



**mm2 Asia Ltd.**

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## Press Release

# MM2 ASIA'S 1H2016 NET PROFIT ROSE 24% TO S\$4.5 MILLION

1. *Revenue increased by an impressive 31% in 1H2016 largely due to the completion of half of the movie projects for this fiscal year*
2. *Acquisition of cinema business is expected to start contributing to the Group's financial performance in second half of FY2016*

**SINGAPORE, 3 November 2015** – mm2 Asia Ltd. (“mm2 Asia”, “mm2 全亚影视娱乐有限公司” or collectively with its subsidiaries, the “Group”), is pleased to announce that for financial results for the period of six months ended 30 September 2015 (“1H2016”) it achieved a 24% increase in profit after tax to S\$4.5 million.

Commenting on the results, mm2 Asia CEO Mr Melvin Ang (洪伟才) said: ***“We are pleased with our 1H2016 performance, which was underpinned by a strong slate of projects for the fiscal year. We are optimistic that we will be able to maintain our strong financial performance and profitability into 2H2016. Encouragingly, with our strong industry experience and networks, we were able to complete almost half the projects in the pipeline with the balance projects, mainly in Hong Kong, Taiwan and China to be completed in the Second Half; which is in line with our strategic expansion into the Chinese markets in North Asia. We intend to continue to build on our 1H2016 results and extend our market position from Singapore into these key overseas markets.”***

***“We aim to continue to seek exciting opportunities to extend our business, both horizontally and vertically. Today we have a complete value chain, with production, post production and cinema operations, which we will continue to reinforce. At the same time,***

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<sup>1</sup> Any discrepancies in the percentages are due to rounding.

*we are exploring avenues to better leverage on our content and create new entertainment platforms with the aim of developing into a global lifestyle entertainment player.”*

## Financial Highlights

In S\$'million unless otherwise stated	1H2016	1H2015	Change (%)
<b>Revenue</b>	12.7	9.7	31%
<b>Gross Profit</b>	8.4	5.7	48%
<b>Gross Margin</b>	66.1%	58.7%	7.4% pts
<b>Profit before tax</b>	5.4	4.5	19%
<b>Profit after tax</b>	4.5	3.6	24%

## Performance Review

In 1H2016, the Group's revenue increased by 31% to S\$12.7 million from S\$9.7 million in the six months ended 30 September 2014 ("1H2015"). The increase was due to additional revenue from a newly acquired subsidiary of S\$2.1 million and the increase in the Group's productions and distributions, bringing the Group's total revenue to S\$10.5 million.

The Group's gross profit for 1H2016 improved by 48% from S\$5.7 million in 1H2015 to S\$8.4 million in 1H2016 while the gross profit margin of the Group improved from 58.7% in 1H2015 to 66.1% in 1H2016.

The Group incurred S\$3.0 million in the administrative and operating expenses, an increase of 189.5% from S\$1.0 million in 1H2015. This increase is due to higher employee compensation costs with the increase in senior management and staff as well as professional fees as a listed company.

Finance costs decreased 69.6% to S\$41,000 in 1H2016 as there were no new bank borrowings and finance lease liabilities during the period and there was a decrease in convertible notes interest as the convertible notes had been converted into shares during the IPO of mm2 Asia.

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As a result, the net profit for 1H2016 increased by 24% to S\$4.5 million from S\$3.6 million in 1H2015.

## **Business Outlook**

The Group continues to harness its capabilities 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. The Group has also continued to expand beyond the region into Taiwan and Hong Kong via co-production projects to tap on the larger markets including China.

The recent completion of the acquisition of Cathay Cineplexes Sdn Bhd and the signing of the binding term sheet with Mega Cinemas Management Sdn Bhd underline the Group's desire to diversify and extend its business downstream which the Group believes will complement its current and future businesses.

Looking ahead, many opportunities abound for the movie industry. Markets like China are opening up, especially with its foreign film import quota, currently restricted at 44 films a year, expected to increase in 2017-2018 following the end of their five-year agreement with the World Trade Organization.

New digital movie platforms such as Over-the-top (OTT) content are also emerging in Asian markets and with international players such as NOW TV and Netflix setting up in Singapore, there will be huge content opportunities for producers. There has also been a major shift in the advertising content industry, where more clients are now shifting from television spots to short films, which will also help to create a new revenue stream for content creators.

***“The Group remained true to our values and vision in producing quality projects and exploring innovative avenues to strengthen the business. We believe that the acquisition of the cinema business which we will officially take over in the second half of FY2016, will add value to our business and provide recurring income to the Group, especially with the upcoming slate of Hollywood blockbusters and Christmas and New Year holidays.”***

Mr Ang concluded.

**-End-**

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## **About mm2 Asia Ltd.**

Headquartered in Singapore, mm2 Asia is a producer of films and TV/online content. As a producer, mm2 Asia provides services that cover the entire filmmaking process, including securing financing, producing and distributing as well as securing advertising and sponsorship. In addition to Singapore, mm2 Asia also has a presence in Malaysia, Hong Kong, Taiwan and the PRC through its group of companies and/or strategic working partnerships. mm2 Asia has co-produced and/or distributed in excess of 20 films across Asia since 2008 including co-producing well-known films such as the 'Ah Boys to Men' series; and distributing titles such as Malaysia's 'The Journey' and Taiwan's 'Café.Waiting.Love'. In 2014, mm2 Asia made its debut on the Singapore Exchange Securities Trading Limited (SGX stock code: 41C), becoming the first Singapore film production company to achieve this.

For more information, please visit [www.mm2asia.com](http://www.mm2asia.com)

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