,132,444 shares issued pursuant to completion of share split exercise on 1 March 2016.

(2) 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.

(3) 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 for the respective periods.

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	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Net asset value (S\$)	37,164,867	19,180,627	56,826,634	47,400,890
Number of ordinary shares in issue	442,264,888 ⁽¹⁾	206,729,032	442,264,888 ⁽¹⁾	206,729,032
Net asset value per ordinary share (S\$)	0.08	0.09	0.13	0.23

(1) The number of shares included 221,132,444 shares issued pursuant to completion of share split exercise on 1 March 2016.

- 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)

Revenue

FY2016 vs FY2015

Our Group's revenue increased by S\$14.0 million or 57.6% , from S\$24.3 million in FY2015, to approximately S\$38.3 million in FY2016. The increase was mainly due to additional revenue generated from a newly acquired subsidiary during the year, which recorded production revenue of S\$3.6 million, and additional revenue generated from a newly acquired cinema business during the year which recorded distribution (Cinema) revenue of S\$4.9 million. On top of that, the revenue of our core business increased by S\$5.5 million or 22.6%, from S\$24.3 million in FY2015, to approximately S\$29.8 million in FY2016.

Cost of sales

FY2016 vs FY2015

Cost of sales increased by S\$5.2 million or 35.4%, from S\$14.7 million in FY2015 to S\$19.9 million in FY2016. The increase was mainly due to additional costs incurred by a newly acquired subsidiary during the year, which recorded production cost of S\$1.1 million, and additional costs incurred by a newly acquired cinema business during the year which recorded distribution (Cinema) costs of S\$2.1 million. On top of that, the cost of sales attributable to our core business increased by S\$2.0 million or 13.6%, from S\$14.7 million in FY2015, to approximately S\$16.7 million in FY2016.

Amortisation of Film rights increased by S\$5.0 million from FY2015 to FY2016.

Gross profit / Operating profit

FY2016 vs FY2015

Our gross profit increased by S\$8.8 million or 91.7%, from S\$9.6 million in FY2015 to S\$18.4 million in FY2016, which was partly contributed by a new subsidiary of S\$2.5 million, and partly contributed by a new cinema business of S\$2.8 million. On top of that, the gross profit of our core business increased by S\$3.5 million or 36.5%, from S\$9.6 million in FY2015, to approximately S\$13.1 million in FY2016.

Other gains/(losses) - net

FY2016 vs FY2015

The foreign currency exchange translation gain from the fluctuations of the other currencies against Singapore dollar resulted in a total increase in a net gain of S\$194,000 from a gain of approximately S\$23,000 in FY2015 to a gain of S\$218,000 in FY2016.

Other than that, the disposal of property, plant and equipment resulted in a net gain of S\$19,000 in FY2016, compared to a net loss of S\$16,000 in FY2015.

General and administrative expenses

FY2016 vs FY2015

General and administrative expenses increased by S\$5.3 million or 176.7%, from S\$3.0 million in FY2015 to S\$8.3 million in FY2016, mainly are due to below reasons:

Employee compensation costs

Employee compensation costs increased by S\$2.0 million or 111.1%. The increase was mainly attributable to an increase in employee compensation cost of S\$0.9 million due to an increase in the number of senior management staff, as well as the number of other employees resulting from the expansion of the Group. Besides that, employee compensation cost also increased by S\$0.7 million due to the acquisition of a new subsidiary, and increased by S\$0.4 million due to the acquisition of cinema business in FY2016.

