



Vividthree Holdings Ltd.

(Incorporated in the Republic of Singapore)

(Company Registration No. 201811828R)

**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018**

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

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

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

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

	Group			Group		
	Three months period ended			Six months period ended		
	30 Sep 2018 2Q FY2019 (Unaudited) \$	30 Sep 2017 2Q FY2018 ⁽¹⁾ (Unaudited) \$	Change %	30 Sep 2018 1H FY2019 (Unaudited) \$	30 Sep 2017 1H FY2018 ⁽¹⁾ (Unaudited) \$	Change %
Revenue	670,798	1,942,675	-65.5%	2,502,448	3,109,433	-19.5%
Cost of sales	(335,644)	(601,153)	-44.2%	(807,332)	(963,275)	-16.2%
Gross profit	335,154	1,341,522	-75.0%	1,695,116	2,146,158	-21.0%
Other income	42,619	18,457	130.9%	360,652	27,380	1217.2%
Other gains/(losses) - net	99	48	106.3%	2,500	(367)	NM
Administrative expenses	(881,658)	(327,599)	169.1%	(1,372,367)	(683,509)	100.8%
Finance expenses	(3,453)	(3,932)	-12.2%	(3,520)	(8,407)	-58.1%
(Loss)/profit before income tax	(507,239)	1,028,496	-149.3%	682,381	1,481,255	-53.9%
Income tax expense	50,580	(182,903)	-127.7%	(118,420)	(231,716)	-48.9%
Net (loss)/profit for the financial period attributable to equity holders of the Company	(456,659)	845,593	-154.0%	563,961	1,249,539	-54.9%
Other comprehensive loss, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation - losses	(1,110)	-	NM	(4,612)	-	NM
Total comprehensive (loss)/income attributable to equity holders of the Company	(457,769)	845,593	-154.1%	559,349	1,249,539	-55.2%

NM - not meaningful

- ⁽¹⁾ The combined statement of comprehensive income for the financial period ended 30 September 2017 have been prepared based on the pooling-of-interest method as if the current group structure had been in existence prior to the restructuring exercise.

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

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

	Group			Group		
	Three months period ended			Six months period ended		
	30 Sep 2018 2Q FY2019 (Unaudited) \$	30 Sep 2017 ⁽¹⁾ 2Q FY2018 (Unaudited) \$	Change %	30 Sep 2018 1H FY2019 (Unaudited) \$	30 Sep 2017 ⁽¹⁾ 1H FY2018 (Unaudited) \$	Change %
Amortisation of intangible assets	10,788	10,788	0.0%	21,575	21,575	0.0%
Depreciation of plant and equipment	130,459	51,540	153.1%	190,772	106,631	78.9%
Employees compensation	539,191	506,025	6.6%	1,141,565	951,481	20.0%
Interest expenses	3,453	3,932	-12.2%	3,520	8,407	-58.1%
Listing expenses	167,993	-	NM	167,993	-	NM
Other income	(42,619)	(18,457)	130.9%	(360,652)	(27,380)	1217.2%
Foreign exchange (gain)/loss, net	(99)	(48)	105.0%	(2,500)	366	-782.2%

NM - not meaningful

⁽¹⁾ The combined statement of comprehensive income for the financial period ended 30 September 2017 have been prepared based on the pooling-of-interest method as if the current group structure had been in existence prior to the restructuring exercise.

