mm2 Asia Ltd.

Annual Report 2015

Investing in the Future of Asia's Movies

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This annual report 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 Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Ms. Joan Ling, Senior Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

Corporate Profile

FOUNDED IN 2008 AND INCORPORATED ON 20 AUGUST 2014, MM2 ASIA IS A LEADING PRODUCER OF FILMS AND TV/ONLINE CONTENT IN ASIA.

As a producer, we provide services over the entire filmmaking process – from financing and production to marketing and distribution. mm2 Asia Ltd. ("mm2 Asia" or the "Company") is the holding company of mm2 Entertainment Pte Ltd ("mm2 Singapore") and mm2 Entertainment Sdn Bhd ("mm2 Malaysia") (collectively referred to as the "Group").

Headquartered in Singapore, the Group has representative offices in Malaysia, Hong Kong, Taiwan and China through our Group companies and/or strategic working partnerships. With our established multi-market presence, we produced, co-produced and/or distributed over 50 films in seven years. On 9 December 2014, mm2 Asia became the first local film production company to be listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") (SGX stock code: 41C).

For more information, please visit www.mm2asia.com

THREE PRIMARY REVENUE SOURCES

Since 2008, the Group has produced a wide portfolio of works across various genres including comedy, drama, horror, action, and romance. Through our established track record, we identify and react to consumer preferences to produce commercially-viable films.

Production Income is derived from all relevant stages of the filmmaking process. This includes income from securing financing for a production, consultancy and producers' fees, producer bonuses, government grants and subsidies, script development, pre-production, principal photography, post-production as well as other contributions.

We receive **Distribution Income** from the distribution of films across various platforms – cinemas, Pay TV, Free TV, online, DVD, airlines and others. These films are produced/co-produced by us or third parties. For some films, we act as stakeholders and are entitled to a percentage of net receipts from the film's distribution across these platforms. Commissions also come from the licensing of script, adaptation and sequel rights for our film library via third-party licensing arrangements.

Our sales and marketing team actively solicits for **Sponsorship Income** from advertisers to promote their products and services in our films.

The Group has strong business relationships with key industry players in Singapore, Malaysia, Hong Kong, Taiwan and China. This allows us to tap business opportunities relevant to our three primary revenue sources in these markets.

Track Record

Since 2008, the Group has produced, co-produced and/or distributed over 50 films, including the following notable titles:

AH BOYS TO MEN
新兵正传

(2012)

Singapore's highest-grossing local production of 2012: S$6.21 million

AH BOYS TO MEN 2
新兵正传2

(2013)

Singapore's highest-grossing local production of all time: S$7.89 million

为你转身

(2013)

mm2's first China co-production

做你爱做的事

(2014)

mm2's first Taiwan co-production

LOVE MATTERS
幸福万岁

(2009)

WHERE GOT GHOST
吓到笑

(2009)

PHUA CHU KANG THE MOVIE
鬼马家族电影版

(2010)

OCEAN HEAVEN
海洋天堂

(2010)

PERFECT RIVALS
美好冤家

(2011)

23:59

(2011)

THAT GIRL IN PINAFORE
我的朋友，我的同学，我爱过的一切

(2013)

THE ROOFTOP
天台

(2013)

3AM

(2013)

RHYTHM OF THE RAIN
听见下雨的声音

(2013)

THE LION MEN
狮神决战

(2014)

THE LION MEN: ULTIMATE SHOWDOWN
狮神决战之终极一战

(2014)

Indicated years refer to the films' release year.

THE JOURNEY
一路有你

(2014)

Malaysia's highest-grossing local production of all time: RM$17 million

CAFÉ . WAITING . LOVE
等一个人 咖啡

(2014)

Malaysia's highest-grossing Taiwanese film of all time: RM$4.98 million

AH BOYS TO MEN 3: FROGMEN
新兵正传3：蛙人传

(2015)

Singapore's highest-grossing opening weekend Asian film of all time: S$2.83 million in 4 days

ATM
提款机

(2015)

mm2's first Hong Kong co-production

THE ULTIMATE WINNER
赢家

(2011)

WE NOT NAUGHTY
孩子不坏

(2012)

MY DOG DOU DOU
我的狗蚪蚪

(2012)

IMPERFECT
我们都不完美

(2012)

DANGEROUS LIAISONS
危险关系

(2012)

GHOST CHILD
鬼仔

(2013)

SEVENTH
守夜

(2014)

TEMPORARY FAMILY
临时同居

(2014)

WAYANG BOY
戏曲小子

(2014)

BRING BACK THE DEAD
招魂

(2015)

ODE TO MY FATHER
我们不平凡的爸爸

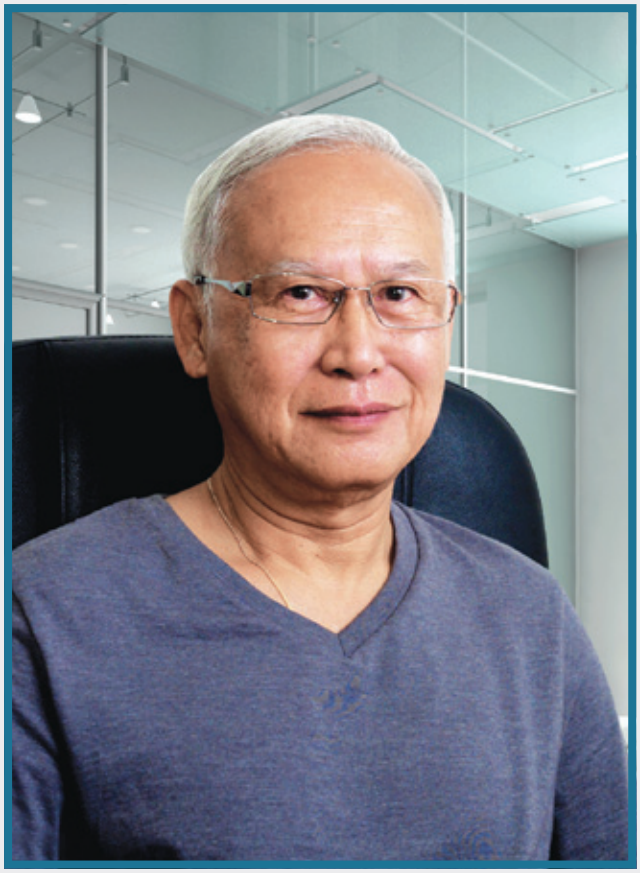
(2015)

1965

(2015)

Chairman's Statement

DEAR SHAREHOLDERS,



On behalf of the Board of Directors (the "Board"), I am pleased to present the inaugural annual report of mm2 Asia Ltd. and its subsidiaries (collectively referred to as the "Group"), for the financial year ended 31 March 2015 ("FY2015").

2014 was a memorable year for the Group with the Company's successful listing on the Catalist Board of the SGX-ST on 9 December 2014, becoming the first ever local film production company to do so. We are grateful for the overwhelming support from our investors and the general investing public for our Initial Public Offering ("IPO").

PERFORMANCE REVIEW

The IPO raised net proceeds of approximately S$5.7 million, which will be used for expansion of our Group's business via acquisitions, joint ventures and, or strategic alliances, investment in production activities, acquisition of film rights, and for general working capital.

In recent years, the Asia-Pacific film industry has seen consistent growth. In 2014, gross box office receipts went up 11.7% to USD12.4 billion[1]. Over the past five years, the number of feature films produced collectively in Singapore, Malaysia, Hong Kong, Taiwan and China also increased by 156 to 824 films in 2014[2].

In FY2015, the Group produced, co-produced and/or distributed 30 films, and also embarked on several new production and distribution film projects, resulting in a 70% increase in the Group's net profit from S$3.0 million in FY2014 to S$5.1 million in FY2015.

FUTURE OUTLOOK

We are committed to producing and distributing commercially-viable films across our primary and secondary markets. This will enable us to expand our network of industry talent, stakeholders and business partners. We will also continue to expand our businesses in North Asia through co-production ventures that are viable in more markets. Backed by our management's expertise, we will maintain a disciplined approach towards all the Group's projects and business decisions.

Moving forward, the Group's vision is to become a regional one-stop studio for filmmaking. As we work towards our vision, we see opportunities in acquiring complementary businesses to create new revenue streams which will maintain our competitive advantage.

IN APPRECIATION

On behalf of the Board, I would like to express our appreciation to the management and staff for their dedication and unwavering support to the Group, as well as the professional parties involved in our successful listing.

And last but not least, I would like to thank our shareholders who saw value in us and gave their support. Together with the Board, we will drive the Group forward into FY2016 and beyond.

TAN LIANG PHENG
Non-Executive Chairman and Independent Director

[1]*Source: Motion Picture Association of America - Theatrical Market Statistics 2014*
[2]*Source: European Audiovisual Observatory - focus 2015 - World Film Market Trends*

CEO's Statement

DEAR SHAREHOLDERS,

mm2 Asia Ltd. is a young company with great potential – we are constantly looking for new ways to expand our businesses. We hold a leading position in regional film production and distribution. The current trends across all stages of the film production value chain present many opportunities for us.

We have talented and driven people, a competitive advantage as a producer, a wide network of working relationships with industry leaders and a presence in five territories regionally – all of which differentiate us in the market and strengthen our company.

INVESTING IN THE FUTURE OF ASIA'S MOVIES

Since our IPO on 9 December 2014, we have been focused on building and expanding our current businesses to diversify revenue streams across various markets.

The Group also diversified into complementary businesses within the film production value chain. On 8 April 2015, we acquired a 51% stake in Singapore's leading multi-award winning 3D animation company, Vividthree Productions Pte Ltd ("Vividthree Productions"). With the growing regional demand for graphics, animation and related services, this strategic investment strengthens our competitive advantage as a film producer.

On 30 April 2015, we announced the signing of a Memorandum Of Understanding ("MOU") to acquire cinema businesses from Cathay Cineplexes Sdn Bhd ("CCSB"). CCSB operates cinemas at two locations in Malaysia with a combined total of 30 screens.

mm2 Asia also understands the importance of industry development. On 23 April 2015, we announced a partnership with Fox International Channels' ("FIC") regional flagship Chinese movies channel, SCM (衛視電影台) to launch the Movie Makers Short Film Competition (我要当导演). This inaugural competition aims to foster new talents and develop the local film industry.

In the coming year, we will continue to expand our business both horizontally and vertically.

As we grow our presence in the North Asian markets, we are looking forward to our upcoming co-productions in Hong Kong, Taiwan and China. With two to three projects in the pipeline for these markets, our focus is on expanding our networks with leading regional studios for more co-production and distribution business opportunities.

IN APPRECIATION

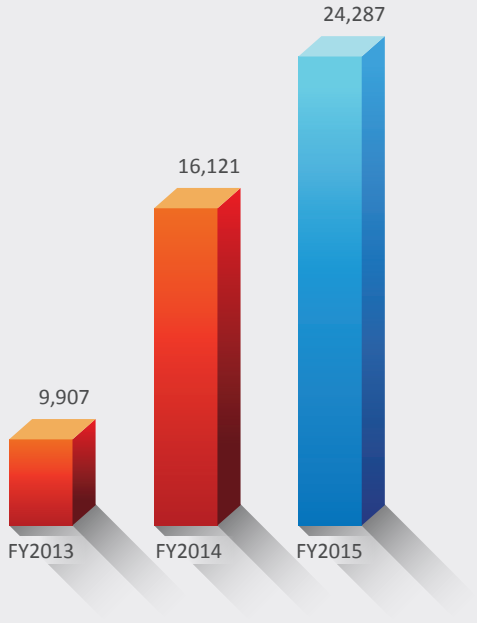
On behalf of the management, I would like to extend my appreciation to all our customers, partners and business associates, and to all the staff for their hard work, making it a rewarding year for us. I would also like to thank my fellow board members for their collective efforts towards our listing. Their experience and expertise has been invaluable.

Lastly, I wish to thank you, our shareholders, for your unwavering support and trust. mm2 Asia treats our shareholders as family, and we are committed to maintaining regular and transparent communication with you. In January 2015, we rolled out the mm2 Red Carpet Club, a programme for ongoing interaction between us and our shareholders through invitations to exclusive events such as film galas. We will continue to enhance shareholder relations with more of such events.

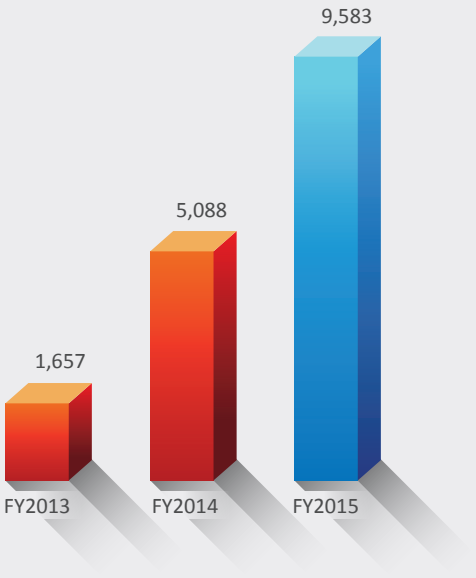
MELVIN ANG
Chief Executive Officer and Executive Director

Financial Highlights

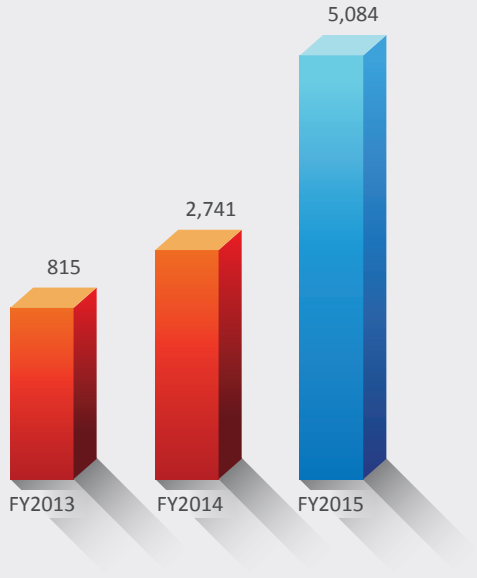
REVENUE (S$'000)



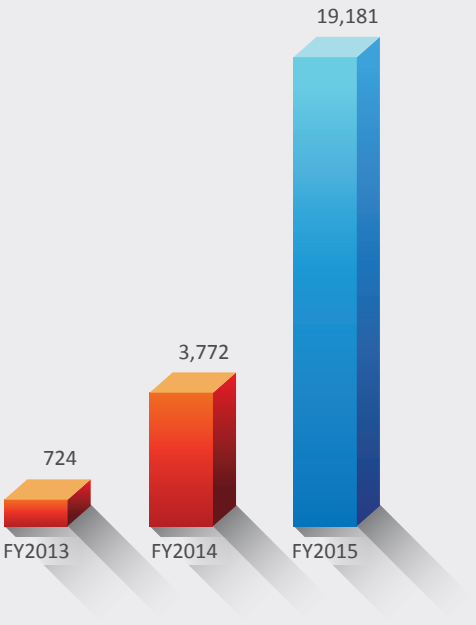
GROSS PROFIT (S$'000)



