



**Vividthree Holdings Ltd.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 201811828R)

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**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019**

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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 SGX-ST.

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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone: 6415 9886.

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/year of the immediately preceding financial period.

	Group			Group		
	Three months period ended		Change %	Six months period ended		Change %
	30 Sep 2019 2Q FY2020 (Unaudited) \$	30 Sep 2018 2Q FY2019 (Unaudited) \$		30 Sep 2019 1H FY2020 (Unaudited) \$	30 Sep 2018 1H FY2019 (Unaudited) \$	
Revenue	1,816,240	670,798	170.8%	3,441,066	2,502,448	37.5%
Cost of sales	(853,850)	(416,546)	105.0%	(1,406,566)	(888,234)	58.4%
<b>Gross profit</b>	<b>962,390</b>	<b>254,252</b>	<b>278.5%</b>	<b>2,034,500</b>	<b>1,614,214</b>	<b>26.0%</b>
Other income	31,187	42,619	-26.8%	39,261	360,652	-89.1%
Other (losses)/gains - net	(16,681)	99	NM	(20,047)	2,173	NM
Administrative expenses	(721,713)	(800,756)	-9.9%	(1,417,046)	(1,291,138)	9.8%
Finance expenses	(25)	(3,453)	-99.3%	(55)	(3,520)	-98.4%
Profit before income tax	255,158	(507,239)	NM	636,613	682,381	-6.7%
Income tax expense	(46,971)	50,580	NM	(113,433)	(118,420)	-4.2%
<b>Net profit for the financial period</b>	<b>208,187</b>	<b>(456,659)</b>	<b>NM</b>	<b>523,180</b>	<b>563,961</b>	<b>-7.2%</b>
<b>Other comprehensive loss, net of tax:</b>						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - loss	(16,799)	(1,110)	1413.4%	(35,516)	(4,612)	670.1%
<b>Total comprehensive income</b>	<b>191,388</b>	<b>(457,769)</b>	<b>NM</b>	<b>487,664</b>	<b>559,349</b>	<b>-12.8%</b>

NM - not meaningful

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

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

	Group Three months period ended			Group Six months period ended		
	30 Sep 2019 2Q FY2020 (Unaudited) \$	30 Sep 2018 2Q FY2019 (Unaudited) \$	Change %	30 Sep 2019 1H FY2020 (Unaudited) \$	30 Sep 2018 1H FY2019 (Unaudited) \$	Change %
Amortisation of intangible assets	28,895	10,788	167.8%	57,586	21,575	166.9%
Depreciation of plant and equipment	105,819	130,459	-18.9%	206,411	190,772	8.2%
Depreciation of right-of-use assets	49,542	-	NM	99,044	-	NM
Employees compensation	649,617	268,577	141.9%	1,454,280	899,221	61.7%
Listing expenses	-	167,993	-100.0%	-	167,993	-100.0%
Waiver of the founders' entitlement to the gain from disposal of an investment property of subsidiary	-	-	-	-	(287,817)	-100.0%
Interest income	(17,144)	-	NM	(18,397)	-	NM
Foreign exchange loss/(gain), net	16,681	(99)	NM	20,047	(2,500)	NM
Plant and equipment written off	-	-	-	-	327	-100.0%
Finance expenses	25	3,453	-99.3%	55	3,520	-98.4%