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

	Group		Company
	As at 30 Sep 2018 (Unaudited) \$	As at 31 Mar 2018 ⁽¹⁾ (Audited) \$	As at 30 Sep 2018 ⁽²⁾ (Unaudited) \$
ASSETS			
Current assets			
Cash and cash equivalents	14,444,186	2,353,739	12,961,592
Trade and other receivables	6,030,467	4,061,801	2,468,747
Work-in-progress	430,309	531,105	-
	20,904,962	6,946,645	15,430,339
Non-current assets			
Plant and equipment	746,787	284,365	-
Investment in a subsidiary	-	-	50,000
Goodwill arising from consolidation	2,851,917	2,851,917	-
Intangible assets	484,327	61,650	-
	4,083,031	3,197,932	50,000
Total assets	24,987,993	10,144,577	15,480,339
LIABILITIES			
Current liabilities			
Trade and other payables	1,516,072	829,300	1,862,529
Progress billing in excess of work-in-progress	325,872	182,635	-
Current income tax liabilities	398,313	528,036	-
Borrowings	-	89,299	-
	2,240,257	1,629,270	1,862,529
Non-current liabilities			
Borrowings	-	36,742	-
Deferred tax liabilities	51,626	64,035	-
	51,626	100,777	-
Total liabilities	2,291,883	1,730,047	1,862,529
NET ASSETS	22,696,110	8,414,530	13,617,810
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13,772,231	50,000	13,772,231
Other reserves	2,915,941	2,920,553	-
Retained profits/(accumulated losses)	6,007,938	5,443,977	(154,421)
Total equity	22,696,110	8,414,530	13,617,810

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

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

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

Amount repayable in one year or less or on demand

As at As at 30 Sep 2018		As at As at 31 Mar 2018	
(Unaudited)		(Audited)	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
-	-	71,094	18,205

Amount repayable after one year

As at As at 30 Sep 2018		As at As at 31 Mar 2018	
(Unaudited)		(Audited)	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
-	-	36,742	-

Details of any collateral

As at 31 March 2018, the Group's secured portion of borrowings were secured by personal guarantees given by directors of the subsidiary, Vividthree Productions Pte. Ltd. The Group has fully repaid the borrowings as at the date of this announcement.

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.

	Group		Group	
	Three months period ended		Six months period ended	
	30 Sep 2018 2Q FY2019 (Unaudited) \$	30 Sep 2017 ⁽¹⁾ 2Q FY2018 (Unaudited) \$	30 Sep 2018 1H FY2019 (Unaudited) \$	30 Sep 2017 ⁽¹⁾ 1H FY2018 (Unaudited) \$
Cash flows from operating activities				
Net profit	(456,659)	845,593	563,961	1,249,539
Adjustments for:				
- Income tax expenses	(50,580)	182,903	118,420	231,716
- Depreciation of plant and equipment	130,459	51,540	190,772	106,631
- Amortisation of intangible assets	10,788	10,788	21,575	21,575
- Write-off of plant and equipment	-	-	327	-
- Token of appreciation given to employees via issuing of ordinary shares	18,500	-	18,500	-
- Interest expense	3,453	3,932	3,520	8,407
- Listing expenses	167,993	-	167,993	-
Operating cash flow before working capital changes	(176,046)	1,094,756	1,085,068	1,617,868
Change in working capital				
- Trade and other receivables	1,690,202	1,283,688	(1,968,366)	1,111,395
- Work-in-progress	(202,451)	(44,562)	(357,427)	(133,054)
- Trade and other payables	1,095,636	(139,650)	847,898	(280,253)
- Progress billing in excess of work-in-progress	126,356	(17,009)	143,238	(36,223)
Cash generated from/(used in) operations	2,533,697	2,177,223	(249,589)	2,279,733
Income tax paid	(260,553)	(43,453)	(260,553)	(38,453)
Net cash generated from/(used in) operating activities	2,273,144	2,133,770	(510,142)	2,241,280
Cash flows from investing activities				
Additions to intangible assets	(291,350)	-	(420,888)	-
Additions to plant and equipment	(34,012)	(7,262)	(198,618)	(17,333)
Net cash used in investing activities	(325,362)	(7,262)	(619,506)	(17,333)
Cash flows from financing activities				
Repayment of borrowings	(92,801)	(29,378)	(126,044)	(97,004)
Proceeds from issuances of new shares	12,950,000	-	12,950,000	-
Listing expenses pertaining to issuance of new shares	(1,596,062)	-	(1,596,062)	-
Proceeds from issuance of convertible loans	-	-	2,000,000	-
Interest paid	(3,453)	(3,932)	(3,520)	(8,407)
Net cash generated from/(used in) from financing activities	11,257,684	(33,310)	13,224,374	(105,411)
Net increase in cash and cash equivalents	13,205,466	2,093,198	12,094,726	2,118,536
Cash and cash equivalents				
Beginning of financial period	1,239,505	624,372	2,353,739	599,034
Effects of currency translation on cash and cash equivalents	(785)	-	(4,279)	-
End of financial period	14,444,186	2,717,570	14,444,186	2,717,570