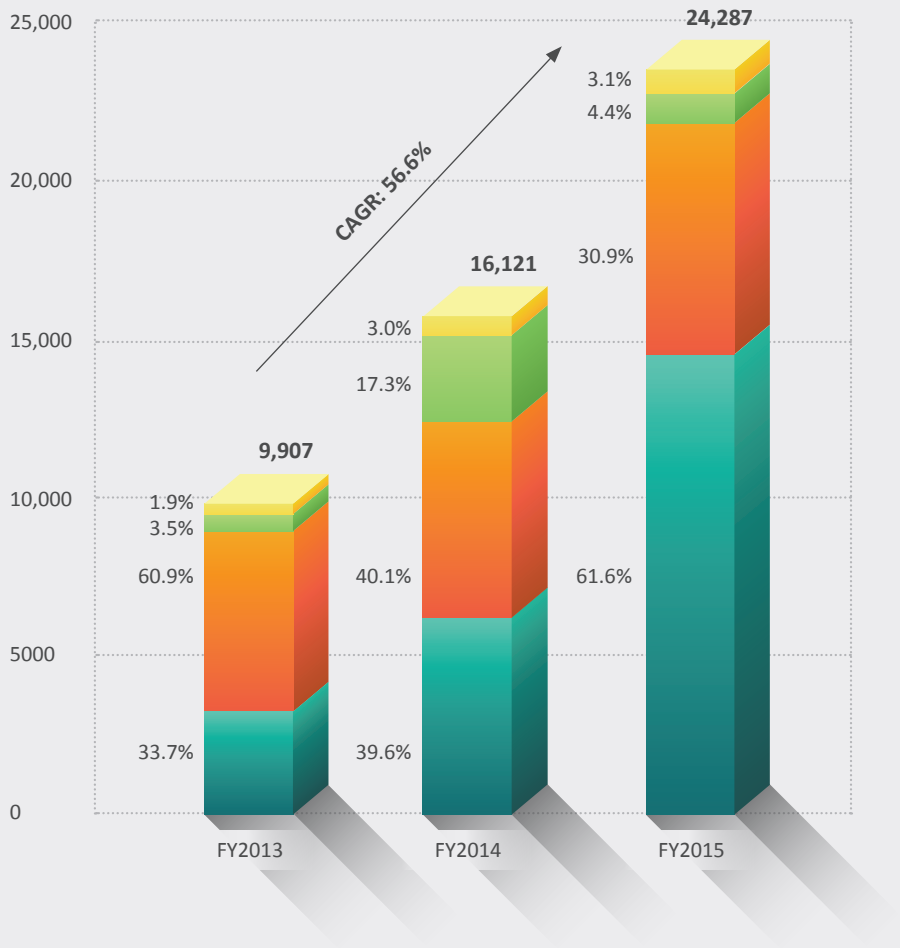
PROFIT ATTRIBUTABLE TO SHAREHOLDER (S$'000)



TOTAL SHAREHOLDER'S EQUITY (S$'000)



REVENUE BREAKDOWN (S$'000)



	FY2013		FY2014		FY2015	
	S$'000	%	S$'000	%	S$'000	%
Production	3,337	33.7%	6,376	39.6%	14,955	61.6%
Distribution	6,032	60.9%	6,471	40.1%	7,513	30.9%
Sponsorship	353	3.5%	2,789	17.3%	1,060	4.4%
Others	185	1.9%	485	3.0%	759	3.1%
Total	**9,907**	**100.0%**	**16,121**	**100.0%**	**24,287**	**100.0%**

A Year in Review

OPERATIONS REVIEW

FY2015 was a landmark year for mm2 Asia. The Company was listed on the Catalist Board of the SGX-ST on 9 December 2014.

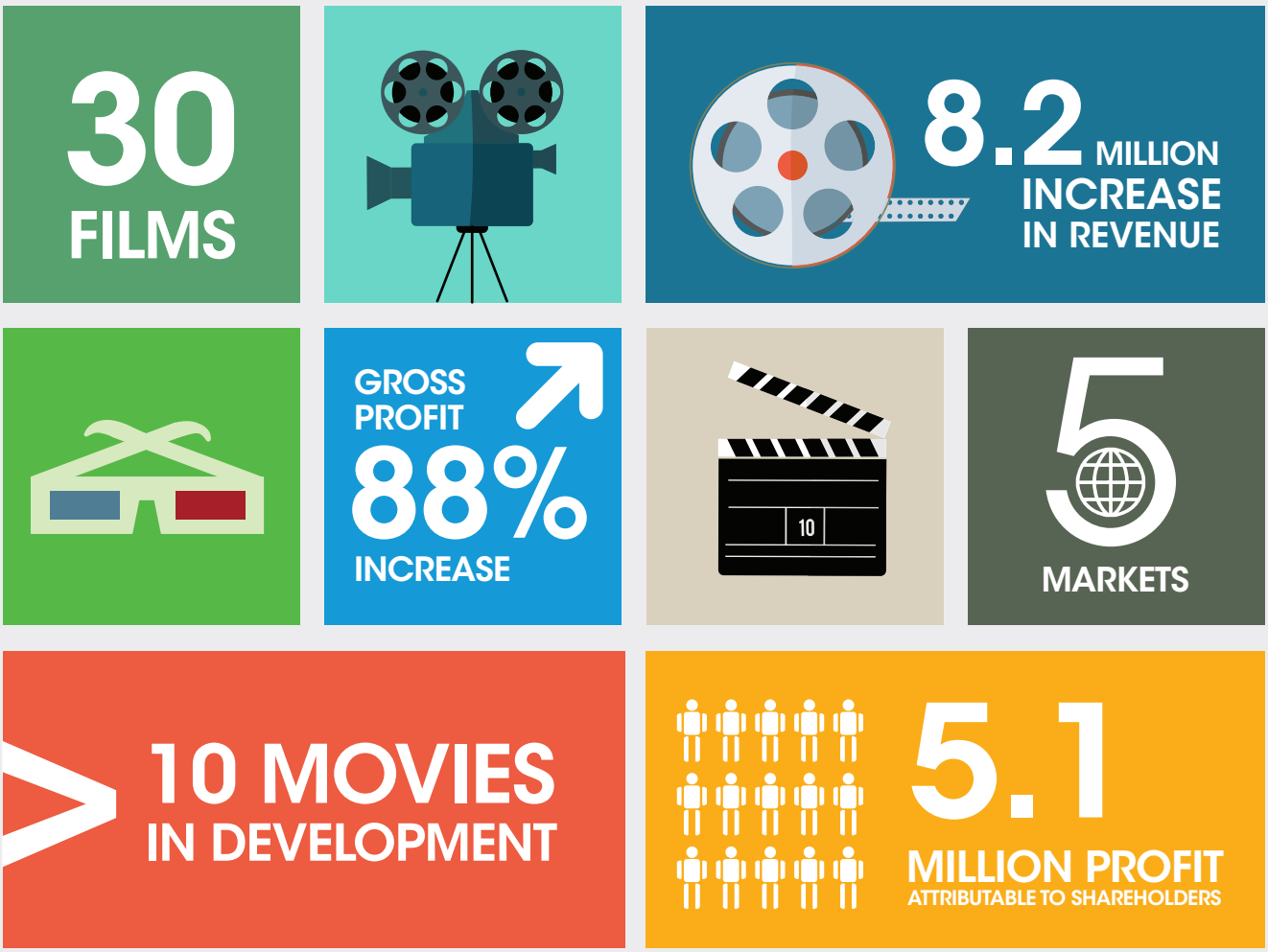
Business Activities

In May 2014, the Group incorporated mm2 Entertainment Hong Kong Limited ("mm2 Hong Kong") to establish a presence in North Asia.

Film production continues to form the core business of the Group, constituting 61.6% of the Group's revenue for FY2015. During the year, the Group produced and co-produced nine films in four markets, including "*ATM*", our first film co-produced in Hong Kong.

Distribution income contributed 30.9% of the Group's revenue for the year. We distribute films produced and co-produced by us, including "*Ah Boys to Men 3: Frogmen*", which went on to become the highest-grossing opening weekend Asian film of all time in Singapore. In addition, the Group also acquires films from third parties, such as "*Café.Waiting.Love*", which has become the highest-grossing Taiwanese film in Malaysia of all time.

In FY2015, the Group has produced, co-produced and/ or distributed 30 films.



OPERATING FINANCIAL REVIEW

Revenue

The Group's revenue increased by 50.9% from S$16.1 million in FY2014, to approximately S$24.3 million in FY2015. The increase was mainly due to revenue generated from productions which recorded a 134.4% increase from S$6.4 million in FY2014, to S$15.0 million in FY2015. This is due to more productions in FY2015. Distribution revenue during the year also rose by 15.4% to S$7.5 million from S$6.5 million in FY2014 due to highly successful theatrical releases in Malaysia and Singapore.

Direct costs / Cost of Sales

Cost of sales increased by 33.6% from S$11.0 million in FY2014 to S$14.7 million in FY2015. The increase was in tandem with higher film production and distribution revenue. Amortisation of film rights and write down of film products remained constant at S$3.4 million in FY2015 and FY2014.

Gross Profit

The Group's gross profit in FY2015 soared 88.2% to S$9.6 million from S$5.1 million in FY2014. At the same time, gross profit margin improved to 39.5% compared to 31.6% a year ago. Production activities make up 61.6% of the Group's total revenue.

General and Administrative Expenses

General and administrative expenses increased by 130.8% from S$1.3 million in FY2014 to S$3.0 million in FY2015. With the recruitment of experienced senior staff to drive the company's development, employee compensation increased by S$0.9 million this year. The increase in general and administrative expenses was also due to the increase in professional fees of S$260,000 or 309.5%, of which S$240,000 is made up of IPO expenses from mm2 Asia's listing on 9 December 2014.

Finance Costs

Finance costs decreased by S$27,000 or 60.0% from S$45,000 in FY2014 to S$18,000 in FY2015, mainly due to the absence of new bank borrowings and finance lease liabilities during the year. This was partly due to reversal of redeemable convertible loan interest after it had been converted into shares during the listing of the Company.

Profit After Tax

As a result, the Group recorded a 70% increase in profit after tax from S$3.0 million in FY2014 to S$5.1 million in FY2015.

Financial Position

As of 31 March 2015, the Group maintained a strong financial position. Total assets amounted to S$37.6 million, an increase of S$20.1 million from S$17.5 million as at 31 March 2014, while total liabilities increased to S$18.4 million as at 31 March 2015 from S$13.7 million as at 31 March 2014.

The Group's non-current assets increased by S$2.5 million or 62.5% from S$4.0 million as at 31 March 2014 to S$6.5 million as at 31 March 2015. This was mainly due to the increase in film rights of S$2.5 million or 65.8% from S$3.8 million as at 31 March 2014 to S$6.3 million as at 31 March 2015. The increase was due to more films completed and released during the year.

The Group's current assets increased by S$17.6 million or 130.4% from S$13.5 million as at 31 March 2014 to S$31.1 million as at 31 March 2015, constituting 82.7% of our total assets which comprised of the following:

- Cash and cash equivalents increased by S$5.2 million from S$0.6 million as at 31 March 2014 to S$5.8 million as at 31 March 2015. This was mainly due to net cash proceeds from issuance of shares of approximately S$6.4 million;

A Year in Review

- Trade and other receivables increased by 80.7% from S$11.4 million as at 31 March 2014 to S$20.6 million as at 31 March 2015. This was mainly due to higher production income; and

- Capitalisation of all costs in relation to the production of our films (including all film products and film under production) prior to the release of the films increased by S$3.3 million or 220% from S$1.5 million as at 31 March 2014 to S$4.8 million as at 31 March 2015. This was mainly due to the increase in the number of films under production, which will be released to film distributors and/or theatres in the next financial year.

The Group's non-current liabilities remained at the amount of S$2.0 million as at 31 March 2015. This was mainly due to the conversion of convertible notes of S$0.5 million, the repayment of long-term borrowings of S$0.5 million and increase in deferred tax liabilities of S$1.0 million.

The Group's current liabilities increased by S$4.7 million or 40.2% from S$11.7 million as at 31 March 2014 to S$16.4 million as at 31 March 2015, representing 89.1% of our total liabilities comprising the following:

- Trade and other payables increased by 28.9% from S$11.4 million as at 31 March 2014 to S$14.7 million as at 31 March 2015. This was mainly due to the increase in production and distribution costs arising from more productions undertaken during the year.

- Deferred income increased by 450% from S$0.2 million as at 31 March 2014 to S$1.1 million as at 31 March 2015. This was mainly due to an increase in sales of film rights which will be recognised when the film is released in the next financial year.

Gross Profit

Net cash used in operating activities

The Group generated a net cash inflow of S$10.2 million from operating activities before working capital changes of approximately S$12.0 million in FY2015, compared to S$7.0 million in FY2014. The increase in working capital changes was due to the increase in number of production projects, from 6 projects in FY2014 to 9 projects in FY2015.

The increase in trade and other receivables was due to the increase in net receipts to be collected from the cinemas for the numerous films released at the end of FY2015. The increase in trade and other payables was due to an increase in the production and distribution costs incurred, as well as accrued amount due to stakeholders from the increase in net receipts from the cinemas.

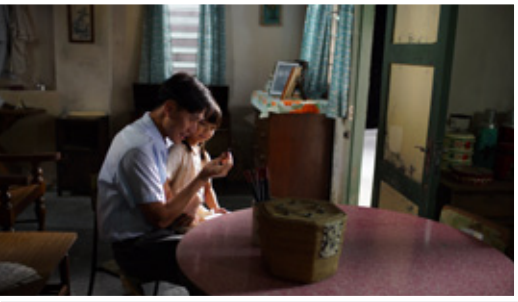
Our net cash used in operating activities amounted to S$2.0 million due to increase in number of productions during the year funded by the Company while awaiting final confirmation of contracts by stakeholders to fund those projects.

Net cash used in operating activities

Net cash used in investing activities amounted to approximately S$2.0 million mainly due to the additions to movie and script rights for future productions.

Net cash generated from financing activities

Net cash generated from financing activities of S$9.0 million was mainly due to the cash inflow from the issuance of shares of S$7.8 million, issuance of convertible notes of S$3.3 million, and cash outflow from the repayment of borrowings of S$0.5 million.



FUTURE OUTLOOK

With years of finance and accounting experience in our management team , the Group will maintain a disciplined approach towards all projects and business decisions.

The Group will continue to produce and distribute commercially-viable films across Asia. We have over 10 films in our pipeline, including "*1965*", a political thriller centered around the racial riots in Singapore during the lead up to Singapore's independence and "*Long Long Time Ago*", an SG50 epic co-produced with J Team Productions, which follows a kampong family's struggles during Singapore's post-independence years.

We will also produce bigger budget films through regional co-productions – there are two to three projects already in the pipeline for Hong Kong, Taiwan and China. This will enable us to expand our network of industry talent, stakeholders and business partners.

The Group also sees opportunities in diversifying our business capabilities through acquisition of complementary businesses.

On 8 April 2015, the Group acquired a majority stake in Vividthree Productions, Singapore's leading 3D animation and visual effects ("VFX") company. On 30 April 2015, the Group also announced the signing of an MOU to acquire cinema businesses from Cathay Cineplexes Sdn Bhd.

With these acquisitions and agreements, the Group is well positioned for new markets, customers and opportunities.

Board of Directors

TAN LIANG PHENG

Non-Executive Chairman and Independent Director

Tan Liang Pheng is our Group's Non-Executive Chairman, Independent Director and Chairman of the Remuneration Committee. He worked for 35 years in two multi-national corporations, responsible for their accounting, treasury and financial functions, and later sat on the Board of Directors of Tetra Pak Group of Companies in Singapore. In 2009, Mr Tan was appointed General Manager of Iviria Pte Ltd., and was subsequently promoted to Executive Director in 2010. Mr Tan served as Executive Director of Iviria Pte. Ltd. until November 2012.

Mr Tan was admitted as a Fellow member of the Association of Chartered Certified Accountants (UK) in 2003. He is a member of the Institute of Chartered Accountants of Singapore.

MELVIN ANG

Chief Executive Officer and Executive Director

Melvin Ang is the Chief Executive Officer ("CEO") and Executive Director of mm2 Asia, responsible for overseeing and managing our productions, as well as sourcing new business opportunities for our Group. Mr Ang graduated from Macquarie University with an MBA in 1996. In August 1997, he was employed by the Television Corporation of Singapore as Vice President, Business Development. Between March 2000 and October 2000, he was appointed as the Chief Business Development & Marketing Officer and Group Executive Vice President of novaSPRINT Pte Ltd. Mr Ang was subsequently employed by SPH MediaWorks Ltd as its Chief Operating Officer of its Media Business Group between November 2000 and April 2003.

Between July 2003 and March 2007, Mr Ang was employed as Managing Director of MediaCorp Studios. Before setting up mm2 Malaysia and mm2 Singapore in January 2009, he served as Media Prima Berhad's ("Media Prima") Executive Advisor between July 2007 and December 2008.