NM - not meaningful

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

	Group		Company	
	As at 30 Sep 2019 (Unaudited) \$	As at 31 Mar 2019 (Audited) \$	As at 30 Sep 2019 (Unaudited) \$	As at 31 Mar 2019 (Audited) \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,459,309	4,380,750	594,338	3,046,029
Trade and other receivables	6,771,689	7,846,374	11,623,321	10,424,991
Deposits and prepayments	3,762,622	6,068,111	507,250	-
Other current assets	3,748,415	2,274,013	-	-
	<u>16,742,035</u>	<u>20,569,248</u>	<u>12,724,909</u>	<u>13,471,020</u>
<b>Non-current assets</b>				
Plant and equipment	1,059,016	1,000,239	-	-
Right-of-use assets	197,689	-	-	-
Investment in subsidiaries	-	-	446,400	446,400
Investment in convertible notes	1,350,000	-	500,000	-
Goodwill arising from consolidation	2,851,917	2,851,917	-	-
Deposits	3,500,000	3,500,000	-	-
Intangible assets	2,444,384	544,446	-	-
Deferred income tax assets	39,583	-	31,000	-
	<u>11,442,589</u>	<u>7,896,602</u>	<u>977,400</u>	<u>446,400</u>
<b>Total assets</b>	<u>28,184,624</u>	<u>28,465,850</u>	<u>13,702,309</u>	<u>13,917,420</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,024,687	689,912	552,772	644,729
Contract liabilities	318,792	1,493,248	-	-
Operating lease liabilities	148,907	-	-	-
Current income tax liabilities	691,079	818,000	-	-
	<u>2,183,465</u>	<u>3,001,160</u>	<u>552,772</u>	<u>644,729</u>
<b>Non-current liabilities</b>				
Operating lease liabilities	48,805	-	-	-
Deferred income tax liabilities	51,626	51,626	-	-
	<u>100,431</u>	<u>51,626</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>2,283,896</u>	<u>3,052,786</u>	<u>552,772</u>	<u>644,729</u>
<b>NET ASSETS</b>	<u>25,900,728</u>	<u>25,413,064</u>	<u>13,149,537</u>	<u>13,272,691</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	13,772,231	13,772,231	13,772,231	13,772,231
Merger reserve	2,921,000	2,921,000	-	-
Translation reserve	(27,386)	8,130	-	-
Retained profits/(accumulated losses)	9,234,883	8,711,703	(622,694)	(499,540)
<b>Total equity</b>	<u>25,900,728</u>	<u>25,413,064</u>	<u>13,149,537</u>	<u>13,272,691</u>

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

There are no borrowings as at end of period under review.

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

**Consolidated Statement of Cash Flows**

	<u>Group</u>		<u>Group</u>	
	<u>Three months period ended</u>	<u>Three months period ended</u>	<u>Six months period ended</u>	<u>Six months period ended</u>
	<u>30 Sep 2019</u>	<u>30 Sep 2018</u>	<u>30 Sep 2019</u>	<u>30 Sep 2018</u>
	<u>2Q FY2020</u>	<u>2Q FY2019</u>	<u>1H FY2020</u>	<u>1H FY2019</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Cash flows from operating activities</b>				
<b>Net (loss)/profit for the financial period</b>	208,187	(456,659)	523,180	563,961
Adjustments for:				
- Income tax expense	46,971	(50,579)	113,433	118,421
- Depreciation of plant and equipment	105,819	130,459	206,411	190,772
- Depreciation of right-of-use assets	49,542	-	99,044	-
- Interest income	(17,144)	-	(18,397)	-
- Interest expenses	25	3,453	55	3,520
- Amortisation of intangible assets	28,895	10,788	57,586	21,575
- Plant and equipment written off	-	-	-	327
- Unrealised currency translation gain	(9,302)	-	(9,302)	-
- Issuance of new ordinary shares to employees prior to listing of the Company	-	18,500	-	18,500
- IPO costs expensed off	-	167,993	-	167,993
<b>Operating cash flows before working capital changes</b>	<u>412,993</u>	<u>(176,045)</u>	<u>972,010</u>	<u>1,085,069</u>
<b>Change in working capital,</b>				
- Trade and other receivables	1,816,658	1,505,281	1,054,447	(1,968,366)
- Deposits and prepayments	192,417	-	2,805,433	-
- Other current assets	(1,093,437)	(454,153)	(1,476,330)	(778,315)
- Trade and other payables	543,723	1,280,557	335,211	847,898
- Contract liabilities	(770,497)	126,357	(1,176,384)	143,238
Cash provided by/(used in) operations	1,101,857	2,281,997	2,514,387	(670,476)
Income tax paid	(273,171)	(260,553)	(273,171)	(260,553)
<b>Net cash generated from/(used in) operating activities</b>	<u>828,686</u>	<u>2,021,444</u>	<u>2,241,216</u>	<u>(931,029)</u>
<b>Cash flows from investing activities</b>				
Additions to plant and equipment	(230,497)	(73,664)	(265,219)	(198,618)
Additions to intangible assets	(1,445,244)	-	(1,957,524)	-
Subscription of convertible notes	(850,000)	-	(1,350,000)	-
Deposit paid for potential investment in unquoted shares	(500,000)	-	(500,000)	-
Interest received	8,144	-	9,397	-
<b>Net cash used in investing activities</b>	<u>(3,017,597)</u>	<u>(73,664)</u>	<u>(4,063,346)</u>	<u>(198,618)</u>
<b>Cash flows from financing activities</b>				
Interest paid	(25)	(3,453)	(55)	(3,520)
Proceeds from issuance of new ordinary shares pursuant to IPO	-	12,950,000	-	12,950,000
Total IPO costs pertaining to issuance of new ordinary shares	-	(1,596,062)	-	(1,596,062)
Proceeds from issuance of new ordinary shares pursuant to conversion of pre-IPO convertible loans	-	-	-	2,000,000
Repayments of operating lease liabilities	(49,573)	-	(99,043)	-
Repayment of borrowings	-	(92,798)	-	(126,040)
<b>Net cash (used in)/generated from financing activities</b>	<u>(49,598)</u>	<u>11,257,687</u>	<u>(99,098)</u>	<u>13,224,378</u>
<b>Net changes in cash and cash equivalents</b>	<b>(2,238,509)</b>	<b>13,205,467</b>	<b>(1,921,228)</b>	<b>12,094,731</b>
Cash and cash equivalents at beginning of financial period	4,675,371	1,239,505	4,380,750	2,353,739
Effects of currency translation on cash and cash equivalents	22,447	(786)	(213)	(4,284)
<b>Cash and cash equivalents at end of financial period</b>	<u><b>2,459,309</b></u>	<u><b>14,444,186</b></u>	<u><b>2,459,309</b></u>	<u><b>14,444,186</b></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 ended.