⁽¹⁾ The combined statement of cashflows for the financial period ended 30 September 2017 have been prepared based on the pooling-of-interest method as if the current group structure had been in existence prior to the restructuring exercise.

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

Group (Unaudited)	← Attributable to equity holders of the Company →			Total \$
	Share capital \$	Other reserves \$	Retained profits \$	
As at 1 April 2018	50,000	2,920,553	5,443,977	8,414,530
Net profit for the period	-	-	1,020,620	1,020,620
Other comprehensive loss for the period	-	(3,502)	-	(3,502)
Total comprehensive income for the period	-	(3,502)	1,020,620	1,017,118
	50,000	2,917,051	6,464,597	9,431,648
Incorporation of the Company	300	-	-	300
As at 30 June 2018 / 1 July 2018	50,300	2,917,051	6,464,597	9,431,948
Net loss for the period	-	-	(456,659)	(456,659)
Other comprehensive income for the period	-	(1,110)	-	(1,110)
Total comprehensive loss for the period	-	(1,110)	(456,659)	(457,769)
	50,300	2,915,941	6,007,938	8,974,179
Issuance of new shares pursuant to convertible loan agreement	2,000,000	-	-	2,000,000
Issuance of new shares to employees	200,000	-	-	200,000
Issuance of new shares pursuant to IPO	12,950,000	-	-	12,950,000
Listing expenses	(1,428,069)	-	-	(1,428,069)
As at 30 September 2018	13,772,231	2,915,941	6,007,938	22,696,110

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

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period. (continued)

Consolidated Statement of Changes in Equity (continued)

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

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issue on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Shares Capital - Ordinary Shares

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

Notes:

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

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2018.

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

	<u>30 Sep 2018</u>	<u>31 Mar 2018</u>
Total number of issued shares	<u>334,011,764</u>	<u>N/A</u>

The Company did not have any treasury shares as at 30 September 2018 and 31 March 2018.
"N/A" denotes not applicable as the Company was only incorporated on 7 April 2018

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

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

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

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

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

Not applicable.

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

Same as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period ended 30 September 2018 compared to the audited combined financial statements for the financial year ended 31 March 2018 as set out in the Company's Offer Document dated 17 September 2018.

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

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

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share ("EPS")	Group		Group	
	Three months period ended		Six months period ended	
	30 Sep 2018 2Q FY2019	30 Sep 2017 2Q FY2018	30 Sep 2018 1H FY2019	30 Sep 2017 1H FY2018
(Loss)/profit attributable to equity holders of the Company (S\$)	(456,659)	845,593	563,961	1,249,539
Weighted average number of ordinary share in issue	31,442,920	-	63,231,375	-
Basic and fully diluted basis (LPS)/EPS (cents) ^{(1) (2) (3)}	(1.45)	NM	0.89	NM

Notes:

- (1) The basic EPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue for the respective periods.
- (2) The fully diluted basis EPS of the Group for the respective periods was calculated based on the weighted average number of ordinary shares in issue plus number of shares that may be issued on conversion of outstanding convertibles and share allotment for the respective periods.
- (3) Comparison with the EPS for the corresponding period of the immediately preceding financial year is not meaningful as no shares existed for the Group in FY18.