JACK CHIA

Independent Director

Jack Chia is an Independent Director and the Chairman of the Audit Committee. Mr Chia currently runs his own investment advisory firm, Jack Capital Solutions Pte Ltd, which he set up in June 2005, after spending twenty years in both the private and public sectors, substantially in Japan and China. Mr Chia was Senior Director, International Enterprise Singapore (the former Trade Development Board) covering China operations from Shanghai. He was also with Singapore Technologies, Government of Singapore Investment Corporation as well as Arthur Andersen in marketing, asset management and consulting capacities respectively.

Mr Chia graduated from the National University of Singapore with a degree in Accountancy and from the International University of Japan with a Master of Arts in International Relations. He is qualified as a Certified Public Accountant and has also completed the General Manager Program at Harvard Business School.

THOMAS LEI

Independent Director

Thomas Lei is an Independent Director and the Chairman of the Nominating Committee. He was admitted to the Singapore Bar in 1989 and has been in active practice ever since, primarily advising on commercial law and litigation matters. Mr Lei is currently a partner of Lawrence Chua & Partners, a law firm based in Singapore. Mr Lei started his career at Chor Pee & Co (later Chor Pee and Partners) and subsequently joined the firm of Engelin Teh & Partners in April 2000.

Mr Lei read law at the National University of Singapore where he obtained a LL.B. and is a member of the Law Society of Singapore.

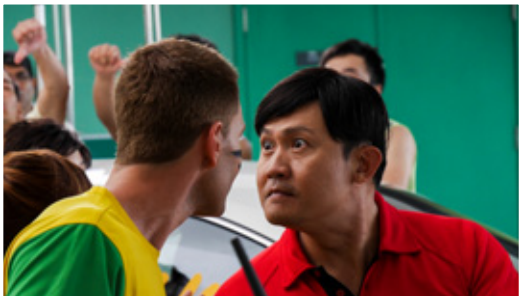
TERRY MAK

Non-Executive Director

Terry Mak is a Non-Executive Director. He is the founder and senior consultant of Media Station Ltd which provides consultancy services to broadcasting and satellite television clients. In 1991, he joined TVB International Ltd ("TVB") as Divisional Manager (Southeast Asia) and, in 2001, was promoted to Assistant General Manager to develop its worldwide content distribution network. After working at TVB for 14 years, Mr Mak left TVB in 2005, to work for Celestial Pictures Ltd, as its Executive Vice President, where he was responsible for managing Celestial's overseas movie distribution and movie channel business. Mr Mak held the position of Chief Operating Officer at MyChinaChannel Pte. Ltd. between 1 June 2012 and 31 July 2014.

He graduated from Hong Kong Baptist University with a Bachelors of Science in Chemistry in 1979 and from University of Connecticut in 1981 with an MBA.

Executive Officers



TAY JOO HENG

Chief Financial Officer

Tay Joo Heng is our Group's Chief Financial Officer ("CFO"). He has more than 20 years of financial and operational experience in media, content production, technology and trading industries. He started his career at Hewlett Packard (Singapore) as a financial analyst in 1990. Thereafter, he joined the Singapore Press Holdings group as an Assistant Finance Manager and was promoted to Senior Manager in the Finance department. He was seconded to SPH Mediaworks Ltd, a subsidiary of the Singapore Press Holdings, to start up the Finance and Admin operations. In 2004, Mr Tay joined Scorpio East Pte Ltd, as the Head Corporate Finance and Services, in preparation for its initial public offering. Mr Tay left in 2006 and rejoined the media industry as an Assistant Vice President, Business Planning of Mediacorp Studios Pte Ltd, a subsidiary of the Mediacorp group of companies, till 2007.

Prior to joining our Company in 2013, Mr Tay held the position of an Assistant General Manager in Leeden Limited and subsequently General Manager of National Industrial Gases Pte Ltd, subsidiary of Leeden Limited.

Mr Tay graduated from the National University of Singapore with a degree in Accountancy in 1989 and is a member of the Institute of Singapore Chartered Accountants.

NG SAY YONG

Chief Content Officer

Ng Say Yong is the Chief Content Officer of our Group and is overall in charge of the creative content development of our Group's productions. He is a media industry veteran who has produced and directed some of the most successful TV dramas in Singapore such as 'Growing Up ', 'Triple Nine ' and 'Shiver '. Mr Ng joined the Singapore Broadcasting Corporation, which subsequently became the Television Corporation of Singapore in 1994, as a producer and director of current affairs and entertainment programmes. In 1998, he joined MediaCorp Studios as an Assistant Vice-President and was subsequently promoted to Senior Vice President.

After leaving MediaCorp Studios in 2007, Mr Ng stayed in Australia for three years before joining mm2 Singapore in 2010 as a Creative Director. Say Yong graduated from the National University of Singapore, in 1988, with a Bachelor of Arts (Honours).

CHONG HOW KIAT

Deputy Chief Financial Officer

Chong How Kiat is our Group's Deputy CFO. He started out his career as an Audit Assistant in 1995 at K.S. Lam & Co, Public Accountant. Subsequently, he left and joined Mascon Sdn Bhd as an Assistant Accountant, before joining Mines Shopping Fair Sdn Bhd as an Accountant. Thereafter in 2004, he was promoted to Financial Controller of East Vision Leisure Group, holding company of Mines Shopping Fair Sdn Bhd. Subsequently, Mr Chong joined Oriental Eminence Sdn Bhd in 2008 as Finance Manager, before leaving in 2010, where he joined Kencana Pinwell Sdn Bhd as the same position. Prior to joining mm2 Asia Ltd. in 2014 as Group Financial Controller, Mr Chong held the position of Finance Manager at ITD Vertex Consortium Sdn Bhd and subsequenetly Sapphire Plenitude Sdn Bhd.

TOONG SOO WEI

General Manager, mm2 Singapore

Toong Soo Wei is the General Manager of mm2 Singapore and is responsible for the overall operations of mm2 Singapore. He began his career as an Assistant Producer in the Chinese language drama department of MediaCorp Studios in 2000. In November 2003, he joined Image Marcom & Productions Pte Ltd as a writer and producer. Between 2004 and 2008, Mr Toong worked at J Team Productions Pte Ltd as an Assistant Creative Manager and as General Manager and Head of Production. He subsequently left to join Homerun Asia Pte Ltd in 2011 until he left, in October 2012, to work as General Manager for mm2 Singapore. Mr Toong obtained an Advanced Diploma in Mass Communications from the Management Development Institute of Singapore in 2008.

ANGELIN ONG

General Manager, mm2 Malaysia

Angelin Ong is the General Manager of mm2 Malaysia and is responsible for the overall operations of mm2 Malaysia. From 2001 to 2003, she worked at Publicis CGS Sdn Bhd, an advertising agency, as an account executive and was responsible for brand visibility planning and product packaging. In 2003, she joined Think Reka Sdn Bhd, an industrial design agency, as a client service manager. In 2004, Ms Ong joined Stormfbi Sdn Bhd, an advertising agency, as an account manager in charge of client servicing and providing brand consultancy services. In 2005, she was appointed as manager of Sistem Televisyen Malaysia Berhad (" STMB"), a free-to-air television station in Malaysia. In 2007, Ms Ong joined AltMedia Sdn Bhd, a subsidiary of Media Prima, to initiate new business ideas and revenue before joining mm2 Malaysia in 2009.

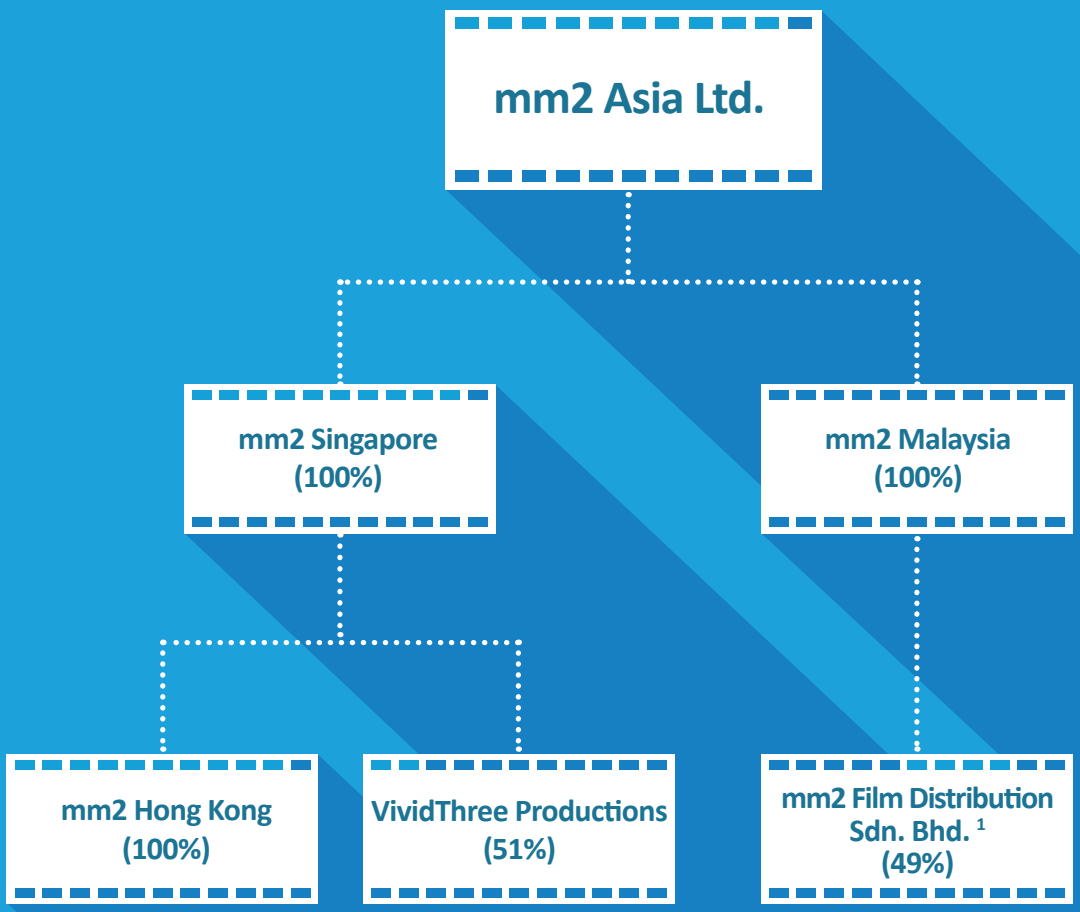
Ms Ong's experience in both traditional and new media is invaluable in a rapidly evolving media industry. She graduated from the Curtin University of Technology, in 2000, with a Bachelor of Commerce majoring in advertising and marketing.

KENT CHAN

Senior Manager, Business and Content Development

Kent Chan is the Senior Manager, Business and Content Development of mm2 Malaysia and is responsible for content development and managing mm2 Malaysia's projects. In 2008, he was appointed as a Production Executive of Media Prima. Before joining mm2 Malaysia in 2009, Mr Chan was employed by mmStudios Sdn Bhd, in June 2008, as a Business Executive where he was responsible for, among others, managing projects, artistes and logistics. Kent Chan graduated from INTI College Malaysia TWN Coventry University, in 2005, with a Bachelor's Degree in Software Engineering.

Group Structure



[1] *mm2 Film Distribution Sdn. Bhd. was formerly known as MJX Studios Sdn. Bhd.*

UPCOMING FILM PRODUCTIONS/CO-PRODUCTIONS (TO BE RELEASED BEFORE 31 MARCH 2016)

3688 （想入飞飞）

Parking warden Fei Fei loses her job to automated parking systems installed in public carparks. Faced with money problems and an elderly father suffering from dementia, she enters a national singing competition and reaches the final round singing the songs of her idol, Fong Fei Fei.

LONG LONG TIME AGO （我们的故事）

Jack Neo's SG50 epic follows the struggles of young widow Zhao Di and her children living in a kampong during Singapore's tumultuous post-independence years. Her trials and tribulations are intricately linked to the larger issues that the national leaders were grappling with on the big stage.

SIEW LUP （烧腊）

Voluptuous Quan Sao and her lover Wu brutally kill her hot-tempered roast pork seller husband Quan when their hot steamy affair is exposed. This sparks off a trail of lust, jealousy, betrayal and blood.

ARE YOU HERE? （碟仙碟仙）

Four friends dabble in the dark arts with an ouija board, but this leads to a series of horrifying events with fatal consequences.

IN DEVELOPMENT (PLANNED FOR RELEASE IN FY2017)

REVENGE （罪孽）

Three inter-connected horror stories revolving around a central location: a husband plots with his lover to kill his pregnant wife; a bullied student invites his former tormentors to a reunion with the intention of killing them; an office building is haunted by a mother and her child... the three stories connect and come full circle in the end.

FOR LOVE （酸甜苦辣）

Four Singaporean directors. Four love stories. One movie. Each director tells a story of love through the experiences of teenagers, young adults, mid-lifers and the elderly.

THE MOMENT （此情此刻）

Four stories about family and love set in the backdrop of a photo studio scheduled for demolition.

LUCKY BOY （这么近, 那么远）

The story of a man fated to be second best in everything. His unfortunate journey through life and pursuit of his one true love parallel the defining moments of Singapore's history over the last four decades.

Corporate **Governance**

The Board of Directors (the "**Board**") of mm2 Asia Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") are firmly committed to set in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of long-term sustainability of the Group's business and performance are met.

This report outlines the Group's main corporate governance structures and practices that were in place throughout and/or during the financial year or which will be implemented and where appropriate, with specific reference made to the Code of Corporate Governance 2012 (the "**Code**") issued in May 2012 and the Disclosure Guide on Compliance with the Code developed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in January 2015, which forms part of the continuing obligations of the Listing Manual – Section B: Rules of Catalist of the SGX-ST. The Company has provided explanations for deviation from the Code.

BOARD MATTERS

Board's Conduct Of Its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises management ("**Management**"). To fulfil this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

The principal functions of the Board, apart from its statutory responsibilities, include:

- providing entrepreneurial leadership and setting the overall strategy and direction of the Group;
- reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation;
- approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- overseeing the processes of risk management, financial reporting and compliance and evaluating the adequacy of internal controls;
- approving the release of the Group's half-year and full-year financial results, related party transactions of material nature and the submission of the relevant checklists to the SGX-ST;
- appointing directors and key management staff, including the review of performance and remuneration packages; and
- assuming the responsibilities for corporate governance.

All Directors objectively discharge their duties and responsibilities at all times and make objective decisions in the interests of the Company.

To assist in the execution of its responsibilities, the Board is supported by three Board Committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively "**Board Committees**"). These Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

The Board holds regular scheduled meetings to review the Group's key activities, business strategies, funding decisions, financial performance and to approve the release of the results of the Group. Ad-hoc meetings are convened when circumstances require. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction. Meetings via telephone or video conference are permitted by the Company's Articles of Association.

The number of meetings held and the attendance of each member at the Board's meetings and Board Committees' meetings since the listing of the Company up to the financial year ended 31 March 2015 ("**FY2015**") are as follows:

	Board		**AC**		**NC**		**RC**	
	No of meetings		**No of meetings**		**No of meetings**		**No of meetings**	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Tan Liang Pheng[1]	1	1	1	1	1	1	1	1
Mr Ang Wee Chye ("**Melvin Ang**")[2]	1	1	1	1*	1	1	1	1*
Mr Chia Seng Hee, Jack ("**Jack Chia**")[3]	1	1	1	1	1	1*	1	1*
Mr Lei Chee Kong Thomas ("**Thomas Lei**")[3]	1	1	1	1	1	1	1	1
Mr Mak Chi Hoo ("**Terry Mak**")[4]	1	1	1	1*	1	1*	1	1

* By invitation

(1) Mr Tan Liang Pheng was appointed as Non-Executive Chairman and Independent Director on 4 November 2014.

(2) Mr Melvin Ang was appointed as Executive Director on 20 August 2014.

(3) Mr Jack Chia and Mr Thomas Lei were appointed as Independent Directors on 4 November 2014.