Professional fees

Other than employee compensation cost, the increase was also due to the increase in total professional fees of S\$1.1 million or 366.7%. Out of the total of S\$1.1 million, the increase in professional fees in relation to existing business increased by S\$0.4 million, while the increase of S\$0.7 million was due to non-recurring events which took place in FY2016, and the breakdown is as follows:

	HY2016 S\$'000	HY2015 S\$'000
Professional fees		
Professional fees - Core business	676	344
Professional fees - New subsidiary	24	-
Merger & acquisition	358	-
Financing facilities	240	-
	1,298	344

Depreciation costs

Depreciation costs increased by S\$0.5 million due to the increase of S\$0.2 million resulting from the acquisition of a new subsidiary, and the increase of S\$0.3 million resulting from the acquisition of a new cinema business, which both have a high value of property, plant and

Rental expenses

Rental expenses increased by S\$1.0 million which was mainly due to the increase of S\$0.9 million resulting from the additional rental expenses incurred by a new cinema business, and the increase of S\$0.1 million resulting from the additional rental expenses incurred by a new subsidiary. The rental expenses incurred by the core business in FY2016 remained consistent compared to FY2015.

Utilities costs

Utilities costs increased by S\$0.2 million which was mainly due to the additional utilities costs incurred by a new cinema business. The utilities costs incurred by the core business in FY2016 remained consistent compared to FY2015.

Finance costs

FY2016 vs FY2015

Finance costs increased by S\$369,000, from S\$18,000 in FY2015 to S\$387,000 in FY2016. The increase is mainly due to additional interest expenses for new convertible notes of S\$42,000, and interest expenses resulting from the deferred payment of purchase consideration of a new cinema business of S\$138,000. The finance costs resulting from bank borrowings increased by S\$42,000, due to additional bank borrowings and finance lease liabilities had been taken up during the year.

Profit before tax

FY2016 vs FY2015

As a result from the above, we recorded an increase of S\$3.4 million or 51.5% in profit before tax from S\$6.6 million in FY2015 to S\$10.0 million in FY2016.

REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

Non-current assets

Our non-current assets increased by S\$23.2 million or 356.9%, from S\$6.5 million as at 31 March 2015 to S\$29.7 million as at 31 March 2016, comprising the following:

(i) Film rights, film intangibles and film inventories increased by S\$4.7 million or 73.4%, from S\$6.4 million as at 31 March 2015 to S\$11.1 million as at 31 March 2016.

(ii) Goodwill increased by S\$13.9 million, resulting from the acquisition of a new subsidiary of S\$2.8 million, and the acquisition of a new cinema business of S\$11.1 million as at 31 March 2016.

(iii) Property, plant and equipment increased by S\$3.6 million, mainly resulting from a new subsidiary of S\$0.4 million, and from a new cinema business of S\$2.4 million. The increase in property, plant and equipment of our core business of S\$0.8 million was mainly due to purchase of new office in Malaysia.

Current assets

Our current assets increased by S\$8.1 million or 26.0% from S\$31.1 million as at 31 March 2015 to S\$39.2 million as at 31 March 2016, representing 56.9% of our total assets and comprised the following:

(i) Cash and cash equivalents decreased by S\$1.0 million or 17.5%, from S\$5.7 million as at 31 March 2015 to S\$4.7 million as at 31 March 2016.

(ii) Trade and other receivables increased by S\$3.8 million or 18.4%, from S\$20.6 million as at 31 March 2015 to S\$24.4 million as at 31 March 2016. This was mainly due to the additional trade and other receivables from a new subsidiary of S\$1.5 million, refundable deposits paid for cinema operations of S\$0.5 million, and increase of S\$1.8 million resulting from the increase in revenue.

(iii) Capitalisation of all costs in relation to the production of our movies (including all film products and film under production) prior to the release of the movies increased by S\$5.0 million or 104.2%, from S\$4.8 million as at 31 March 2015 to S\$9.8 million as at 31 March 2016. This was mainly due to the increase in number of movies under production, which will be released to movie distributors and/or theatres in the next financial year.

Non-current liabilities

Our non-current liabilities increased by S\$1.6 million or 80.0%, from S\$2.0 million as at 31 March 2015 to S\$3.6 million as at 31 March 2016. This was mainly due to the issuance of new convertible notes of S\$2.2 million (liability component) and additional borrowings of S\$0.6 million resulting from the purchase of new office in Malaysia. This was also due to the decrease in deferred tax liabilities of S\$1.2 million, resulting from the reversal of over-provided prior year deferred tax liabilities.