### Consolidated Statement of Changes in Equity

	← Attributable to equity holders of the Company →				Total \$
	Share capital \$	Merger Reserve \$	Translation Reserve \$	Retained profits \$	
<b>Group (Unaudited)</b>					
<b>As at 1 April 2019</b>	13,772,231	2,921,000	8,130	8,711,703	25,413,064
Net profit for the financial period	-	-	-	314,993	314,993
Other comprehensive loss for the financial period	-	-	(18,717)	-	(18,717)
<b>Total comprehensive (loss)/ income for the financial period</b>	-	-	(18,717)	314,993	296,276
<b>As at 30 June 2019 / 1 July 2019</b>	<b>13,772,231</b>	<b>2,921,000</b>	<b>(10,587)</b>	<b>9,026,696</b>	<b>25,709,340</b>
Net profit for the financial period	-	-	-	208,187	208,187
Other comprehensive loss for the financial period	-	-	(16,799)	-	(16,799)
<b>Total comprehensive (loss)/ income for the financial period</b>	-	-	(16,799)	208,187	191,388
<b>As at 30 September 2019</b>	<b>13,772,231</b>	<b>2,921,000</b>	<b>(27,386)</b>	<b>9,234,883</b>	<b>25,900,728</b>
<b>As at 1 April 2018</b>	50,000	2,921,000	(447)	5,443,977	8,414,530
Net profit for the financial period	-	-	-	1,020,620	1,020,620
Other comprehensive loss for the financial period	-	-	(3,502)	-	(3,502)
<b>Total comprehensive (loss)/ income for the financial period</b>	-	-	(3,502)	1,020,620	1,017,118
Issuance of new shares at date of incorporation of the Company	300	-	-	-	300
<b>As at 30 June 2018 / 1 July 2018</b>	<b>50,300</b>	<b>2,921,000</b>	<b>(3,949)</b>	<b>6,464,597</b>	<b>9,431,948</b>
Net loss for the financial period	-	-	-	(456,659)	(456,659)
Other comprehensive loss for the financial period	-	-	(1,110)	-	(1,110)
<b>Total comprehensive income for the financial period</b>	-	-	(1,110)	(456,659)	(457,769)
	50,300	2,921,000	(5,059)	6,007,938	8,974,179
Issuance of new ordinary shares pursuant to Pre-IPO convertible loan	2,000,000	-	-	-	2,000,000
Issuance of new ordinary shares to employees	200,000	-	-	-	200,000
Issuance of new ordinary shares pursuant to the placement	12,950,000	-	-	-	12,950,000
Capitalisation of IPO costs	(1,428,069)	-	-	-	(1,428,069)
<b>As at 30 September 2018</b>	<b>13,772,231</b>	<b>2,921,000</b>	<b>(5,059)</b>	<b>6,007,938</b>	<b>22,696,110</b>

- 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 ended.

**Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →		
<b>Company (Unaudited)</b>	<b>Share capital \$</b>	<b>Retained profits \$</b>	<b>Total \$</b>
<b>As at 1 April 2019</b>	13,772,231	(499,540)	13,272,691
Net loss for the financial period	-	(152,255)	(152,255)
<b>As at 30 June 2019 / 1 July 2019</b>	<b>13,772,231</b>	<b>(651,795)</b>	<b>13,120,436</b>
Net profit for the financial period	-	24,101	24,101
<b>As at 30 September 2019</b>	<b>13,772,231</b>	<b>(627,694)</b>	<b>13,144,537</b>
<b>As at 7 April 2018 (Date of incorporation)</b>	300	-	300
Net loss for the financial period	-	(70)	(70)
<b>As at 30 June 2018 / 1 July 2018</b>	<b>300</b>	<b>(70)</b>	<b>230</b>
Net loss for the financial period	-	(154,351)	(154,351)
Issuance of new ordinary shares pursuant to the restructuring exercise	50,000	-	50,000
Issuance of new ordinary shares pursuant to Pre-IPO convertible loan	2,000,000	-	2,000,000
Issuance of new ordinary shares to employees	200,000	-	200,000
Issuance of new ordinary shares pursuant to the placement	12,950,000	-	12,950,000
Capitalisation of IPO costs	(1,428,069)	-	(1,428,069)
<b>As at 30 September 2018</b>	<b>13,772,231</b>	<b>(154,421)</b>	<b>13,617,810</b>

- 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/year 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/year reported on and as at the end of the corresponding period/year 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/year reported on and as at the end of the corresponding period/year of the immediately preceding financial year.

**Shares Capital - Ordinary Shares**

	Number of shares	Issued and paid-up share capital (\$)
<b>Ordinary shares of the Company</b>		
As at 30 September 2019	334,011,764	13,772,231
As at 31 March 2019	334,011,764	13,772,231

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2019.

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

	30 Sep 2019	31 Mar 2019
Total number of shares issued	<u>334,011,764</u>	<u>334,011,764</u>

- 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/year reported on.

The Company did not have any treasury shares as at 30 September 2019 and 31 March 2019.

- 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/year reported on.

There were no 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.

Except as disclosed in paragraph 5, the accounting policies and methods of computation have been consistently applied by the Group and the Company and are consistent with the financial statements for the financial period ended 30 September 2019.



**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 the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations ("SFRS(I) INT") which became effective for the accounting periods beginning on or after 1 April 2019. Except for the adoption of SFRS(I)16 *Leases*, the adoption of the other new and revised SFRS(I) and SFRS(I) INT are currently assessed to have no material financial impact on the Group's financial statements for the current financial period reported on.

Adoption of SFRS(I)16 *Leases*

SFRS(I)16 *Leases* introduces a single, on-balance sheet lease accounting model for lessees where the distinction between operating and finance leases is removed. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The accounting for lessors has not changed significantly.

The Group adopted SFRS(I)16 on 1 April 2019, using the modified retrospective approach, where comparative figures for the financial year/period prior to first adoption will not be restated.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 April 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with SFRS(I)16. Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and any accumulated impairment losses while the carrying amount of lease liabilities will take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I)16 resulted in the Group recognising ROU assets and lease liabilities of \$297,104 respectively for its leases previously classified as operating leases as of 1 April 2019.