(4) Mr Terry Mak was appointed as Non-Executive Director on 4 November 2014.

The Group has adopted a set of internal guidelines setting forth the financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

Matters requiring the Board's decision and approval include the following:

(1) Approval of the Group's major investments/divestments and funding decisions;

(2) Approval of the Group's half-yearly financial updates, half-year and full-year financial result announcements for release to the SGX-ST;

(3) Approval of any agreement which is not in the ordinary course of business;

(4) Approval of any major borrowings or corporate guarantees in relation to borrowings;

(5) Entering into any profit-sharing arrangement;

(6) Incorporation or dissolution of any subsidiary;

(7) Issuance of shares or declaration of dividends;

(8) Approval of the annual report and audited financial statements;

(9) Convening of general meetings;

(10) Approval of corporate strategies;

(11) Approval of material acquisitions and disposal of assets; and

(12) Approval of announcements or press releases concerning the Group for release via the SGXNET.

The Directors are also updated regularly with changes to the SGX-ST Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or members of the Board Committees.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties.

As of 17 October 2014, the Directors, namely Mr Tan Liang Pheng, Mr Melvin Ang, Mr Jack Chia, Mr Thomas Lei and Mr Terry Mak, have attended the relevant training at the Singapore Institute of Directors to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. Directors will also be given opportunities to visit the Group's operational facilities and meet with the Management so as to gain a better understanding of the Group's business.

Formal letters of appointment were furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently, the Board comprises one Executive Director, one Non-Executive Director and three Independent Directors, as follows:

Name of Directors	Date of first Appointment	Date of Last Re-election	Board	AC	NC	RC
Mr Tan Liang Pheng	4 November 2014	–	Non–Executive Chairman and Independent Director	Member	Member	Chairman
Mr Melvin Ang[(1)]	20 August 2014	–	Executive Director and Chief Executive Officer ("**CEO**")	–	Member	–
Mr Jack Chia	4 November 2014	–	Independent Director	Chairman	–	–
Mr Thomas Lei	4 November 2014	–	Independent Director	Member	Chairman	Member
Mr Terry Mak	4 November 2014	–	Non–Executive Director	–	–	Member

Notes:

(1) Mr Melvin Ang was appointed as the CEO on 4 November 2014.

Presently, there is a strong and independent element on the Board. Three out of five Directors of the Company are Independent Directors, of which their independence is reviewed by the NC.

Independent Directors

The NC considers an "independent" Director as one who has no relationship with the Company, its related corporations or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC has reviewed the independence of each Independent Director and is of the view that these Directors are independent.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

The NC has reviewed the size and composition of the Board. The NC is satisfied that the current size and composition of the Board is appropriate and provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company, which facilitates effective decision-making. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The Board is made up of Directors who are qualified and experienced in various fields including business administration, strategic planning, business management, legal, accounting and finance. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and manage the Group's businesses and operations.

The Non-Executive Director and Independent Directors exercise no management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Directors and Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed, rigorously examined and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of their performance. The NC considers its Non-Executive Director and Independent Directors to be of sufficient calibre and size, and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

The Company co-ordinates informal meeting sessions for the Non-Executive Director and Independent Directors to meet as needed without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

The profile of each Director is set out on pages 12 to 13 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company practices a clear division of responsibilities between the Chairman and CEO to ensure that an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The roles of the Chairman and CEO are separate. Mr Tan Liang Pheng is the Non-Executive Chairman while Mr Melvin Ang is the CEO of the Company. The Non-Executive Chairman and the CEO are not related.

The Non-Executive Chairman ensures effective and comprehensive Board discussion on matters brought to the Board including strategic issues as well as business planning and provides executive leadership and supervision to the Executive Directors and the Senior Management team of the Company and the Group.

The responsibilities of the Non-Executive Chairman include:

(1) Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;

(2) Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;

(3) Ensuring the Group's compliance with the Code; and

(4) Acting in the best interest of the Group and of the shareholders.

The Company Secretary may be called to assist the Non-Executive Chairman in any of the above.

The role of the CEO includes the execution of strategic business directions as well as the oversight of the operations and business development of the Group.

All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

The Non-Executive Chairman is an Independent Director and not part of the management team of the Company. Accordingly, the Company did not appoint an Independent Director to be the Lead Independent Director. The Independent Directors of the Company will meet among themselves without the presence of the other Directors where necessary, and will provide feedback to the Non-Executive Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC currently comprises of one Executive Director and two Independent Directors, a majority of whom are independent, including the NC Chairman.

Nominating Committee

Mr Thomas Lei (Chairman)
Mr Tan Liang Pheng
Mr Melvin Ang

The NC has its terms of reference which sets out their duties and responsibilities. It includes the following:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regarded the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. All Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three years;

(b) to determine annually whether or not a Director is independent;

(c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such a director is able to and has been adequately carrying out his/her duties as director, with regards to the competing time commitments that are faced when serving on multiple boards;

(d) to review and approve any new employment of related persons and the proposed terms of their employment; and

(e) to decide how the Board's performance is to be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long term shareholder value. The Board will also implement a process to be proposed by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable).

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required as well as evaluate the profession, knowledge and experience of the candidate to enable the Board to fulfil its responsibilities.

The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration and/or approval.

The NC makes recommendations to the Board on re-appointment of Directors based on, among others, the Director's attendance record at meetings of the Board and Board Committees, participation at meetings and contributions to the Group's business and affairs.

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

The Company's Articles of Association requires one-third of the Board to retire by rotation at every Annual General Meeting ("**AGM**"). Each Director shall retire from office once every three years. Pursuant to Article 117 of the Company's Articles of Association, Directors of the Company who were newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM. A retiring Director shall be eligible for re-election at the meeting at which he retires. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

The NC has recommended to the Board that Mr Tan Liang Pheng, Mr Melvin Ang, Mr Jack Chia, Mr Thomas Lei and Mr Terry Mak, be nominated for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation.

Mr Thomas Lei, Mr Tan Liang Pheng and Mr Melvin Ang, being the Chairman and members of the NC respectively, who are retiring at the AGM abstained from voting on the resolution in respect of their re-nomination as a Director.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and able to exercise judgment on the corporate affairs of the Group independent of the Management.

Despite some Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

There are no alternate directors being appointed to the Board.

The key information regarding Directors, such as academic and professional qualifications, Board Committees served, directorships, chairmanships or as a member both present and past held over the preceding three years in other listed companies and other major appointments or its related corporations, whether the appointment is executive or non-executive are set out in pages 36 and 37 of the Annual Report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

In line with the principles of good corporate governance, the Board has implemented a process to evaluate its performance as a whole. The performance criteria include financial targets, the contribution by Directors, their expertise, their independence and their industry knowledge. This encourages constructive feedback from the Board and leads to an enhancement of its performance over time. The Board has met to discuss the evaluation of the Board's performance and has adopted a formal evaluation process to assess the effectiveness of the Board as a whole. The Board will implement the process to be carried out by the NC for assessing the effectiveness of its Board Committees as well as the individual evaluation for each Director.

The results of the evaluation exercise will be collated by the Company Secretary for the NC's review and consideration, which then makes recommendations to the Board on enhancements to improve the effectiveness of the Board as a whole.

Although the Directors are not evaluated individually, the performance of the Directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria includes short-term and long-term measures and cover financial and non-financial performance indicators such as the strength of his experience and stature and his contribution to the proper guidance of the Group and its businesses.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfil its responsibilities, the Management strives to provide Board members with adequate and timely information for Board and Board Committees' meetings on an on-going basis. The Board and Board Committees' papers are prepared for each meeting and are disseminated to the members before the meetings. The Board and Board Committees' papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees' meetings. Directors are given separate and independent access to the Group's Management and Company Secretary to address any enquiries.

The Directors have separate and independent access to the Company's Management and the Company Secretary at all times to address any enquiries. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the concurrence of the Chairman or the Chairmen of the Board Committees requiring such advice) will be appointed at the Company's expense.

The Company Secretary or her representative administers, attends and prepares minutes of all Board and Board Committees' meetings and assists the Chairman of the Board and/or the Board Committees in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively. The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Directors, either individually or as a group have the right to seek independent professional advice, if necessary, in furthering their duties. The costs of such services will be borne by the Company.

REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC currently comprises one Non-Executive Director and two Independent Directors, a majority of whom are independent, including the RC Chairman.

Remuneration Committee

Mr Tan Liang Pheng (Chairman)
Mr Thomas Lei
Mr Terry Mak

The RC has its terms of reference, setting out their duties and responsibilities, which include the following:

(a) to recommend to the Board a framework of remuneration for the Directors and Executive Officers, and to determine specific remuneration packages for each Executive Director and any Chief Executive Officer (or executive of equivalent rank) and key management personnel; if such Chief Executive Officer and key management personnel is not an Executive Director, such recommendations are to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;

(b) in the case of service contracts (if any) for any Director or Executive Officer, to consider what compensation commitments the Directors' or Executive Officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) in respect of any long-term incentive schemes, including share schemes, as may be implemented, to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

No Director will be involved in determining his own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

BOARD PERFORMANCE

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The remuneration for the Executive Directors and certain key management personnel comprise a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and key management personnel.

The Company has adopted the Performance Share Plan ("**PSP**"). The Group's Executive Directors and Non-Executive Directors (including Independent Directors), controlling shareholders or associates of a controlling shareholder are eligible to participate in the PSP in accordance with the rules of the PSP.

The Independent Directors and Non-Executive Director receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors and Non-Executive Director shall not be over-compensated to the extent that their independence may be compromised. There are no share-based compensation schemes in place for Independent Directors and Non-Executive Directors.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of a breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The details of the level and mix of remuneration of the Directors of the Group for the services rendered during FY2015 are as follows:

Remuneration Band and Name of Directors	Salary (%)	Bonus (%)	Other Benefits (%)	Share Options (%)	Directors' Fees (%)	Total (%)
Below S$250,000						
Mr Tan Liang Pheng[(1)]	–	–	–	–	100	100
Mr Melvin Ang[(2)]	32	–	68	–	–	100
Mr Jack Chia[(3)]	–	–	–	–	100	100
Mr Thomas Lei[(3)]	–	–	–	–	100	100
Mr Terry Mak[(4)]	–	–	–	–	100	100

Notes:

(1) Mr Tan Liang Pheng was appointed as Independent Director on 4 November 2014.

(2) Mr Melvin Ang was appointed as Executive Director on 20 August and Chief Executive Officer on 4 November 2014.

(3) Mr Jack Chia and Mr Thomas Lei were appointed as Independent Directors on 4 November 2014.

(4) Mr Terry Mak was appointed as Non-Executive Director on 4 November 2014.

The details of the remuneration of relevant key management personnel of the Group for services rendered during FY2015 are as follows:

Name of Key Management Personnel	Salary (%)	Bonus (%)	Other Benefits (%)	Share Options (%)	Total (%)
Below S$250,000					
Mr Tay Joo Heng	93	7	–	–	100
Mr Chong How Kiat	94	6	–	–	100
Ms Angelin Ong Pei Sian ("**Angelin Ong**")	83	17	–	–	100
Mr Ng Say Yong	51	20	29	–	100
Mr Toong Soo Wei	49	14	37	–	100
Mr Chan Teck Kian ("**Kent Chan**")	92	8	–	–	100

For FY2015, the aggregate total remuneration paid to the relevant key management personnel (who are not a Director or the CEO) amounted to S$578,946.

(a) For FY2015, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period termination payment in lieu of service.

(b) There were no employees who were immediate family members of a Director or CEO whose remuneration exceeds S$50,000 in the Group's employment during the financial year under review.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors and key management personnel in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and half-yearly results are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

The Management understands its role to provide all members of the Board with a balanced and understandable assessment of the Group's performance, position and prospects. The Management provides the Board with appropriately detailed information on the Company's performance, position and prospects on a half-yearly basis and when deemed appropriate.

The Board will take adequate steps to ensure compliance with legislative and regulatory requirements. In line with the SGX-ST Catalist Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statement.

The Management is accountable to the Board and maintains regular contact and communication with the Board including preparation and circulation to the Board of half-yearly and full-year financial statements of the Group. These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Risk Management And Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges its responsibility for the governance of risk and ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets. However, the Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate risks of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, there are maintenance of proper accounting records, financial information is reliable, and assets are safeguarded.

The Management is responsible for designing, implementing and monitoring the risk management and internal control systems within the Group. The Management regularly reviews the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Any significant matters are highlighted to the Board and the AC for their deliberation. To further review the adequacy and effectiveness of internal controls, the AC is assisted by various independent professional service providers. The assistance of the internal auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year. Material non-compliance or weaknesses in internal controls or recommendations from the internal auditors and external auditors to further improve the internal controls were reported to the AC, including the Management action plans to be undertaken to address the recommendations.

The AC also follows up on the actions taken by the Management on the recommendations made by the internal auditors and external auditors arising from their work performed. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls are not satisfactory, based on the current size and nature of the Company's business.

To further enhance the risk management procedures in place, the Group is working with its internal auditors, BDO LLP, to establish a structured Enterprise Risk Management ("**ERM**") framework which will provide documented guidance on the process for identifying and assessing risks, the adequacy of countermeasures and the manner in which risks are reported to the Board and the AC.

The Directors have received and considered the representation letters from the CEO and Chief Financial Officer ("**CFO**") in relation to the financial information for the year. Associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement. The CEO and the CFO have assured the Board that:

a. The financial records have been properly maintained and the financial statements for the FY2015 give a true and fair view in all material respects, of the Group's operations and finances; and

b. The Group's internal control systems are operating effectively in all material respects given its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors, reviews performed by the Management and the controls and processes which are currently in place, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and information technology control risks of the Group as at 31 March 2015.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC currently comprises three members, all of whom (including the Chairman of the AC) are Independent Directors.

Audit Committee

Mr Jack Chia (Chairman)
Mr Tan Liang Pheng
Mr Thomas Lei

The Board is of the view that the AC members possess experience in finance, legal and business management which are appropriately qualified, having the relevant accounting or related financial management expertise to discharge their responsibilities.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control. The AC has full access to and the co-operation of Management and the full discretion to invite any Director or Executive Officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The external auditors have unrestricted access to the AC.

The AC has its terms of reference, setting out their duties and responsibilities, which include the following:

(a) review with the external auditors the audit plan, their evaluation of the internal controls system, their audit report, their management letter and our management's response;

(b) review with the internal audit department the internal audit plan and evaluate the adequacy of our internal control and accounting system in our annual report;

(c) review the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(d) review the internal control and procedures, ensure co-ordination between the external auditors and the management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(e) review any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(f) review, where applicable, the role and effectiveness of the internal audit procedures;

(g) review and approve interested person transactions and review procedures thereof;

(h) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the external auditors and the head of the internal audit department;

(i) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;

(j) undertake such other reviews and projects as may be requested by the Board of Directors and report to the Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;

(k) review at least annually the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports of the Company or, where the findings are material, to announce such material findings immediately via SGXNET; and

(l) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the AC is given the task of commissioning investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position, and to review its findings.

In July 2010, SGX-ST and ACRA launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" ("**Guidance**") which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC evaluated the performance of the external auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the Guidance.

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approving the remuneration of the external auditors. The AC has recommended to the Board the nomination of Nexia TS Public Accounting Corporation for re-appointment as external auditors of the Company at the forthcoming AGM. The Company confirms that Rule 712 and Rule 715 of the Catalist Rules have been complied with.

Annually, the AC conducts a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2015. The aggregate amount paid to the external auditors for audit and non-audit services for FY2015 are as follows:

	S$'000
Audit Fees	63
Non-audit Fees	3.5
IPO-related Fees	210

The AC will meet with the external auditors and internal auditors without the presence of the Management, as and when necessary, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors.

Fraud and whistle blowing policy

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

(i) independent investigations are carried out in an appropriate and timely manner;

(ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

To date, there were no reports received through the whistle blowing mechanism.

The AC is updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is currently outsourced to BDO LLP, a member firm of the international BDO network of auditing firms, and they report directly to the AC on audit matters, and the CEO on administrative matters. BDO performs their work in accordance with the BDO Global Internal Audit Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing established by The Institute of Internal Auditors.