Current liabilities

Our current liabilities increased by S\$11.8 million or 72.0% from S\$16.4 million as at 31 March 2015 to S\$28.2 million as at 31 March 2016, representing 88.7% of our total liabilities and comprised the following:

(i) Trade and other payables increased by S\$9.1 million or 61.9%, from S\$14.7 million as at 31 March 2015 to S\$23.8 million as at 31 March 2016. This is mainly due to the deferred consideration for the acquisition of a new subsidiary of S\$2.4 million, deferred payment due to Cathay Cineplexes Sdn Bhd resulting from the acquisition of a new cinema business of S\$6.9 million, additional trade and other payables from a new subsidiary of S\$1.0 million, and decrease of S\$1.2 million resulting from the settlement of payables during the financial year.

(ii) Deferred income decreased by S\$0.6 million or 50.0%, from S\$1.2 million as at 31 March 2015 to S\$0.6 million as at 31 March 2016. This was mainly due to lower licensing income to be earned when the movies are released in the next financial year, compared to FY2015.

(iii) Borrowings slightly decreased by S\$17,000 or 7.7%, this was mainly due to additional borrowings from a new subsidiary of S\$71,000 and repayment of borrowings of S\$88,000 during the financial year.

(iv) Current income tax liabilities increased by S\$2.7 million or 900.0%, from S\$0.3 million in FY2015 to S\$3.0 million in FY2016. This was mainly due to the increase in profit before tax in FY2016.

REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW)

As at 31 March 2016 (FY2016), our cash and cash equivalents amounted to S\$4.1 million as compared to cash and cash equivalents of S\$5.7 million as at 31 March 2015 (FY2015).

Net cash generated from operating activities

In FY2016, we generated a net cash inflow of S\$19.0 million from operating activities before working capital changes of approximately S\$22.6 million cash outflow.

Our net working capital outflow was mainly due to cash outflows of S\$3.0 million from an increase in trade and other receivables, an increase of S\$16.0 million from additional movies under production, an increase in film intangibles/film inventories of S\$2.3 million, a decrease of S\$1.1 million in trade and other payables, and a decrease in deferred income of approximately S\$0.6 million. Our cash inflow was due to an increase in progress billing in excess of work-in-progress of S\$0.4 million.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$8.5 million mainly due to the purchase of available-for-sale investment for S\$0.3 million. In addition, cash outflow of S\$0.6 million was due to net cash paid for the acquisition of a new subsidiary, net cash paid for the acquisition of a new cinema business of S\$7.0 million, and S\$0.6 million due to acquisition of property, plant and equipment in FY2016.

Net cash generated from financing activities

Net cash generated from financing activities of S\$10.7 million was mainly due to the cash inflow of S\$2.6 million from the issuance of convertible notes, and S\$9.1 million from the placement of shares pursuant to (a) the exchange of S\$1.2 million in principal amount of exchangeable notes, (b) the conversion of S\$2.9 million in principal amount of convertible notes, and (c) pursuant to the placement of Shares of S\$5.0 million principal. Meanwhile, the cash outflow was due to the repayment of borrowings, finance leases, interest payment amounting to S\$0.6 million, and fixed deposit pledged to bank of S\$0.4 million.

Net increase in cash and cash equivalents

Overall, the Group recorded a net cash decrease of approximately S\$1.5 million as compared to the net increase of approximately S\$5.2 million in the corresponding financial year.

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 harness our capability to provide services over the entire production and distribution process for movies and TV/Online content to address the demand for locally produced content in Singapore and Malaysia. In addition, the Group has also continued its expansion outside the region through the acquisition of an increasing number of regional titles for distribution, and the significant increase in number of productions and co-productions in Singapore, Malaysia, Hong Kong, Taiwan and China. Our North Asia productions have contributed 30% of the Group's production revenue in FY2016, up from 20 per cent in FY2015. We expect productions in these markets to form a bigger part of our revenue in the coming financial year.