**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		Group	
	Three months period ended		Six months period ended	
	30 Sep 2019 2Q FY2020	30 Sep 2018 2Q FY2019	30 Sep 2019 1H FY2020	30 Sep 2018 1H FY2019
Profit attributable to equity holders of the Company (\$)	208,187	(456,659)	523,180	563,961
Weighted average number of ordinary share issued	334,011,764	334,011,764	334,011,764	334,011,764
Basic and fully diluted basis EPS (cents) <sup>(1) (2)</sup>	0.06	NM	0.16	0.17

NM - Not meaningful

**Notes:**

<sup>(1)</sup> The basic EPS of the Group for the respective financial periods was calculated based on the weighted average number of ordinary shares in issue for the respective periods.

<sup>(2)</sup> The fully diluted basis EPS of the Group for the respective financial 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 financial periods. No outstanding convertibles and share allotment as at 30 September 2019.

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

	Group		Company	
	30 Sep 2019	31 Mar 2019	30 Sep 2019	31 Mar 2019
Net asset value attributable to equity holders of the Company (\$)	25,900,728	25,413,064	13,149,537	13,272,691
Number of ordinary shares issued	334,011,764	334,011,764	334,011,764	334,011,764
Net asset value per ordinary share (cents)	7.75	7.61	3.94	3.97

- 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/year reported on.**

#### **REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)**

##### **Revenue**

###### **2Q FY2020 vs 2Q FY2019**

The Group's revenue grew by \$1.15 million or 170.8%, from \$0.67 million in 2Q FY2019 to \$1.82 million in 2Q FY2020. This is largely contributed from the completion of post-production works in the Post-production segment, such as visual effects ("VFX") and Computer-Generating Imagery ("CGI") for film producers. In addition, revenue from the Content Production segment saw an increase of \$0.15 million .

###### **1H FY2020 vs 1H FY2019**

The Group recorded higher growth in revenue of \$0.94 million or 37.5%, from \$2.50 million in 1H FY2019 to \$3.44 million in 1H FY2020. This is mainly due to higher value projects completed in 1H FY2020.

##### **Cost of sales**

###### **2Q FY2020 vs 2Q FY2019**

Cost of sales increased by \$0.44 million or 105.0%, from \$0.41 million in 2Q FY2019 to \$0.85 million in 2Q FY2020. The increase is in tandem with higher revenue recorded. Depreciation of VR related equipment and amortisation of capitalised content development costs have also contributed to higher cost of sales.

###### **1H FY2020 vs 1H FY2019**

Cost of sales increased by \$0.52 million or 58.4%, from \$0.89 million in 1H FY2019 to \$1.41 million in 1H FY2020. The increase is in tandem with higher revenue recorded. Depreciation of VR related equipment and amortisation of capitalised content development costs have also contributed to higher cost of sales.

##### **Gross profit**

###### **2Q FY2020 vs 2Q FY2019**

Gross profit margin uplifted from 37.9% in 2Q FY2019 to 53.0% in 2Q FY2020. This is mainly due to better margin yielded from certain services rendered in post-production works.

###### **1H FY2020 vs 1H FY2019**

Gross profit margin decreased from 64.5% in 1H FY2019 to 59.1% in 1H FY2020. The lower in gross profit margin was mainly due to an increase in depreciation and amortisation charges as the Group continues to expand this segment's activities.

- 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/year reported on.**

#### **REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)**

##### **Other income**

###### **2Q FY2020 vs 2Q FY2019**

Other income decreased by \$0.01 million or 26.8%, from \$0.04 million in 2Q FY2019 to \$0.03 million in 2Q FY2020. The decrease was mainly due to prior corresponding period's one-off income derived from the receipt of IPO congratulatory advertisement sponsorship income from third parties, offset with the increase in interest income.

###### **1H FY2020 vs 1H FY2019**

Other income decreased by \$0.32 million or 89.1%, from \$0.36 million in 1H FY2019 to \$0.04 million in 1H FY2020, mainly due to prior corresponding period's one-off income derived from the waiver of the founders' entitlement to the gain from disposal of an investment property of a subsidiary of approximately \$0.29 million and one-off income derived from the receipt of IPO congratulatory advertisement sponsorship income from third parties.

##### **Other (losses)/gains - net**

###### **2Q FY2020 vs 2Q FY2019**

Other (losses)/gains - net, reported net gains of \$99 in 2Q FY2019 compared to net losses of \$16,681 in 2Q FY2020, mainly due to foreign exchange losses incurred during 2Q FY2020.