The annual internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In accordance with the internal audit plan, the IA conducts internal audit reviews over the effectiveness of internal controls over the key business processes in the Group including those that address applicable financial, operational and compliance risks. Findings and recommendations arising from the internal audits are agreed with the Management and presented to the AC. The IA also assists the AC in overseeing and monitoring the subsequent implementation of recommendations on internal control weaknesses identified.

The AC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. Following the review of BDO's internal audit plan and their evaluation of the internal controls system, the AC is satisfied that the internal audit is effective, adequately resourced and has appropriate standing within the Group.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

In line with the continuous obligations of the Company under the SGX-ST Catalist Rules and the relevant rules and regulations, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of the general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in and vote at the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through a proxy form sent in advance. The Company's Articles of Association does not include the nominee or custodial services to appoint more than two proxies.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its shareholders the relevant information on a timely basis through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

- Annual Reports that are prepared and sent to all shareholders. The Board ensures that the Annual Report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the relevant rules and regulations;
- Half-yearly announcements containing a summary of the financial information and affairs of the Group for that period;
- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGM**"). The notice of AGM and EGM are also advertised in a national newspaper; and
- News releases on major developments of the Company and the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has engaged an investor relations firm which focuses on facilitating communications with all stakeholders, shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in the newspapers within the mandatory period, which is held within four months after the end of the financial year.

The Group does not have a formal dividend policy at present. As a growth company, the Group is preserving its funds for future expansions. The form, frequency and amount of dividends declared each year will take into consideration the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, the Group's development plans and other factors as the Board may deem appropriate.

CONDUCT OF SHAREHOLDERS' MEETING

Principle 16: Companies should encourage greater shareholder participation at general meeting of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to be updated on the Group's strategies and goals. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the AGM.

Each item of special business included in the notice of the general meetings will be accompanied by an explanation of the effects of a proposed resolution. All resolutions at the general meetings are single item resolutions.

The Chairman of the Board Committees are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders.

The Company acknowledges that voting by poll in all its general meeting is integral to the enhancement of corporate governance. Currently, the Company has yet to implement poll voting in all its general meetings in view of the high costs involved in polling. The Company will adhere to the requirements of the Code where all resolutions are to be voted by poll for general meetings held on or after 1 August 2015.

RISK MANAGEMENT

The Company is continually reviewing and improving the business and operational activities to take risk management into account. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions. All the significant controls, policies and procedures and all significant matters are highlighted to the AC and the Board. The significant risk management policies are disclosed in the audited financial statements of this Annual Report.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of the Non-Executive Chairman, or any director or controlling shareholder subsisting at the end of the financial year.

INTERESTED PERSON TRANSACTIONS

The Company has established guidelines and review procedures for the ongoing and future interested person transactions ("**IPTs**"). The IPTs are subject to review by the AC to ensure that they are on normal commercial terms and on an arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the interested persons than if they were transacted with a third party and are not prejudicial to the interests of the Group or our minority shareholders in any way.

There were no IPTs between the Company and any of its interested persons (namely, Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for the financial year ended 31 March 2015.

DEALINGS IN SECURITIES

The Company has adopted its own internal Code of Best Practices to provide guidance to all officers and employees of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1204 (19) of the Catalist Rules of the SGX-ST. The Company and its officers are prohibited from dealing in the Company's securities during the periods commencing one month before the announcement of the Company's half-year and full-year results and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or while they are in possession of unpublished price-sensitive information of the Group. They are not to deal in the Company's securities on short-term considerations.

CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime and the continuing sponsor of the Company is Hong Leong Finance Limited. (the "**Sponsor**"). In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor for the financial year ended 31 March 2015.

USE OF INITIAL PUBLIC OFFERING ("IPO") PROCEEDS

Pursuant to the IPO, the status of the use of IPO proceeds as at the date of this report is as follows:

	Amount allocated (S$'000)	Amount Utilised (S$'000)	Balance (S$'000)
Expansion of the Group's business via acquisitions, joint ventures and/or strategic alliances	2,347	10	2,337
Investment in production activities or acquisition of movie rights	1,700	578	1,122
General working capital[1]	2,100	1,572	528
Total	6,147	2,160	3,987

Note:

1 In General Working Capital, approximately S$400,000 was originally allocated to IPO related expenses.

Breakdown of IPO proceeds used for General Working Capital is as follows:

	(S$'000)
Working capital for subsidiary operations	1, 500
Professional expenses	114
Administrative expenses	40
Other expenses	19
GST refund	(101)
	1,572

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE 2012

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Mr Tan Liang Pheng	A member of the Institute of Chartered Accountants of Singapore	Non-Executive Chairman and Independent Director	Board Chairman, Chairman of RC and Member of AC and NC	4 November 2014	–	–	–	–
Mr Melvin Ang	Master of Business Administration from Macquarie University	Executive Director and Chief Executive Officer	Board Member and member of NC	20 August 2014	–	–	–	–
Mr Jack Chia	Degree in Accountancy from National University of Singapore and Master of Arts in International Relations from International University of Japan and he is a Fellow of the Institute of Singapore Chartered Accountants. He also completed a General Manager Program at Harvard Business School.	Independent Director	Board Member and Chairman of AC	4 November 2014	–	• China Hongcheng International Holdings Limited • Combine Will International Holdings Limited • Debao Property Development Limited • Dukang Distillers Holdings Ltd • Shanghai Turbo Enterprises Limited	• Sunray Holdings Limited	–

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Mr Thomas Lei	Bachelor of Laws from National University of Singapore and a member of the Law Society of Singapore	Independent Director	Board Member, Chairman of NC and Member of AC and RC	4 November 2014	–	–	–	–
Mr Terry Mak	Master of Business Administration from University of Connecticut and Bachelor of Science in Chemistry from Hong Kong Baptist University	Non-Executive Director	Board Member and Member of RC	4 November 2014	–	• Media Station Ltd • Land Plus Ltd • FM Telemedia Ltd	• Celestial Pictures Ltd	–

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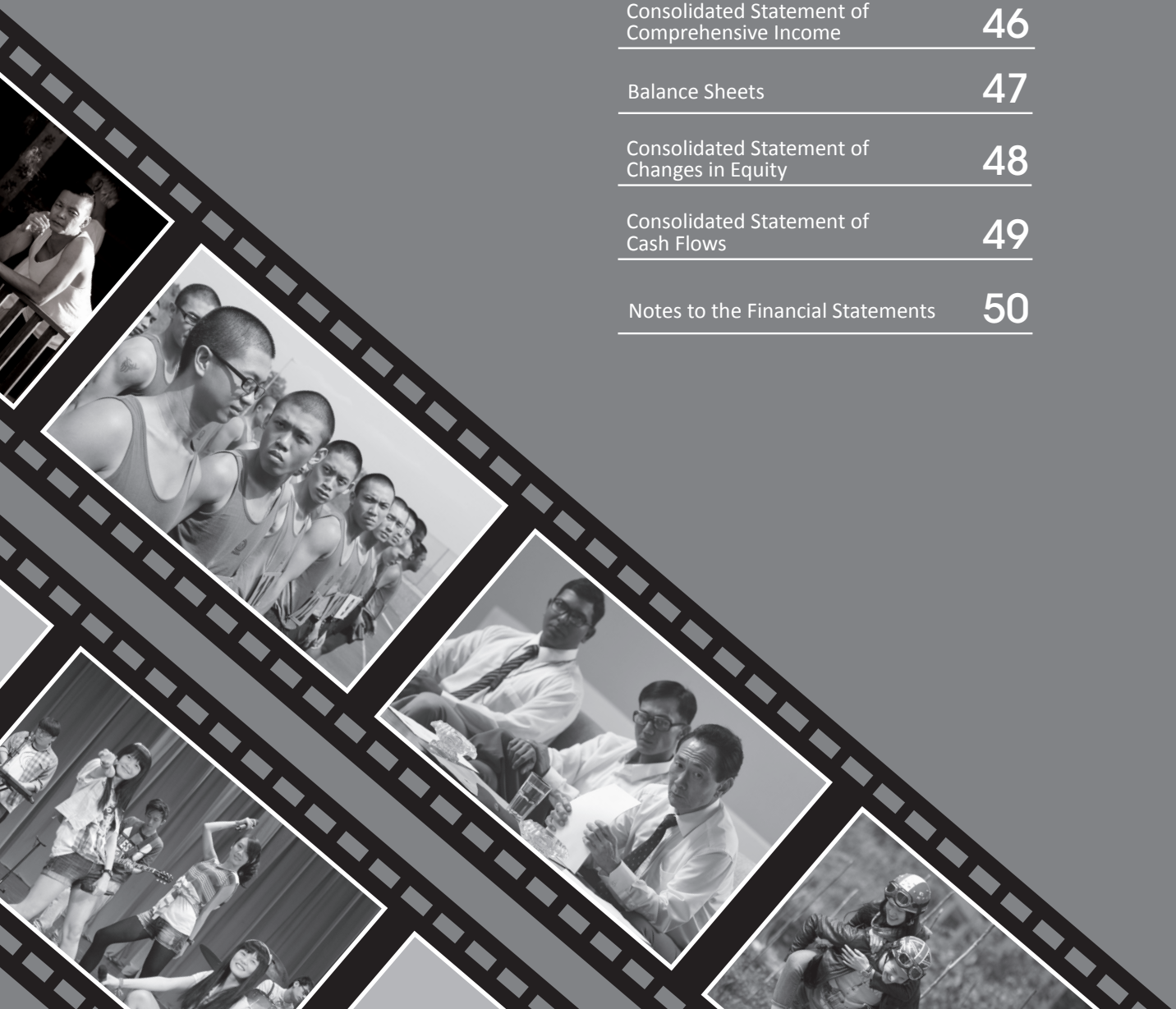

The directors present their report to the members together with the audited financial statements of mm2 Asia Ltd. (the "Company") and its subsidiaries (collectively "the Group") for the financial year ended 31 March 2015 and the balance sheet of the Company as at 31 March 2015.

Directors

The directors of the Company in office at the date of this report are as follows:

Tan Liang Pheng	(appointed on 4 November 2014)
Ang Wee Chye	(appointed on 20 August 2014)
Chia Seng Hee Jack	(appointed on 4 November 2014)
Lei Chee Kong Thomas	(appointed on 4 November 2014)
Mak Chi Hoo	(appointed on 4 November 2014)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Performance share plan" on pages 40 to 41 of this report.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which the director are deemed to have an interest	
	At 31.03.2015	At date of incorporation or date of appointment if later	At 31.03.2015	At date of incorporation or date of appointment if later
Company				
(No. of ordinary shares)				
Ang Wee Chye	130,605,000	1	–	–

The directors' interests in the ordinary shares and convertible securities of the Company as at 21 April 2015 were the same as those as at 31 March 2015.

Directors' contractual benefits

Since the date of incorporation, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

Performance share plan

The Company has implemented a performance share plan known as the "Plan" which was approved and adopted by the shareholders at an Extraordinary General Meeting held on 4 November 2014 which provides for the award of fully paid-up ordinary shares in the share capital of the Company free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Full-time Group Executives who have attained the age of 21 years as of the Award Date and hold such rank as may be designated by the Committee from time to time are eligible to participate in the Plan. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in the Plan. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditor.

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in the Plan provided that the participation of and the terms of each grant and the actual number of Awards granted under the Plan to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in a separate resolutions for each person subject to the following:

(a) the aggregate number of shares comprised in Awards granted to controlling shareholders or associates of a controlling shareholder under the Plan shall not exceed 25% of the aggregate number of shares (comprised in Awards) which may be granted under the Plan; and

(b) the number of shares available to the each controlling shareholder or associate of a controlling shareholder shall not exceed 10% of the shares available under the Plan.

The Plan is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the Plan will help to achieve the following positive objectives:

(a) foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of Shareholders;

(b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and

(c) make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

The Plan is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Tan Liang Pheng, Mak Chi Hoo and Lei Chee Kong Thomas.

Performance share plan (continued)

The Plan shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under the Plans by way of:

(i) issuance of new shares;

(ii) delivery of existing shares purchased from the market or shares held in treasury; and/or

(iii) cash in lieu of shares, based on the aggregate market value of such shares.

The total number of new shares which may be issued pursuant to Awards granted under the Plan, when added to (i) the number of new shares issued and issuable in respect of all Awards granted thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company's post-Placement as well as on the day preceding the relevant date of award. The aggregate number of shares available under the Plan shall not exceed 15% of the total issued share capital of the Company post-Placement and from time to time.

No performance shares have been awarded pursuant to the Plan.

Audit Committee

The members of the Audit Committee (the "AC") at the end of the financial year and at the date of this report are as follows:

Chia Seng Hee Jack	Independent director, Chairman
Tan Liang Pheng	Independent director
Lei Chee Kong Thomas	Independent director

The AC performs the functions in accordance with Section 201B(5) of the Singapore Companies Act, (the "Act"), the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance. In performing those functions, the AC:

- Reviews the audit plans of the internal and independent auditor of the Company and the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the internal and independent auditors;
- Reviews the annual financial statements and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;
- Reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Meets with the independent auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

Audit Committee (continued)

- Reviews the independence and objectivity of the independent auditor;
- Reviews the nature and extent of non-audit services (if any) provided by the independent auditor;
- Recommends to the Board of Directors the nomination of independent auditor and reviews and approves the terms of engagement including remuneration and scope of audit;
- Reviews the results of the audit performed by the independent auditor;
- Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual (Section B: Rules of Catalist).

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ang Wee Chye
Director

Tan Liang Pheng
Director

27 June 2015

Statement by **Directors**

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 46 to 97 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015, and of the results, changes in equity and cash flows of the Group for the financial year then ended, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

Ang Wee Chye
Director

Tan Liang Pheng
Director

27 June 2015

Independent
Auditor's Report
To the Members of MM2 Asia Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of mm2 Asia Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 46 to 97, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Independent
Auditor's Report
To the Members of MM2 Asia Ltd.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Loh Hui Nee

Appointed since financial year ended 31 March 2015

Singapore
27 June 2015

Consolidated Statement of **Comprehensive Income**

For the financial year ended 31 March 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	4	24,287	16,121
Cost of sales		(14,704)	(11,033)
Gross profit		9,583	5,088
Other income			
- Interest income from bank deposits		3	3
Other gains/(losses) – net	7	7	(27)
Expenses			
- Administrative		(2,995)	(1,316)
- Finance	8	(18)	(45)
		(3,013)	(1,361)
Share of profit of associated company	17	*	–
Profit before income tax		6,580	3,703
Income tax expense	9	(1,496)	(667)
Net profit		5,084	3,036
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses)/gains		(53)	12
		(53)	12
Total comprehensive income		5,031	3,048
Profit attributable to:			
Equity holders of the Company		5,084	2,741
Non-controlling interests		–	295
		5,084	3,036
Total comprehensive income attributable to:			
Equity holders of the Company		5,031	2,745
Non-controlling interests		–	303
		5,031	3,048
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted (cents per share)	10	2.46	1.33

* Less than $1,000.