On 1 November 2015, the Group completed the acquisition of business and assets from Cathay Cineplexes Sdn Bhd. As at the end of FY2016, we have operated the two cinemas in Malaysia for five months and have gained vast experience from gaining entry into the film exhibition space. With the acquisition of three cinemas in Malaysia from Mega Cinemas Management Sdn Bhd targeted to be completed in 1H2017, we are poised to further strengthen our network of international film producers and distributors.

In the past year, since the acquisition of a majority stake in Vividthree Productions Pte Ltd, they have shown their capability to develop IP that can be monetised over long periods across territories and various platforms. This has helped our Group to expand our library of content and strengthen our recurring sources of income.

The Group will also continue to aggressively expand in the area of new media content. With the majority stake in Millinillion Pte Ltd and an Over-the-top (OTT) content platform in development, we are in a position to produce, distribute and exhibit transmedia content and enter into new market segments in the near future.

In FY2017, the Group will continue to expand its businesses, especially in areas that are complementary to the Group's core business of regional film production and distribution. The proposed acquisition of a majority stake in the UnUsUal Group of companies will help unlock added revenue streams with the addition of the event and concert promotion arm. UnUsUal's strong presence in Asia along with their network of regional artistes with whom they have worked with will synergize with the Group's continuous growth in North Asia.

The Group will continue to seek opportunities to extend our business, both horizontally and vertically, to further strengthen our business performances.

11 If a decision regarding dividend has been made:-

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

None.

(b) (i) Amount per share in cents

Not applicable.

(b) (ii) Previous corresponding period 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.

No dividend has been declared or recommended for the financial year ended 31 March 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 does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920.

There were no IPT of S\$100,000 and above for FY2016.

14 (a) Update on use of proceeds

(i) IPO

The Group refers to the gross proceeds amounting to S\$7.75 million raised from the IPO on the Catalist Board of the SGX-ST on 11 December 2014.

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

	Percentage allocation as disclosed in OIS	Amount of Net Proceeds			
		In accordance with percentage allocation as disclosed	After the Reallocations and as at the date of this announcement		
			Reallocated	Transfer of unutilised of IPO	Unutilised
		S\$'000	S\$'000	S\$'000	S\$'000
Acquisition/ joint ventures/ strategic alliances	30%	2,347	2,318 ^(a)	(2,318) ^(c)	-
Investment in production/ acquisition of movie rights	22%	1,700	2,054	(2,054) ^(d)	-
General working capital	22%	1,700	1,775	(1,775) ^(e)	-
IPO expenses	26%	2,003	1,603 ^(b)	(1,603) ^(f)	-
Total	100%	7,750	7,750	(7,750)	-

Set out below is a summary of uses of Proceeds since the receipt of the Proceeds:

- (a) The unutilised amount of S\$29,000 had been reallocated to Investment in production/ acquisition of movie rights.
- (b) Out of the unutilised amount of S\$400,000, S\$325,000 had been reallocated to Investment in production/ acquisition of movie rights, and S\$75,000 had been reallocated to General working capital.
- (c) An aggregate amount of S\$2.3 million had been used in merger and acquisition activities, which are the initial payment for the acquisition of a new subsidiary (Vividthree Productions Pte Ltd) of S\$0.6 million, the acquisition of new business assets from Cathay Cineplexes Sdn Bhd of S\$1.4 million and the acquisition of available-for-sale investment of S\$0.3 million.
- (d) An aggregate amount of S\$2.1 million had been used in investment in productions / acquisition of movie rights and details are set below:

	The Group (S\$'000)
Acquisition of film intangibles for distribution	73
Additions in film products	316
Additions in investment in movie productions - third party	138
Additions in films under production (WIP)	1,527
	2,054

- (e) An aggregate amount of S\$1.8 million had been used in funding the Group's general working capital (partly for capital expenditure), which are mainly for merger and acquisition professional fees of S\$1.1 million, downpayment paid for the purchase of office in Malaysia of S\$0.2 million and S\$0.5 had been used for cinema deposits.
- (f) An aggregate amount of S\$1.6 million had been used in IPO listing expenses.