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

	Group		Company ⁽¹⁾
	30 Sep 2018	31 Mar 2018 ⁽²⁾	30 Sep 2018
Net asset value attributable to equity holders of the Company (S\$)	22,696,110	8,414,530	13,617,810
Number of ordinary shares in issue	334,011,764	334,011,764	334,011,764
Net asset value per ordinary share (cents)	6.80	2.52	4.08

Notes:

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

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

REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)

1H FY2019 vs 1H FY2018

Revenue

2Q FY2019 vs 2Q FY2018

Our Group recorded lower revenue of S\$1,271,877 or 65.5%, from S\$1,942,675 in 2Q FY2018 to S\$670,798 in 2Q FY2019. The decrease was mainly due to the timing of revenue recognition from Content Production services and offset with higher revenue of S\$228,123 from Post-Production services in 2Q FY2019.

1H FY2019 vs 1H FY2018

Our Group recorded lower revenue of S\$606,985 or 19.5%, from S\$3,109,433 in 1H FY2018 to S\$2,502,448 in 1H FY2019. The revenue decrease in 1H FY2019 was mainly due to Post-Production services where lesser projects completed in 1H FY2019 as compared to 1H FY2018.

Cost of sales

2Q FY2019 vs 2Q FY2018

Cost of sales decreased by S\$265,509 or 44.2%, from S\$601,153 in 2Q FY2018 to S\$335,644 in 2Q FY2019. The decrease was mainly due to lesser projects completed in the quarter under review.

1H FY2019 vs 1H FY2018

Cost of sales decreased by S\$155,943 or 16.2% is in tandem with the decreased in revenue, from S\$963,275 in 1H FY2018 to S\$807,332 in 1H FY2019. This was mainly due to lesser projects completed under the current quarter under review as compared to the last year's corresponding period.

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

Gross profit

2Q FY2019 vs 2Q FY2018

Gross profit decreased by S\$1,006,368 or 75.0%, from S\$1,341,522 in 2Q FY2018 to S\$335,154 in 2Q FY2019.

1H FY2019 vs 1H FY2018

Gross profit decreased by S\$451,042 or 21.0%, from S\$2,146,158 in 1H FY2018 to S\$1,695,116 in 1H FY2019 due to lesser projects completed from Post-Production services during the period.

Other income

2Q FY2019 vs 2Q FY2018

Other income increased by S\$24,162 or 130.9%, from S\$18,457 in 2Q FY2018 to S\$42,619 in 2Q FY2019. This was due to receipt of advertisement income in 2Q FY2019.

1H FY2019 vs 1H FY2018

Other income increased by S\$333,272, from S\$27,380 in 1H FY2018 to S\$360,652 in 1H FY2019. This was due to waiver of the founders' entitlement to the net proceeds of S\$287,817 from disposal of a property of subsidiary. In additions, the Group received advertisement income of S\$36,000 in 2Q FY2019.

Other gains/(losses) - net

2Q FY2019 vs 2Q FY2018

Other gains/(losses) – net, was a gain of S\$99 in 2Q FY2019, marginally increased by S\$51, from S\$48 in 2Q FY2018. This was due to net gain from foreign exchange in 2Q FY2019.

1H FY2019 vs 1H FY2018

Other gains/(losses) – net, was a gain of S\$2,500 in 1H FY2019, increased by S\$2,867, from a net loss of S\$367 in 1H FY2018. This was due to net gain from foreign exchange in 1H FY2019.

Administrative expenses

2Q FY2019 vs 2Q FY2018

Administrative expenses increased by S\$554,059, from S\$327,599 in 2Q FY2018 to S\$881,658 in 2Q FY2019. The increase was generally due to expansion of business/operations of the Group in the beginning of FY2019. Therefore, higher administrative expenses in rental premises of S\$31,307, increase in staff cost of S\$183,108, depreciation of plant and equipment of S\$78,919, and one-off listing expenses of S\$167,993 (the remaining the of listing expenses of S\$1,428,069 has capitalised under share capital) being charged out during the period.

1H FY2019 vs 1H FY2018

Administrative expenses increased by S\$688,858, from S\$683,509 in 1H FY2018 to S\$1,372,367 in 1H FY2019. The increase was generally due to expansion of business/operations of the Group in the beginning of FY2019. Therefore, higher administrative expenses in rental premises of S\$59,172, increase in staff cost of S\$187,115, depreciation of plant and equipment of S\$84,141, and one-off listing expenses of S\$167,993 (the remaining the of listing expenses of S\$1,428,069 has capitalised under share capital) being charged out during the period.