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 31 March 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000
ASSETS				
Current assets				
Cash and cash equivalents	11	5,755	601	3,987
Trade and other receivables	12	20,582	11,363	6,555
Film products and films under production	13	4,773	1,491	–
		31,110	13,455	10,542
Non-current assets				
Property, plant and equipment	14	99	100	–
Film rights	15	6,349	3,762	–
Investments in subsidiaries	16	–	–	37,498
Investment in associated company	17	*	–	–
Deferred income tax assets	23	14	137	–
		6,462	3,999	37,498
Total assets		37,572	17,454	48,040
LIABILITIES				
Current liabilities				
Trade and other payables	18	14,704	11,385	639
Current income tax liabilities		312	–	–
Deferred income	19	1,146	238	–
Borrowings	20	221	100	–
		16,383	11,723	639
Non-current liabilities				
Borrowings	20	85	1,024	–
Deferred income tax liabilities	23	1,923	935	–
		2,008	1,959	–
Total liabilities		18,391	13,682	639
NET ASSETS		19,181	3,772	47,401
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	24	47,884	83	47,884
Other reserves	25	(37,387)	4	–
Retained profits/(accumulated losses)	26	8,684	3,559	(483)
		19,181	3,646	47,401
Non-controlling interests		–	126	–
Total equity		19,181	3,772	47,401

* Less than $1,000.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of **Changes in Equity**

For the financial year ended 31 March 2015

	Note	←Attributable to equity holders of the Company→ Share capital $'000	Other reserves $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2015							
Beginning of financial year		83	4	3,559	3,646	126	3,772
Total comprehensive income for the year		–	(53)	5,084	5,031	–	5,031
Issue of shares at date of incorporation	24	*	–	–	*	–	*
Share swap pursuant to the restructuring exercise	24	(83)	(37,338)	41	(37,380)	(126)	(37,506)
Issuance of new shares pursuant to the restructuring exercise	24	37,498	–	–	37,498	–	37,498
Issuance of new shares pursuant to the conversion of convertible loan	24	4,000	–	–	4,000	–	4,000
Issuance of new shares pursuant to the initial public offering	24	7,750	–	–	7,750	–	7,750
Placement and listing expenses	24	(1,364)	–	–	(1,364)	–	(1,364)
End of financial year		47,884	(37,387)	8,684	19,181	–	19,181
2014							
Beginning of financial year		83	–	818	901	(177)	724
Total comprehensive income for the year		–	4	2,741	2,745	303	3,048
End of financial year		83	4	3,559	3,646	126	3,772

* Less than $1,000

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of **Cash Flows**

For the financial year ended 31 March 2015

	Note	Group 2015 $'000	2014 $'000
Cash flows from operating activities			
Net profit		5,084	3,036
Adjustments for:			
- Income tax expense	9	1,496	667
- Depreciation of property, plant and equipment	5	45	42
- Interest income		(3)	(3)
- Interest expense	8	18	45
- Amortisation of film rights	5	3,248	3,405
- Write down of film products	5	126	–
- Placement and listing expenses	5	240	–
- Property, plant and equipment written off	7	16	–
- Unrealised currency translation (gains)/losses		(94)	22
		10,176	7,214
Change in working capital:			
- Film products and films under production		(8,466)	(6,799)
- Trade and other receivables		(8,019)	(2,994)
- Trade and other payables		3,569	2,712
- Deferred income		908	133
Cash (used in)/generated from operations		(1,832)	266
Interest received		3	3
Income tax paid		(73)	–
Net cash (used in)/provided by operating activities		(1,902)	269
Cash flows from investing activities			
Deposit to acquire film rights		(1,200)	–
Additions to film rights	15	(743)	(517)
Additions to property, plant and equipment		(32)	(7)
Net cash used in investing activities		(1,975)	(524)
Cash flows from financing activities			
Fixed deposit pledged to bank		–	2
Proceeds from issuance of shares	24	7,750	–
Placement and listing expenses paid	24	(1,604)	–
Proceeds from issuance of convertible bonds		3,300	200
Proceeds from borrowings		125	375
Repayment of borrowings		(481)	(72)
Repayment of lease liabilities		(27)	(27)
Interest paid		(18)	(15)
Net cash provided by financing activities		9,045	463
Net increase in cash and cash equivalents		5,168	208
Cash and cash equivalents			
Beginning of financial year		506	298
End of financial year	11	5,674	506

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

1.1 The Company

The Company is incorporated in Singapore on 20 August 2014 as a private company limited by shares, under the name of "mm2 Asia Pte Ltd", to act as the holding corporation of the Group. At incorporation, the Company's issued and paid-up share capital was $1, comprising one (1) ordinary share. The Company was incorporated for the purpose of acquiring the existing companies of the Group pursuant to the Group Restructuring Exercise (Note 1.2).

The Company was converted into a public limited company and the name was changed to "mm2 Asia Ltd." on 12 November 2014. The Company was admitted to Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") on 9 December 2014. The consolidated financial statements are presented in Singapore Dollar and all values are rounded to the nearest thousand ($'000) except otherwise indicated.

The address of its registered and principal place of business is located at 1002 Jalan Bukit Merah #07-11 Singapore 159456.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 16 of the financial statement.

1.2 Restructuring exercise

The Group was formed through the following exercise (the "Restructuring Exercise") which involved acquisitions and rationalisation of the corporate and shareholding structure for the purposes of the initial public offering of the Company on Catalist. Pursuant to the Restructuring Exercise, the Company became the holding corporation of the Group. The Restructuring Exercise involved the following steps:

(a) Incorporation of the Company

The Company was incorporated in the Republic of Singapore on 20 August 2014, as an investment holding company of the Group, in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of $1 comprising one (1) Share held by Ang Wee Chye.

(b) Issue of Convertible Bonds

mm2 Singapore Pte. Ltd. ("mm2 Singapore") issued Convertible Bonds (Note 21) to the following Pre-IPO Investors as set out below:

Pre-IPO Investors	Aggregate principal amount ($'000)
Chua Teck Hiong	140
Tan Koon Tat Patrick	20
Ng Toon Lee	30
Lim Chee Wee	10
Lim Kar Tian	250

1 Corporate information (continued)

1.2 Restructuring exercise (continued)

(b) Issue of Convertible Bonds (continued)

Pre-IPO Investors	Aggregate principal amount ($'000)
Philip Asia Pacific Opportunity Fund Ltd. ("PAPOF")	2,500
Cornerstone Pictures Pte Ltd	250
Wong Li Foon	200
Sng Siew Lin	300
Hesheng Media Co, Ltd	300
	4,000

(c) Incorporation of mm2 Entertainment Hong Kong Limited

On 26 May 2014, mm2 Entertainment Hong Kong Limited was incorporated as a wholly-owned subsidiary of mm2 Singapore.

(d) Acquisition of 49% interest in mm2 Film Distribution Sdn. Bhd. (formerly known as MJX Studios Sdn. Bhd.) by mm2 Entertainment Sdn. Bhd.

Pursuant to a share subscription and shareholders' agreement dated 1 September 2014 between mm2 Entertainment Sdn. Bhd. ("mm2 Malaysia"), mm2 Film Distribution Sdn. Bhd. ("mm2 Film"), Angelin Ong and Kent Chan, mm2 Malaysia acquired an aggregate of 49% interest in the issued and paid-up share capital of mm2 Film for cash consideration of $19 (equivalent to Malaysian Ringgit ("RM") 49).

(e) Acquisition of mm2 Entertainment Sdn. Bhd.

The acquisition of the entire issued and paid-up share capital of mm2 Malaysia on 1 September 2014 held by the then shareholders in mm2 Malaysia, comprising an aggregate of 350,000 common shares for a total consideration of $13 (equivalent to RM35).

1 Corporate information (continued)

1.2 Restructuring exercise (continued)

(f) Share transfers between Ang Wee Chye and various parties

The following Transferees purchases shares in mm2 Singapore from Ang Wee Chye for cash consideration as set out below:

Transferee	Date of Transfer	Number of mm2 Singapore Shares	Total Consideration paid ($)
Philip Asia Pacific Opportunity Fund Ltd	8 May 2014	417	500,000
Tan Chee Yean	18 September 2014	417	500,000
Tay Joo Heng	18 September 2014	233	279,616
Su Jufang	18 September 2014	177	220,000
Ng Say Yong	18 September 2014	154	184,293
Toong Soo Wei	18 September 2014	148	177,938
Neo Chee Keong	18 September 2014	53	63,549
Angelin Ong Pei Sian	18 September 2014	53	63,549
Chan Teck Kian	18 September 2014	53	63,549
Wong Shing	18 September 2014	16	19,065
Chong How Kiat	18 September 2014	16	19,065
Hung Yeow Huat	18 September 2014	16	19,065
Tee Mei Gaik	18 September 2014	11	12,710
Lim Boon Ser	18 September 2014	11	12,710
Lim Kien Nam	18 September 2014	11	12,710

(g) Share Split

On 4 November 2014, the sole shareholder, Ang Wee Chye, approved the Share Split whereby every one (1) Share was sub-divided into 7,500 Shares.

(h) Share swaps between the original shareholders of mm2 Singapore for Shares in the Company to acquire mm2 Singapore

Pursuant to a share swap agreement dated 12 November 2014 between the Company, Ang Wee Chye and the Transferees (described in Note 1.2(f)), the Company acquired the entire shareholding of mm2 Singapore from Ang Wee Chye and the Transferees who held 91.07% and 8.93% shareholding in mm2 Singapore, representing 18,214 and 1,786 mm2 Singapore Shares respectively.

In consideration of Ang Wee Chye and the Transferees' transfer of their shareholding in mm2 Singapore to the Company, the Company allotted and issued 136,597,500 New Shares to Ang Wee Chye and an aggregate of 13,395,000 New Shares to the Transferees.

(i) Conversion of the Convertible Bonds

Concurrent with the above acquisition of mm2 Singapore, 100% of the principal amount and any accrued and/or unpaid interest in respect of the Convertible Bonds were converted into 25,729,032 Conversion Shares on 20 November 2014, pursuant to the terms and conditions of the Convertible Bonds. The Convertible Bonds of all the Pre-IPO Investors were converted at a conversion price that is 62.5% of the Placement Price, with the exception of Philip Asia Pacific Opportunity Fund Ltd whose Bonds were converted at a conversion price that is 62% of the Placement Price.

1 Corporate information (continued)

1.2 Restructuring exercise (continued)

The Restructuring Exercise as described in Note 1.2 (e) and (h) involved companies which are under common control since all the entities took part in the Restructuring Exercise were controlled by the same control party, Ang Wee Chye before and immediately after the Restructuring Exercise. Although Ang Wee Chye holds 45% equity interest in mm2 Malaysia before the acquisition of share by the Company and is regarded as the controlling shareholder of mm2 Malaysia as he has the power to govern the financial and operating policies of mm2 Malaysia. The consolidated financial statements for the financial year ended 31 March 2014 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.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2015

On 1 April 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 112 Disclosures of Interests in Other Entities

The Group has adopted the above new FRS on 1 April 2014. The amendment is applicable for annual periods beginning on or after 1 April 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*.

The Group has applied FRS112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 April 2014. The Group has incorporated the additional required disclosure into the financial statements.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax ("GST"), rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

2 Summary of significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) Production income

(i) Sale of a share of a film revenue rights

Revenue is recognised immediately at the point of time the contract has been entered into with unconditional delivery, no action of recourse and the arrangement of consideration is fixed or determinable and reasonably assured.

(ii) Producer fee income and consultancy income

Producer fee income from entertainment events and Television ("TV") programs and consultancy income are recognised in the period in which the relevant services are rendered.

(iii) Grants and other contributions

Grants and other contributions to cover a particular expenditure and/or film are accounted for upon receipt of notification of the grant and/or contribution award and the Group will comply with all the attached conditions.

(b) Distribution income

(i) Revenue from distribution of films

Distribution of films to movie distributors and/or theatres and circuits are recognised when the films are exhibited. After the payment of taxes, other charges and deductions by movie distributors and/or theatres and circuits of their respective share of the box office sales, the net proceeds (the "Distributable Amount") are remitted to the Group.

(ii) Licence income

Licence income from films licensed for a fixed fee under a non-cancellable contract, where an assignment is granted to the licensee which permits the licensee to exploit those film rights freely over the period of time and/or in any designated territory and where the Group has no remaining obligations to perform and when the film materials have been delivered to licensees. Revenue is recognised over the licence period and/or when the films are available for showing or telecast.

(c) Sponsorship income

The Group derives revenue from sponsorships associated with the production of films. Sponsorship fees relate to a one-time event. Revenue from a one-time event is recognised if (i) pervasive evidence of an arrangement exists; (ii) the event has occurred; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured. Sponsorship advances are deferred until earned pursuant to the sponsorship agreement and are presented as "Deferred income" on the balance sheets.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Other income

The income from post editing services, talent fee, formatting fee and management fee is recognised when services are rendered and the amount of income and cost incurred or to be incurred in respect of the transaction can be measured reliably.

2 Summary of significant accounting policies (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control.The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered by the Group, other than those entities which are under common control.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

2 Summary of significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiaries is taken to merger reserve.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiaries and associated company" for the accounting policy on investment in subsidiary in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2 Summary of significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated company" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2 Summary of significant accounting policies (continued)

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Motor vehicles	5 years
Furniture and fittings	10 years
Office equipment and computers	3 - 5 years
Tools and equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “Other gains/(losses) – net”.

2.5 Film rights

Film rights are stated at cost less accumulated amortisation and accumulated impairment losses. Film rights, less estimated residual value and accumulated impairment losses, are amortised in proportion to the estimated projected revenues over their economic beneficial period subject to a maximum of five (5) years. Additional amortisation and/or impairment loss is made if future estimated projected revenues are adversely different from the previous estimation. Estimated projected revenues are reviewed at regular intervals.

2 Summary of significant accounting policies (continued)

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment
Film rights
Investments in subsidiaries and associated companies

Property, plant and equipment, film rights and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at the initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

2 Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

(a) Classification (continued)

At the end of financial year, the Group does not hold any of the financial assets except loans and receivables.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those that are expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 12) and "Cash and cash equivalents" (Note 11) on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

2 Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables (continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component which are separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the embedded equity conversion option (equity component), which is presented in equity net of any deferred tax effect. The embedded option is recognised initially at its fair value and subsequently carried at fair value. Any change to the fair value of the embedded option is recognised in profit or loss. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amounts of the liability and equity components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

2 Summary of significant accounting policies (continued)

2.12 Trade and other payables (continued)

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 Leases

When the Group is the lessee:

The Group leases motor vehicles and furniture and fittings under finance leases from non-related parties and office space and apartments under operating leases from related and non-related parties.

(i) Lessee – Finance lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheets as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.15 Film products and films under production

Film products are stated at the lower of cost less accumulated impairment losses. Film products pending theatrical release are included in current assets. Upon first theatrical release, these film products are reclassified as film rights and are included in non-current assets. Cost of film products, accounted for on a film-by-film basis includes production costs, costs of services, direct labour costs and facilities in the creation of a film.

Films under production include production costs, costs of services, direct labour costs and facilities in the creation of films. Upon completion, these films under production are reclassified as film products. Films under production are accounted for on a film-by-film basis and are stated at cost less any accumulated impairment losses.

An impairment loss is made if there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

2 Summary of significant accounting policies (continued)

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences, arising on investment in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2 Summary of significant accounting policies (continued)

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, Employee Provident Fund in Malaysia and Mandatory Provident Fund in Hong Kong on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("SGD"), which is the functional currency of the Company.

2 Summary of significant accounting policies (continued)

2.19 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses) – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2 Summary of significant accounting policies (continued)

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

3.1 Critical accounting estimates and assumptions

(a) Amortisation of film rights

The costs of film rights less residual values, are amortised in proportion to the estimated projected revenues over the economic beneficial period subject to a maximum of five (5) years. Additional amortisation is made if estimated projected revenues are materially different from the previous estimation.

Management bases its estimates of total projected revenues of each film on the historical performance of similar films, incorporating factors such as the past box office record of the leading actors and actresses, the genre of the film, anticipated performance in the home entertainment, television and other ancillary markets, and agreements for future sales and exploitations.

These estimated projected revenues can change significantly due to a variety of factors. Based on information available on the actual results of films, management reviews and revises, when necessary, the estimated projected revenues at regular intervals. Such change in revenue projections or estimations may result in a change in the rate of amortisation of the assets. This could have an impact on the Group's results of operations. The carrying amounts film rights as at 31 March 2015 are disclosed in Note 15 to the financial statements.

If the estimated projected revenues differ by 10% from management's estimates, the carrying amount of the film rights would have been lower by $324,800 (2014:$313,000) as at 31 March 2015.

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the media and information communication industry market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

3 Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical accounting estimates and assumptions (continued)

(b) Impairment of loans and receivables (continued)

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been lower/higher by $1,789,400 (2014: $861,600) respectively.

The carrying amounts of trade and other receivables as at 31 March 2015 are disclosed in Note 12 to the financial statements.