14 (a) Update on use of proceeds

(ii) Exchangeable notes and convertible notes

The Group refers to the aggregated gross proceeds amounting to S\$6.675 million raised from the issuance of convertible notes and exchangeable notes pursuant to the Convertible Note Subscription Agreement with Phillip Asia Pacific Opportunity Fund Ltd. on 27 June 2015 and Exchangeable Note Subscription Agreement with 3VS1 Asia Growth Fund 2 Ltd on 10 July 2015.

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

	Convertible Note ^(a)	Exchangeable Note ^(b)	Exchangeable Note (Greenshoe) ^(b)	Total	Utilised	Unutilised
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Acquisition/ joint ventures/ strategic alliances	2,790	2,582	194	5,566	(c) (5,566)	-
Investment in production/ acquisition of movie rights	-	-	1,006	1,006	(d) (1,006)	-
General working capital	85	18	-	103	(e) (103)	-
	2,875	2,600	1,200	6,675	(6,675)	-

Set out below is a summary of uses of Proceeds since the receipt of the Proceeds:

- (a) As per the announcement on 29 June 2015, the Group intended to use 100% of the net proceeds of the issuance of convertible notes for investment or acquisition purposes.
- (b) As per the announcement on 10 July 2015, the Group intended to use the net proceeds to grow its existing business activities which are principally that of movie production, development, creation and distribution, which shall include cinema operations.
- (c) An amount of S\$5.6 million had been used in merger and acquisition activities, which is 100% for the acquisition of new business assets from Cathay Cineplexes Sdn Bhd.
- (d) An aggregate amount of S\$1.0 million had been used in investment in productions / acquisition of movie rights and details are set below:

	The Group (S\$'000)
Acquisition of film intangibles for distribution	315
Additions in film products	139
Additions in investment in movie productions - third party	320
Additions in films under production (WIP)	232
	1,006

- (e) An amount of S\$0.1 million had been used for professional fees and expenses in relation to the issuance of convertible notes and exchangeable notes above.

14 (a) Update on use of proceeds

(iii) Placement of shares

The Group refers to the aggregated gross proceeds amounting to S\$5.0 million raised from the placement of shares pursuant to the share placement agreements with each of Hesheng Media Co., Ltd., Apex Capital Group Pte Ltd, and Maxi-Harvest Group Pte. Ltd on 4 December 2015.

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

	Hesheng Media ^(a) Co., Ltd.	Maxi-Harvest ^(a) Group Pte. Ltd.	Apex Capital ^(a) Group Pte Ltd	Total	Utilised	Unutilised
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Investment in production/ acquisition of movie rights	1,000	2,000	1,960	4,960	(b) (4,960)	-
General working capital	-	-	40	40	(c) (40)	-
	1,000	2,000	2,000	5,000	(5,000)	-

Set out below is a summary of uses of Proceeds since the receipt of the Proceeds:

- (a) As per the announcement on 8 December 2015, the Group intended to use 100% of the net proceeds of the placement of shares for general working capital purposes, where investment in production/ acquisition of movie rights also form part of the general working capital of the Group.
- (b) An aggregate amount of S\$4.96 million had been used in investment in productions / acquisition of movie rights and details are set below:

	The Group (S\$'000)
Acquisition of film intangibles for distribution	577
Additions in film products	799
Additions in investment in movie productions - third party	547
Additions in films under production (WIP)	3,037
	4,960

- (c) An amount of S\$40,000 had been used for professional fees and expenses in relation to the placement of shares above.

14 (a) Update on use of proceeds

(iv) Convertible notes

The Group refers to the aggregated gross proceeds amounting to S\$5.0 million raised from the issuance of convertible notes pursuant to the Convertible Note Subscription Agreement with Orientivity Capital Pte. Ltd on 24 February 2016.