Finance expenses

2Q FY2019 vs 2Q FY2018

Finance expenses marginally decreased by S\$479 in 2Q FY2019 as compared to corresponding period in 2Q FY2018.

1H FY2019 vs 1H FY2018

Finance expenses decreased by S\$4,887 in 1H FY2019 as compared to corresponding period in 1H FY2018, due to all borrowings being fully repaid and no new borrowings were obtained.

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

Profit before income tax

2Q FY2019 vs 2Q FY2018

As a result of the analysis above, the Group recorded a loss before income tax of S\$507,239 in 2Q FY2019, as compared to a profit before income tax of S\$1,028,496 in 2Q FY2018.

1H FY2019 vs 1H FY2018

As a result of the analysis above, the Group recorded a profit before income tax of S\$682,381 in 1H FY2019, as compared to a profit before income tax of S\$1,481,255 in 1H FY2018.

REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

As at 30 September 2018 vs as at 31 March 2018

Current assets

Our current assets increased by S\$13,958,317 or 200.9% to S\$20,904,962, from S\$6,946,645 as at 31 March 2018. This represents 83.7% of our total assets and comprised the following:

- (i) Cash and cash equivalents of S\$14,444,186, increased by S\$12,090,447 or 513.7%, from S\$2,353,739 as at 31 March 2018. This was mainly due to the cash proceeds from issuance of new shares of S\$12,950,000;
- (ii) Trade and other receivables of S\$6,030,467, increased by S\$1,968,666 or 48.5% from S\$4,061,801 as at 31 March 2018, included in trade and other receivables are deposit and prepayments of S\$5,015,706 as at 30 September 2018;
- (iii) Work-in-progress of S\$430,309, decreased by S\$100,796 or 19.0% from S\$531,105 as at 31 March 2018.

Non-current assets

Non-current assets increased marginally by S\$885,099 or 27.7% to S\$4,083,031 from S\$3,197,932 as at 31 March 2018, main variances are as following:

- (i) Plant and equipment increased by S\$462,422, mainly due to additions of computers, software and office equipment;
- (ii) Goodwill remained unchange; and
- (iii) Intangible assets increased by S\$422,677 or 685.6% due to capitalisation of VR content development costs.

Current liabilities

Our current liabilities increased by S\$610,987 or 37.5% to S\$2,240,257, from S\$1,629,270 as at 31 March 2018, representing 97.7% of our total liabilities and comprised the following:

- (i) Trade and other payables of S\$1,516,072, increased by S\$686,772 or 82.8%, from S\$829,300 as at 31 March 2018;
- (ii) Progress billing in excess of work-in-progress increased by S\$143,237 or 78.4%, from S\$182,635 as at 31 March 2018, to S\$325,872;
- (iii) Current income tax liabilities decreased by S\$129,723 or 24.6%, to S\$398,313 from S\$528,036 as at 31 March 2018, mainly due to income tax paid during the period; and
- (iv) The borrowings decreased by S\$89,299 or 100.0%, from S\$89,299 as at 31 March 2018, this was due to all borrowings have been repaid during the financial period.

There are no borrowings as at 30 September 2018 as the Group had fully repaid all borrowings in 2Q FY2019.

REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION) (CONTINUED)

Non-current liabilities

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

REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW)

As at 30 September 2018 (2Q FY2019)

As at 30 September 2018 (2Q FY2019), our cash and cash equivalents amounted to S\$14,444,186 as compared to cash and cash equivalents of S\$2,717,570 as at 30 September 2017 (2Q FY2018).