4 Revenue

	Group	
	2015 $'000	**2014 $'000**
Production	14,955	6,376
Distribution	7,513	6,471
Sponsorship	1,060	2,789
Other	759	485
	24,287	16,121

5 Expenses by nature

	Group	
	2015 $'000	**2014 $'000**
Amortisation of film rights (Note 15)	3,248	3,405
Write down of film products (Note 13)	126	–
Production and distribution of film costs [(a)]	11,329	7,628
Employee compensation (Note 6)	1,764	843
Depreciation of property plant and equipment (Note 14)	45	42
Printing and advertising	21	18
Placement and listing expenses (Note 24(f))	240	–
Travelling and transportation	227	139
Rental expense on operating leases	171	58
Other	528	216
Total cost of sales and administrative expenses	17,699	12,349

(a) Production and distribution of film costs includes subcontracting costs, artiste fee, copyright fees, production crew payroll, transport, rental of equipment, share in the net receipts from the exploitation of the films and overhead costs.

6 Employee compensation

	Group	
	2015	**2014**
	$'000	**$'000**
Wages and salaries	1,573	624
Employer's contribution to defined contribution plans	148	95
Other short-term benefits	43	124
	1,764	843

7 Other gains/(losses) – net

	Group	
	2015	**2014**
	$'000	**$'000**
Currency exchange gains/(losses) – net	23	(27)
Property, plant and equipment written off	(16)	–
	7	(27)

8 Finance expenses

	Group	
	2015	**2014**
	$'000	**$'000**
Interest expense		
- Bank overdrafts	*	2
- Bank borrowings	13	30
- Convertible bonds	–	8
- Finance lease liabilities	5	5
	18	45

* Less than $1,000.

9 Income taxes

	Group	
	2015	**2014**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
- Profit for the financial year		
Current income tax - Foreign	370	–
- Deferred income tax (Note 23)	1,117	667
	1,487	667
- Under provision in prior financial years:		
Current income tax - Singapore	9	–
	1,496	667

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before tax	6,580	3,703
Tax calculated at tax rate of 17%	1,119	629
Effects of:		
- Different tax rates in other countries	147	21
- Expenses not deductible for tax purposes	204	17
- Enhanced allowance	(11)	–
- Under provision of prior year income tax	9	–
- Others	28	–
Tax charge	1,496	667

10 Earnings per share

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	**2014**
	$'000	**$'000**
Net profit attributable to equity holders of the Company ($'000)	5,084	2,741
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	206,729	206,729
Basic and diluted (cents per share)	2.46	1.33

The earnings per share for the financial years ended 31 March 2015 and 2014 were computed based on weighted average number of shares adjusted to take into account the subdivision, conversion of convertible notes and issuance of new ordinary shares. The Company's post invitation capital of 206,729,032 ordinary shares was assumed to be issued throughout the relevant periods.

There were no diluted earnings per share of the financial years ended 31 March 2015 and 2014 as there were no dilutive potential ordinary shares outstanding.

11 Cash and cash equivalents

	Group		Company
	2015	**2014**	**2015**
	$'000	**$'000**	**$'000**
Cash at bank and on hand	5,674	520	3,987
Short-term bank deposits	81	81	–
	5,755	601	3,987

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprises the following:

	Group	
	2015	**2014**
	$'000	**$'000**
Cash and bank balances (as above)	5,755	601
Less: Bank deposits pledged	(81)	(81)
Less: Bank overdrafts (Note 20)	–	(14)
Cash and cash equivalents per consolidated statement of cash flows	5,674	506

Bank deposits are pledged in relation to the security granted for certain borrowings (Note 20).

12 Trade and other receivables

	Group		Company
	2015 $'000	2014 $'000	2015 $'000
Trade receivables			
- Non-related parties	17,294	8,563	–
- Related parties	600	53	–
	17,894	8,616	–
Other receivables			
- Non-related parties	878	339	–
- Related parties	–	1,680	–
- Directors	–	588	–
- Subsidiaries	–	–	6,489
Deposits[1]	1,274	20	6
Prepayments	536	120	60
	20,582	11,363	6,555

The non-trade amounts due from related parties and directors are unsecured, interest-free and repayable on demand.

[1] On 6 March 2014, the Group entered into a purchase agreement to acquire the script rights of a film. A refundable payment of $1,200,000 was made as follows:
(a) $600,000 on 20th June 2014; and
(b) $600,000 on 23rd June 2014.

13 Film products and films under production

	Group	
	2015 $'000	2014 $'000
Film products	–	562
Films under production	4,773	929
	4,773	1,491

(a) Film products

Beginning of financial year	562	–
Write down[1]	(126)	–
Transfer from films under production (Note 13(b))	4,622	6,209
Transfer to film rights (Note 15)	(5,058)	(5,647)
End of financial year	–	562

(b) Film under production

Beginning of financial year	929	339
Additions	8,466	6,799
Transfer to film products (Note 13 (a))	(4,622)	(6,209)
End of financial year	4,773	929

[1] In the current financial year, management had written down a film product as they are of the opinion that its recoverability is low due to delay in theatrical release.

14 Property, plant and equipment

	Motor vehicles $'000	Furniture and fittings $'000	Office equipment and computers $'000	Tools and equipment $'000	Total $'000
Group					
2015					
Cost					
Beginning of financial year	95	59	74	12	240
Currency translation differences	(4)	(2)	(3)	–	(9)
Additions	–	18	43	–	61
Write off	–	(18)	–	–	(18)
End of financial year	91	57	114	12	274
Accumulated depreciation					
Beginning of financial year	54	19	62	5	140
Currency translation differences	(3)	(1)	(3)	(1)	(8)
Depreciation charge (Note 5)	19	8	17	1	45
Write off	–	(2)	–	–	(2)
End of financial year	70	24	76	5	175
Net book value					
End of financial year	21	33	38	7	99
2014					
Cost					
Beginning of financial year	99	59	71	12	241
Currency translation differences	(4)	(2)	(2)	–	(8)
Additions	–	2	5	–	7
End of financial year	95	59	74	12	240
Accumulated depreciation					
Beginning of financial year	36	13	48	4	101
Currency translation differences	(1)	–	(2)	–	(3)
Depreciation charge (Note 5)	19	6	16	1	42
End of financial year	54	19	62	5	140
Net book value					
End of financial year	41	40	12	7	100

During the year, the Group acquired property, plant and equipment with an aggregate cost of $61,000 (2014:$7,000) of which $29,000 (2014:$Nil) was acquired by means of finance lease agreement.

The carrying amounts of motor vehicle held under finance leases are $22,000 (2014:$41,000) respectively at the balance sheet date.

15 Film rights

	Group	
	2015 $'000	2014 $'000
Cost		
Beginning of financial year	7,807	1,648
Currency translation differences	(3)	(5)
Additions	743	517
Transfer from film products (Note 13(a))	5,058	5,647
End of financial year	13,605	7,807
Accumulated amortisation		
Beginning of financial year	4,045	643
Currency translation differences	(37)	(3)
Amortisation charge (Note 5)	3,248	3,405
End of financial year	7,256	4,045
Net book value		
End of financial year	6,349	3,762

16 Investments in subsidiaries

	Company 2015 $'000
Equity investments at cost	37,498

The Group had the following subsidiaries as at 31 March 2015 and 2014:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by Group		Proportion of ordinary shares directly held by Company	Proportion of ordinary shares directly held by non-controlling interest	
			2015 %	2014 %	2015 %	2015 %	2014 %
mm2 Entertainment Pte. Ltd.[a]	Motion picture, video and television programme and production activities	Singapore	100	100	100	-	-
mm2 Entertainment Sdn. Bhd.[b] [d]	Motion picture, video and television programme and production activities	Malaysia	100	45	100	-	55
mm2 Entertainment Hong Kong Limited [c]	Motion picture, video and television programme and production activities	Hong Kong	100	-	-	-	-

16 Investments in subsidiaries (continued)

(a) Audited by Nexia TS Public Accounting Corporation.

(b) Audited by C. C. Lee & Associates (Malaysia) for local statutory purposes. For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Nexia TS Public Accounting Corporation.

(c) Audited by K. P. Law & Company (Hong Kong). The subsidiary is presently dormant.

(d) The Group consolidated mm2 Malaysia as, even though it does not own directly or indirectly, through its subsidiaries, more than half of the voting power, it is able to govern the financial and operating policies. Subsequent to the financial year end and as part of the restructuring exercise, the Group's equity interest increased to 100%.

(e) In accordance to Rule 716 of the SGX-ST Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

Carrying value of non-controlling interests

	2015 $'000	2014 $'000
mm2 Entertainment Sdn. Bhd.	–	126

Summarised financial information of subsidiary with material non-controlling interests

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 March 2014.

Summarised balance sheet

	mm2 Entertainment Sdn. Bhd. As at 31 March 2014 $'000
Current	
Assets	7,295
Liabilities	(6,998)
Total current net assets	297
Non-current	
Assets	302
Liabilities	(370)
Total non-current net assets/(liabilities)	(68)
Net assets	229

16 Investments in subsidiaries (continued)

Summarised income statement

	mm2 Entertainment Sdn. Bhd. As at 31 March 2014 $'000
Revenue	5,611
Profit before income tax/ total comprehensive income	687
Income tax expense	(151)
Net profit	536
Other comprehensive income	12
Total comprehensive income	548
Total comprehensive income allocated to non-controlling interests	303

Summarised cash flows

	mm2 Entertainment Sdn. Bhd. As at 31 March 2014 $'000
Net cash generated from operating activities	147
Net cash used in investing activities	(35)
Net cash used in financing activities	(181)
Net decrease in cash and cash equivalents	(69)
Cash and cash equivalents at beginning of the year	388
Cash and cash equivalents at year end	319

17 Investment in associated company

	Group 2015 $'000
Equity investment	
Beginning of financial year	–
Acquisition of shares	*
Share of profit of associated company	*
End of financial year	*

* Less than $1,000.

17 Investment in associated company (continued)

The Group had the following associated company as at 31 March 2015:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by Group 2015 %	Company 2015 %
mm2 Film Distribution Sdn Bhd.[(a)]	Distribution and production of motion picture, video and television programme	Malaysia	49	–

(a) Audited by C. C. Lee & Associates (Malaysia) for local statutory purposes.

There are no contingent liabilities relating to the Group's interest in the associated company.

The unaudited financial information about the Group's investment in the associated company that is not material is as follows:

	2015 $'000
Summarised statement of comprehensive income	
Revenue	5
Total comprehensive income	2
Summarised balance sheet	
Current assets	617
Includes:	
- Cash and cash equivalents	1
- Trade and other receivables	616
Non-current assets	2
Includes:	
- Property, plant and equipment	2
Current liabilities	680
Includes:	
- Trade and other payables	626
Net liabilities	(61)

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

The directors are of the opinion that the associated company is not material to the Group as at 31 March 2015.

18 Trade and other payables

	Group		Company
	2015	2014	2015
	$'000	$'000	$'000
Trade payables			
- Non-related parties	13,756	10,485	–
- Related parties	67	379	–
	13,823	10,864	–
Other payables			
- Non-related parties	9	116	–
- Related parties	1	127	–
- Subsidiary	–	–	203
Accruals for operating expenses	644	103	423
Withholding tax	5	87	–
GST payables	222	88	13
	14,704	11,385	639

The non-trade amounts due to related parties and subsidiary are unsecured, interest-free and repayable on demand.

19 Deferred income

	Group	
	2015	2014
	$'000	$'000
Deferred income	1,146	238

20 Borrowings

	Group	
	2015	2014
	$'000	$'000
Current		
Bank overdrafts (Note 11)	–	14
Term loan 1	16	15
Term loan 2	43	45
Term loan 3	15	14
Borrowings – non-related party	125	–
Finance lease liabilities (Note 22)	22	12
	221	100

20 Borrowings (continued)

	Group	
	2015	**2014**
	$'000	**$'000**
Non-current		
Term loan 1	16	32
Term loan 2	–	44
Term loan 3	22	38
Borrowings – non-related party	–	405
Convertible bonds (Note 21)	–	450
Finance lease liabilities (Note 22)	47	55
	85	1,024
Total borrowings	306	1,124

Bank overdrafts and Term Loan 1

Bank overdrafts and Term loan 1 is secured by fixed deposit against a fresh Letter of Set-off over first party fixed deposit pledged of $74,074 (equivalent to RM200,000). Interest earned from short-term bank deposit shall be capitalised as additional security and guarantee against joint and several guarantee for $185,185 (equivalent to RM500,000) by Angelin Ong Pei Sian[(1)] and Chan Teck Kian[(1)] and a personal guarantee of $185,185 (in USD equivalent to RM500,000) by Ang Wee Chye.

[(1)] Directors of subsidiary, mm2 Entertainment Sdn. Bhd.

Term Loan 2

Term loan 2 is secured by joint and several guarantee for $129,630 (equivalent to RM350,000) to be signed by Angelin Ong Pei Sian and Ang Wee Chye.

Term Loan 3

Term Loan 3 is secured by Deed of guarantee and indemnity for all monies from Ang Wee Chye and a non-related party.

Borrowings – non-related party

On 17 February 2015, the Group has entered into an agreement with Ascension Picture Pte Ltd ("Ascension"), whereby Ascension agreed to fund a production film with a return of 5% on the borrowing. The borrowing is repayable by 31 December 2015.

The Group has entered into an agreement with Orientivity Pte Ltd ("Orientivity"), whereby Orientivity agreed to fund a production film with a guarantee on investment contribution at a minimum internal rate of return at 8%. The borrowing was fully repaid on 13 January 2015.

Finance lease liabilities

Finance lease liabilities of the Group are effectively secured over the motor vehicles (Note 14), as the legal titles are retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

20 Borrowings (continued)

Finance lease liabilities (continued)

The exposure of the borrowings of the Group to interest rate changes and contractual repricing dates at the balance sheet date are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
6 months or less	46	59
6 – 12 months	176	41
1 – 5 years	81	1,021
Over 5 years	3	3
	306	1,124

Fair value of non-current borrowings

The fair values of non-current borrowings approximate their carrying amounts.

The fair values are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2015	**2014**
	%	**%**
Bank borrowings	5.35	5.35
Borrowings – non-related party	5.35	5.35
Convertible bonds	5.38	5.38
Finance lease liabilities	4.17	4.12

21 Convertible bonds

As part of the fund raising exercise prior to the Company's listing on the Catalist, the sponsor-supervised listing platform of the Singapore Stock Exchange Securities Trading Limited, the Group's subsidiary, mm2 Entertainment Pte. Ltd. had on:

(i) 10 September 2013 and 5 November 2013 issued redeemable convertible bonds denominated in Singapore Dollar with a nominal value of $200,000 and $250,000. The bonds are due for repayment on 28 August 2015 and 5 July 2015 at their nominal value of $200,000 and $250,000 respectively or conversion into shares of the Company at the holder's option with the conversion price fixed at 37.5% discount to the issue price of the shares to be allotted to the public investors; and

(ii) 8 May 2014, 1 June 2014 and 12 June 2014 issued redeemable convertible bonds denominated in Singapore Dollar with a nominal value of $2,500,000, $200,000 and $250,000. The bonds are due for repayment on 8 May 2016, 28 February 2015 and 12 December 2015 at their nominal value of $2,500,000, $200,000 and $250,000 respectively or conversion into shares of the Company at the holder's option with conversion price fixed at 38%, 37.5% and 37.5% discount to the issue price of the shares to be allotted to the public investors.

21 Convertible bonds (continued)

(iii) 4 July 2014 and 31 July 2014 issued redeemable convertible bonds denominated in Singapore Dollar, both with a nominal value of $300,000. The bonds are due for repayment on 28 February 2015 at their nominal value of $300,000 or conversion into shares of the Company at the holder's option with conversion price fixed at 37.5% discount to the issue price of the shares to be allotted to the public investors.