###### **1H FY2020 vs 1H FY2019**

Other (losses)/gains - net, reported net gains of \$2,173 in 1H FY2019 compared to net losses of \$20,047 in 1H FY2020. This was due to foreign exchange losses incurred during 1H FY2020.

##### **Administrative expenses**

###### **2Q FY2020 vs 2Q FY2019**

Administrative expenses decreased by \$0.08 million or 9.9%, from \$0.80 million in 2Q FY2019 to \$0.72 million in 2Q FY2020. The administrative expenses is fairly consistent as compared to last corresponding period except for an one-off IPO costs expenses of amounting to \$0.17 million upon listing in 2Q FY2019.

###### **1H FY2020 vs 1H FY2019**

Administrative expenses increased by \$0.13 million or 9.8%, from \$1.29 million in 1H FY2019 to \$1.42 million in 1H FY2020. This is mainly due to an increase in staff costs as the Group continues to expand.

##### **Finance expenses**

###### **2Q FY2020 vs 2Q FY2019**

Finance expenses decreased by \$3,428 or 99.3% in 2Q FY2020 as compared to 2Q FY2019. The decrease is due to repayment of borrowings and there are no new borrowings obtained. The finance expenses incurred in 2Q FY2020 is accretion of interest on lease liabilities.

###### **1H FY2020 vs 1H FY2019**

Finance expenses decreased by \$3,465 or 98.4% in 1H FY2020 as compared to 1H FY2019. The decrease is due to repayment of borrowings and there are no new borrowings obtained. The finance expenses incurred in 1H FY2020 is accretion of interest on lease liabilities.

##### **Profit before income tax**

###### **2Q FY2020 vs 2Q FY2019**

As a result of the analysis above, the Group achieved a higher profit before tax by \$0.76 million, from loss before tax of \$0.51 million in 2Q FY2019 to profit before tax of \$0.25 million in 2Q FY2020.

###### **1H FY2020 vs 1H FY2019**

As a result of the analysis above, the Group's profit before tax has decreased marginally by \$0.04 million, from \$0.68 million in 1H FY2019 to \$0.64 million in 1H FY2020.

- 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/year reported on. (continued)**

#### **REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)**

##### **30 September 2019 vs 31 March 2019**

###### **Current assets**

Current assets decreased by approximately \$3.83 million or 18.6%, from \$20.57 million as at 31 March 2019 to \$16.74 million as at 30 September 2019. The decrease is mainly due to decreases in (i) deposits and prepayments of \$2.31 million due to reduction in deposits paid for content production related projects, (ii) cash and cash equivalents of \$1.92 million due to net cash outflows in investing activities, and (iii) settlement of trade and other receivables of \$1.07 million, offset with an increase in other current assets (comprise assets recognised from costs incurred to fulfill revenue contracts) of \$1.47 million due to an increase of new projects secured.

###### **Non-current assets**

Non-current assets increased by approximately \$3.55 million or 44.9%, from \$7.89 million as at 31 March 2019 to \$11.44 million as at 30 September 2019. The increase is mainly contributed by increases in (i) intangible assets of \$1.90 million due to additions of investment in content production related projects, (ii) right-of-use of assets of \$0.20 million (due to the new adoption of SFRS(I)16), (iii) new subscription of convertible notes of \$1.35 million, and (iv) plant and equipment of \$0.06 million due to additions of equipment in Content Production segment.

###### **Current liabilities**

Current liabilities decreased by approximately \$0.82 million or 27.2%, from \$3.00 million as at 31 March 2019 to \$2.18 million as at 30 September 2019. The decrease is mainly due to decrease in contract liabilities by \$1.17 million (comprise of the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers) and recognition of progress billing for completed projects, offset with increases in (i) trade and other payables by \$0.33 million due to accrued project cost, and (ii) operating lease liabilities by \$0.15 million (due to the new adoption of SFRS(I)16).