Net cash used in operating activities

In 2Q FY2019, we incurred a net cash outflow of S\$176,046 from operating activities before net working capital changes. Our net working capital changes was net cash inflow of S\$2,449,190 arising from the following:

- (1) S\$202,451 increase in work-in-progress;
- (2) S\$1,690,202 decrease in trade and other receivables;
- (3) S\$126,356 increase in progress billing in excess of work-in-progress; and
- (4) S\$1,095,636 increase in trade and other payables.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$325,362, due to cash outflow of:

- (1) S\$291,350 from additions of intangible assets, mainly due to development costs for VR content; and
- (2) S\$34,012 from additions of plant and equipment.

Net cash generated from financing activities

Net cash of S\$11,257,684 generated from financing activities was mainly due to:

- (1) cash outflow of S\$92,801 of bank borrowings repayment;
- (2) S\$12,950,000 of proceeds from issuance of shares from placement;
- (3) cash outflow of S\$1,596,062 for listing expenses; and
- (4) cash outflow of S\$3,453 for the payment of bank borrowings interest.

Net increase in cash and cash equivalents

As a result of the above, the Group had recorded a net cash increase of S\$13,205,466 in 2Q FY2019, as compared to the net cash increase of S\$2,093,198 in 2Q FY2018.

As at 30 September 2018 (1H FY2019)

Our cash and cash equivalents amounted to S\$14,444,186 as compared to cash and cash equivalents of S\$2,717,570 as at 30 September 2017 (1H FY2018).

Net cash used in operating activities

In 1H FY2019, we generated a net cash inflow of S\$1,085,068 from operating activities before net working capital changes. Our net working capital changes was net cash outflow of S\$1,595,210 arising from the following:

- (1) S\$357,427 decrease in work-in-progress;
- (2) S\$1,968,366 increase in trade and other receivables;
- (3) S\$143,238 increase in progress billing in excess of work-in-progress; and
- (4) S\$847,898 increase in trade and other payables.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$619,506, due to cash outflow of:

- (1) S\$420,888 from additions of intangible assets, mainly due to development costs for VR content; and
- (2) S\$198,618 from additions of plant and equipment.

REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW) (CONTINUED)

As at 30 September 2018 (1H FY2019) (CONTINUED)

Net cash generated from financing activities

Net cash of S\$13,224,374 generated from financing activities was mainly due to:

- (1) cash outflow of S\$126,044 of bank borrowings repayment;
- (2) S\$12,950,000 of proceeds from issuance of shares from placement;
- (3) cash outflow of S\$1,596,062 for listing expenses;
- (4) S\$2,000,000 of proceeds from issuances of convertible loans, now converted to shares; and
- (5) cash outflow of S\$3,520 for the payment of bank borrowings interest.

Net increase in cash and cash equivalents

As a result of the above, the Group had recorded a net cash increase of S\$12,094,726 in 1H FY2019, as compared to the net cash increase of S\$2,118,536 in 1H FY2018.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Our Group remains optimistic in Content Production services as the demand for virtual reality (“VR”) tour set continued to be positive in north Asia.

The Group entered into a Memorandum of Understanding with Slightly Mad Studios in development of a VR game for location-based entertainment. Recently, we also announced that the Group signed a Letter of Intent with a Bosssdom DignilInnovation Co. Ltd. for the territorial rights in Taiwan, Hong Kong and Macau to open Train to Busan VR tour set.

11 If a decision regarding dividend has been made:

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

None.

(b) Amount per share in cents

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

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

Not applicable.

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

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

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

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

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

14 Update on use of proceeds

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

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

<u>Use of IPO Proceeds</u>	Amount allocated	Amount utilised	Amount unutilised
	S\$'000	S\$'000	S\$'000
General working capital purposed, including production of virtual reality content and immersive media	7,825	(1,000)	6,825
Expansion through: <ul style="list-style-type: none"> • Development and/or acquisition of intellectual property • Acquisition, joint ventures and/or strategic alliances 	3,354	-	3,354
IPO expenditure	1,771	(1,596)	175
Total	12,950	(2,596)	10,354

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

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group and the Company for the second quarter and half year ended 30 September 2018, to be false or misleading, in any material aspect.

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

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

BY ORDER OF THE BOARD

Charles Yeo Eng Pu
Managing Director

14 November 2018