	Convertible Note ^(a)	Convertible Note (Greenshoe) ^(a)	Total	Utilised	Unutilised
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Investment in production/ acquisition of movie rights	4,960	2,500	7,460	(2,660) ^(b)	4,800
General working capital	40	-	40	(40) ^(c)	-
	5,000	2,500	7,500	(2,700)	4,800

Set out below is a summary of uses of Proceeds since the receipt of the Proceeds:

- (a) As per the announcement on 24 February 2016, the Group intended to use 100% of the net proceeds of the placement of shares for general working capital purposes, where investment in production/ acquisition of movie rights also form part of the general working capital of the Group.
- (b) An aggregate amount of S\$2.7 million had been used in investment in productions / acquisition of movie rights and details are set below:

	The Group (S\$'000)
Acquisition of film intangibles for distribution	339
Additions in film products	162
Additions in investment in movie productions - third party	212
Additions in films under production (WIP)	1,947
	<u>2,660</u>

- (c) An amount of S\$40,000 had been used for professional fees and expenses in relation to the issuance of convertible notes above.

15 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).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 16 Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	For the year ended 31 March 2016			
	Core ⁽¹⁾	Post-production ⁽²⁾	Cinema operations ⁽³⁾	Total
	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	29,840	3,617	4,881	38,338
Costs of sales	(16,792)	(1,114)	(2,046)	(19,952)
Gross profit	13,048	2,503	2,835	18,386
Gross profit margin	44%	69%	58%	48%

Revenue segmented by geographical location

Singapore	19,168	3,236	-	22,404
Malaysia	2,486	2	4,881	7,369
China	5,692	-	-	5,692
Taiwan	1,333	346	-	1,679
Hong Kong	1,128	33	-	1,161
Others	33	-	-	33
	29,840	3,617	4,881	38,338

	For the year ended 31 March 2015	
	Core SGD'000	Total SGD'000
Revenue	24,287	24,287
Costs of sales	(14,704)	(14,704)
Gross profit	9,583	9,583
Gross profit margin	39%	39%

Revenue segmented by geographical location

Singapore	17,493	17,493
Malaysia	3,326	3,326
China	1,417	1,417
Taiwan	652	652
Hong Kong	1,399	1,399
	24,287	24,287

- (1) Core segment refers to the Group's core business, which is relating to distribution and production of motion picture, video and television programme.
- (2) Post-production segment refers to the Group's newly acquired subsidiary which specialising in 3D stereoscopic animation, 3D animation and visual effects for feature films and commercials.
- (3) Cinema operations segment refers to the Group's newly acquired cinema assets. The assets are operated in two locations in Malaysia comprising of a total of thirty screens and approximately five thousand seats.

17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

The revenue for our Group's Core segment increase by S\$5.5 million or 22.6%, from S\$24.3 million in FY2015 to S\$29.8 million in FY2016.

Pursuant to the sale and purchase agreement on 8 April 2015, our Group had acquired 51% of the issued and fully paid-up ordinary shares of a new subsidiary, specialising in 3D stereoscopic animation, 3D animation and visual effects for feature films and commercials (Post-production). Thus, Post-production segment had generate turnover of S\$3.6 million in FY2016.

In FY2016, our Group had completed the acquisition of a new cinema business and officially taken over the business and operation starting from 1 November 2015. Thus, Cinema operations segment had generated turnover of S\$4.9 million over the 5 months from the date of takeover.

18 A breakdown of sales as follows:

	Group		
	For the year ended		
	31 Mar 2016	31 Mar 2015	Change
	SGD'000	SGD'000	%
(a) Sales reported for first half year	12,696	9,679	31%
(b) Operating profit after tax before deducting minority interest reported for first half year	4,029	3,621	11%
(a) Sales reported for second half year	25,642	14,608	76%
(b) Operating profit after tax before deducting minority interest reported for second half year	4,321	1,410	206%

19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

(a) Ordinary

Not applicable.

(b) Preference

Not applicable.

(c) Total

Not applicable.

20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.