###### **Non-current liabilities**

Non-current liabilities increased by approximately \$0.05 million or 94.5%, from \$0.05 million as at 31 March 2019 to \$0.10 million as at 30 September 2019. This is mainly due to the recognition of operating lease liabilities of \$0.05 million (net of accretion of interest) upon adoption of SFRS(I)16. asstty

#### **REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW)**

The Group recorded net cash inflows in operating activities of approximately \$2.24 million in 1H FY2020, compared to net cash outflows of approximately \$0.93 million in 1H FY2019. The net cash inflows in operating activities in 1H FY2020 is mainly due to the change in working capital arose from the decreases in trade and other receivables, deposits and prepayments mainly due to settlement of receivables and reduction in deposits, and the increases in trade and other payables and contract liabilities, offset with the increase in other current assets.

Net cash outflows in investing activities was approximately \$4.06 million in 1H FY2020, compared to net cash outflows of \$0.20 million in 1H FY2019. The net cash outflows in investing activities in 1H FY2020 is mainly due to the additions of intangible assets of \$1.96 million for investment in Content Production related projects, additions of plant and equipment of \$0.27 million, subscription of convertible notes of \$1.35 million and deposit paid for potential investment in unquoted shares of \$0.50 million.

Net cash outflows in financing activities amounted to \$0.10 million in 1H FY2020, compared to net cash inflows of \$13.22 million in 1H FY2019, arising mainly from the repayment of operating lease liabilities of \$0.10 million. In prior period, the net cash inflows of approximately \$13.22 million was mainly due to the receipt of IPO proceeds of \$12.95 million, proceeds from issuance of convertible loans (had been converted to shares before IPO) of \$2.00 million, offset by total IPO costs of approximately \$1.60 million and repayment of borrowings of \$0.13 million.

**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 remains optimistic for both its Content Production and Post-production segments, as we strive to achieve our leadership position as a digital content producer.

**“Train to Busan” IP**

Capitalizing on our access to the Train to Busan (TTB) IP rights, we see great potential in adapting the TTB IP for immersive attractions, based on the needs of the venue operators. During the quarter under review, the Company produced the ‘Train to Busan Horror House Experience’ for Resorts World Genting, which is scheduled to start operation at Resorts World Genting from 31 October 2019 to 1 January 2020.

In addition, with the sequel, ‘Train to Busan 2: Bando’, slated for release in 2020, the Group expects TTB IP shows to gain more attention and interests.

**New Initiatives**

Continuing our momentum in the Content Production segment, on 13 August 2019, the Group entered into a Memorandum of Understanding (“MOU”) with Animation International Ltd. to develop the Doraemon Experience (“DE”) show with integration of the elements of virtual reality and augmented reality. The DE show is an immersive experience featuring one of the most iconic character and is expected to be made available in Singapore within the next 12 months.

In earlier November 2019, the Group has also entered into a Memorandum of Understanding (“MOU”) with the Malaysia Institute of Economic Research (“MIER”) and Science Discoveries Sdn Bhd (“SD”) as the exclusive immersive technology, gamification and IT production provider for a RM1.3 billion tourism mixed development project - HeurêkaLand. SD has also appointed Vividthree as its exclusive partner in technology support, content creation and the main contractor for all its immersive experience projects, allowing Vividthree to tap on SD’s network and strong pipeline of projects to strengthen its market presence in Malaysia.

The Group also sees potential in “Webcomics” due to the increased usage of smart devices. The Group plans to target the tech-savvy millennial generation in our upcoming initiatives, in which consumers can view comics on mobile platforms. The Group is planning to launch webcomics videos at the Singapore Comic Con (SGCC 2019) in December 2019, bringing popular and quality content from established creators such as Dark Box Studio to consumers.

**11 If a decision regarding dividend has been made:**

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

No.

**(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 and the reason(s) for the decision.**

There was no dividend declared or recommended for the current reporting period as the Group intends to conserve cash for expansion and other business opportunities.

**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 financial period under review.

**14 Update on use of IPO 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 is as follows:

**Use of IPO proceeds**

	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Amount unutilised</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
General working capital purposes, including production of virtual reality content and immersive media	7,825	(7,300)	525
Expansion through development and/or acquisition of intellectual property and acquisition, joint ventures and/or strategic alliances	3,354	(2,900)	454
IPO expenditure	1,771	(1,596)	175
Total	12,950	(11,796)	1,154

**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 second quarter and six months ended 30 September 2019, 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 November 2019