(iv) On 20 November 2014, concurrent with the acquisition of mm2 Entertainment Pte. Ltd, 100% of the principal amount and any accrued and/or unpaid interest in respect of the Convertible Bonds were converted into 25,729,032 Conversion Shares. The Convertible Bonds of all the Pre-IPO Investors were converted at a conversion price that is 62.5% of the Placement Price, with the exception of Philip Asia Pacific Opportunity Fund Ltd whose Bonds were converted at a conversion price that is 62% of the Placement Price.

The convertible bonds are regarded as a hybrid instrument consisting of an embedded derivative, the economic characteristics and risks of which are not closely related to that of the host instrument, the bonds. The conversion options under the terms of the convertible bonds collectively formed a single compound embedded derivative in the convertible bonds. The management assessed the fair value of the single compound embedded derivative at the inception of the convertible bonds and at the balance sheet date and considered it as not significant, hence this single compound embedded derivative was not recognised.

The fair values of the liability component is calculated using a market interest rate for an equivalent non-convertible bond at the respective date of issue. The residual amount, representing the value of the equity component which based on management's assessment is not significant and was therefore included within the liability component.

The carrying amount of the liability component of the convertible bonds amounting to $Nil (2014: $450,000) at the balance sheet date is presented as "Borrowings" and classified as non-current liabilities (Note 20).

22 Finance lease liabilities

The Group leases motor vehicles and furniture and fittings from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2015	**2014**
	$'000	**$'000**
Minimum lease payments due		
- Not later than one year	26	15
- Between one and five years	49	59
- Later than five years	3	4
	78	78
Less: Future finance charges	(9)	(11)
Present value of finance lease liabilities	69	67

22 Finance lease liabilities (continued)

The present values of finance lease liabilities are analysed as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year (Note 20)	22	12
Later than one year (Note 20)		
- Between one and five years	44	52
- Later than five years	3	3
	47	55
Total	69	67

23 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Deferred income tax liabilities		
- To be settled within one year	307	145
- To be settled after one year	1,616	790
	1,923	935
Deferred income tax assets		
To be recovered after one year	(14)	(137)
	(14)	(137)

Movement in deferred income tax account is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Beginning of financial year	798	130
Currency translation differences	(6)	1
Tax charge to		
- profit or loss (Note 9)	1,117	667
End of financial year	1,909	798

23 Deferred income taxes (continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) is as follows:

Group
Deferred income tax liabilities

	Deductible expenses[1] $'000	Other $'000	Total $'000
2015			
Beginning of financial year	927	8	935
Currency translation differences	(3)	(3)	(6)
Charged to			
- profit or loss	994	–	994
End of financial year	1,918	5	1,923
2014			
Beginning of financial year	239	8	247
Currency translation differences	(2)	–	(2)
Charged to			
- profit or loss	690	–	690
End of financial year	927	8	935

(1) This represents costs incurred for the production of films which tax deduction had been claimed whereas for accounting purpose, this had been capitalised in the balance sheet as film products and films under production which upon its first theatrical release, it will be reclassified as film rights which are amortised in proportion to the estimated projected revenues over their economic beneficial period subject to a maximum of five (5) years.

Deferred income tax assets

	Tax losses $'000	Total $'000
2015		
Beginning of financial year	(137)	(137)
Currency translation differences	–	–
Charged/(credited) to		
- profit or loss	123	123
End of financial year	(14)	(14)

23 Deferred income taxes (continued)

	Tax losses $'000	Total $'000
2014		
Beginning of financial year	(117)	(117)
Currency translation differences	3	3
Charged/(credited) to		
- profit or loss	(23)	(23)
End of financial year	(137)	(137)

24 Share capital

	Group		Company	
	No. of ordinary shares '000	Amount $'000	No. of ordinary shares '000	Amount $'000
2015				
Balance at the beginning of financial year	83	83	–	–
Issue of shares at date of incorporation of the Company [(a)]	*	*	*	*
Sub-division of shares pursuant to the Restructuring Exercise [(b)]	7	*	7	*
	90	83	7	*
Issuance of new shares pursuant to the Restructuring Exercise [(c)]	149,993	37,498	149,993	37,498
Share swap pursuant to the Restructuring Exercise	(83)	(83)	–	–
Issuance of new shares pursuant to the conversion of convertible bonds [(d)]	25,729	4,000	25,729	4,000
Pre-placement issued and paid-up share capital	175,729	41,498	175,729	41,498
Issuance of new shares pursuant to the initial public offering [(e)]	31,000	7,750	31,000	7,750
Placement and listing expenses [(f)]	–	(1,364)	–	(1,364)
End of financial year	206,729	47,884	206,729	47,884

* Less than 1,000 and/or 1,000.

(a) The Company was incorporated on 20 August 2014 with a paid-up capital of $1 comprising of one (1) ordinary share at the date of incorporation.

(b) The sub-division of shares in the issued share capital of the Company, of which one (1) issued and fully-paid share has been subdivided into 7,500 shares.

(c) 149,992,500 ordinary shares were issued pursuant to the Restructuring Exercise to acquire mm2 Entertainment Pte. Ltd. for an aggregate consideration of $37,498,125 (Note 1.2(h)).

(d) On 20 November 2014, all convertible notes were converted into 25,729,032 conversion shares pursuant to the terms and conditions of the Notes.

24 Share capital (continued)

(e) The Company issued 31,000,000 new shares at $0.25 per share as placement in connection with the listing and raised gross proceeds of $7,750,000. The net proceeds received from the listing amounted to $6,146,000, after deducting placement and listing expenses of the Company of $1,604,000 paid during the year.

(f) During the financial year ended 31 March 2015, placement and listing expenses incurred amounted to $1,604,000. Included in the placement and listing expenses were professional fees paid to the independent reporting auditors of the Company amounting to approximately $234,000 in respect to the professional services rendered in connection with the Company's listing.

Placement and listing expenses of $1,364,000 which were directly attributed to the issuance of new shares were deducted against the share capital of the Company. The remaining balance of $240,000 was charged to profit or loss (Note 5).

All ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote and carry a right to dividends as and when declared by the Company. The newly issued shares rank pari passu in all respects with the previously issued shares.

For the Group's comparative figures for financial year ended 31 March 2014, the share capital of the Group represents the aggregate amounts of the paid-up capital of the following subsidiaries:

	Group	
	No. of ordinary shares '000	**Amount $'000**
Ordinary shares of no par value, fully paid		
mm2 Entertainment Pte. Ltd.	20	20
mm2 Entertainment Sdn. Bhd.	63	63
	83	83

Performance Share Plan

The Company has implemented a performance share plan known as the "Plan" which was approved and adopted by the shareholders at an Extraordinary General Meeting held on 4 November 2014 which provides for the award of fully paid-up ordinary shares in the share capital of the Company free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Full-time Group Executives who have attained the age of 21 years as of the Award Date and hold such rank as may be designated by the Committee from time to time are eligible to participate in the Plan. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in the Plan. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditor.

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in the Plan provided that the participation of and the terms of each grant and the actual number of Awards granted under the Plan to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in a separate resolutions for each person subject to the following:

24 Share capital (continued)

Performance Share Plan (continued)

(a) the aggregate number of shares comprised in Awards granted to controlling shareholders or associates of a controlling shareholder under the Plan shall not exceed 25% of the aggregate number of shares (comprised in Awards) which may be granted under the Plan; and

(b) the number of shares available to the each controlling shareholder or associate of a controlling shareholder shall not exceed 10% of the shares available under the Plan.

The Plan is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the Plan will help to achieve the following positive objectives:

(a) foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of Shareholders;

(b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and

(c) make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

The Plan is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Tan Liang Pheng, Mak Chi Hoo and Lei Chee Kong Thomas.

The Plan shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under the Plans by way of:

(i) issuance of new shares;

(ii) delivery of existing shares purchased from the market or shares held in treasury; and/or

(iii) cash in lieu of shares, based on the aggregate market value of such shares.

The total number of new shares which may be issued pursuant to Awards granted under the Plan, when added to (i) the number of new shares issued and issuable in respect of all Awards granted thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company's post-Placement as well as on the day preceding the relevant date of award. The aggregate number of shares available under the Plan shall not exceed 15% of the total issued share capital of the Company post-Placement and from time to time.

No performance shares have been awarded pursuant to the Plan.

25 Other reserves

	Group	
	2015 $'000	2014 $'000
(a) Composition:		
Merger reserve[(a)]	(37,338)	–
Currency translation reserve	(49)	4
	(37,387)	4

(a) Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries acquired under common control.

	Group	
	2015 $'000	2014 $'000
(b) Movement		
(i) Merger reserve		
Beginning of financial year	–	–
Net difference between consideration paid and the share capital of the subsidiaries acquired	(37,338)	–
End of financial year	(37,338)	–
(ii) Currency translation reserve		
Beginning of financial year	4	–
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	(53)	12
Less: Non-controlling interests	–	(8)
End of financial year	(49)	4

Other reserves are non-distributable.

26 Retained profits/(accumulated losses)

(a) Retained profits of the Group and the Company are distributable.

(b) Movement in retained profits of the Company is as follows:

	Company 2015 $'000
Beginning of the financial year	–
Accumulated losses	(483)
End of financial year	(483)

27 Commitments

Operating lease commitments – where the Group is a lessee

The Group leases office space and apartments from related and non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year	204	119
Between one and five years	110	77
	314	196

28 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group do not use financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposure.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set by the Board of Directors. The finance personnel identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Board of Directors. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Malaysian Ringgit ("RM"), United States Dollar ("USD"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD").

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations in Malaysia.

28 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	RM $'000	USD $'000	RMB $'000	HKD $'000	Total $'000
At 31 March 2015						
Financial assets						
Cash and cash equivalents	4,745	1,006	–	–	4	5,755
Trade and other receivables	14,589	3,296	360	844	957	20,046
Receivable from subsidiaries	7,544	–	–	–	–	7,544
	26,878	4,302	360	844	961	33,345
Financial liabilities						
Trade and other payables	(9,953)	(3,890)	(110)	(354)	(397)	(14,704)
Borrowings	(162)	(144)	–	–	–	(306)
Payable to subsidiaries	(7,544)	–	–	–	–	(7,544)
	(17,659)	(4,034)	(110)	(354)	(397)	(22,554)
Net financial assets	9,219	268	250	490	564	10,791
Currency exposure of financial assets / (liabilities) net of those denominated in the respective entities' functional currencies	462	(496)	250	490	564	1,270

	SGD $'000	RM $'000	USD $'000	RMB $'000	Total $'000
At 31 March 2014					
Financial assets					
Cash and cash equivalents	268	333	–	–	601
Trade and other receivables	5,178	5,267	218	580	11,243
Receivable from subsidiaries	2,437	–	–	–	2,437
	7,883	5,600	218	580	14,281
Financial liabilities					
Trade and other payables	(4,923)	(5,156)	(106)	(1,200)	(11,385)
Borrowings	(905)	(219)	–	–	(1,124)
Payable to subsidiaries	(2,437)	–	–	–	(2,437)
	(8,265)	(5,375)	(106)	(1,200)	(14,946)
Net financial (liabilities) / assets	(382)	225	112	(620)	(665)
Currency exposure of financial assets / (liabilities) net of those denominated in the respective entities' functional currencies	171	1,356	112	(620)	1,019

28 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's exposure to currency risk is not significant as it mainly transacts in its functional currency and small portion in currency other than its functional currency.

The Company is not exposed to currency risk as all its financial assets and liabilities as at 31 March 2015 are denominated in Singapore Dollar.

(ii) Price risk

The Group does not have exposure to equity price risk as it does not hold any equity financial assets.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group does not have any significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from borrowings at floating interest rate. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's borrowings are at variable rates which no hedges have been entered into as the loans are denominated in the respective operating entities' functional currencies and there are natural hedges as the Group's collections are mainly in its respective operating entities' functional currencies. If the interest rates had increased/decreased by 0.5% (2014: 0.5%) with all other variables including tax rate being held constant, management had assessed and determined the impact to profit after tax as a result of higher/lower interest expense on these borrowings is not significant.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history and obtaining sufficient collateral. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to individual counterparty is restricted by credit limits that are approved by the Board of Directors based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the Group level by the Board of Directors.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables are largely corporate companies and comprise 5 debtors (2014: 5 debtors) that individually represented 3% - 21% (2014: 2% - 20%) of trade receivables.

28 Financial risk management (continued)

(b) Credit risk (continued)

The credit risk of trade receivables based on the information provided to key management is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
By geographical areas		
Singapore	11,655	4,263
Malaysia	2,528	3,403
China	1,046	471
Taiwan	1,002	344
Hong Kong	1,663	135
	17,894	8,616
By types of customers		
Related parties	600	54
Non-related parties		
- Individual	142	–
- Companies	17,152	8,562
	17,894	8,616

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and are not re-negotiated.

(ii) Financial assets that are past due and/ or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Past due less than 3 months	11,606	2,543
Past due over 3 months	5,688	2,025
	17,294	4,568

At the respective balance sheet date, management has assessed that no allowance for impairment is required for the receivables.

28 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (Note 20). At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and bank balances as disclosed in Note 11.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents (Note 11) of the Group and the Company on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Board of Directors. These limits vary by location to take into account the liquidity of the market in which the entity operates.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group				
At 31 March 2015				
Trade and other payables	14,704	–	–	–
Borrowings	234	50	40	3
	14,938	50	40	3
At 31 March 2014				
Trade and other payables	11,385	–	–	–
Borrowings	100	972	83	3
	11,485	972	83	3
Company				
At 31 March 2015				
Trade and other payables	639	–	–	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio which the Board of Directors monitors on a periodic basis. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus and trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

28 Financial risk management (continued)

(d) Capital risk (continued)

	Group		Company
	2015 $'000	2014 $'000	2015 $'000
Net debt/(assets)	9,255	11,908	(3,348)
Total equity	19,181	3,772	47,401
Total capital	28,436	15,680	44,053
Gearing ratio	**33%**	**76%**	**N.M.**

N.M.: Not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the respective financial years ended 31 March 2014 and 2015.

(e) Fair value measurements

The carrying amounts of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets, except for the following:

	Group		Company
	2015 $'000	2014 $'000	2015 $'000
Loans and receivables	25,801	11,844	10,482
Financial liabilities at amortised cost	15,010	12,509	639

29 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

29 Related party transactions (continued)

(a) Sales and purchases of goods and services

	Group	
	2015	**2014**
	$'000	**$'000**
Sales of goods and/or services to		
- other related parties	499	169
Purchase of material from		
- other related parties	10	57
Payments made on behalf and reimbursed by other related parties	7	1,009

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 March 2014 and 31 March 2015, arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 18 to the financial statements respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Directors		
Wages and salaries	154	112
Employer's contribution to defined contribution plans	10	11
	164	123
Key management personnel		
Wages and salaries	413	86
Employer's contribution to defined contribution plans	70	10
	647	219

30 Segment information

Management has determined the operating and geographical segment based on the reports reviewed by the Chief Executive Officer for the purpose of resource allocation and assessment of the Group's performance.

At 31 March 2015 and 2014, the Group was organised into one operating segment, which is relating to motion pictures, videos, television programs and production activities. This is based on the Group's internal organisation and management structure and the primary way in which the Board of Directors is provided with the financial information.

30 Segment information (continued)

Whilst revenue are reported into three main revenue stream, as described below, the Group's results, the cost and balance sheet components are only analysed into one operating segment.

(i) Production income

They are mainly related to selling of the firm's future exploitation, producer fee income and consultancy fee income and government grant received.

(ii) Distribution income

They are mainly related to the Box Office receipts of the movies released and exploitation of the script and sequel rights of the movie via licensing agreements.

(iii) Sponsorship income

They are mainly related to sponsorships associated with the production of films.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

Accordingly, no segmental information is presented based on operating segment as the Board of Directors is of the opinion that it is not meaningful and impracticable. Additionally, the measurement of results, the cost and balance sheet components are not used by the Chief Executive Officer when making operating decisions about allocating resources and assessment of performance.

(a) Geographical information

The Group's revenue is mainly derived from the following geographical areas:

	2015 $'000	2014 $'000
Singapore	17,493	6,632
Malaysia	3,326	5,465
China	1,353	485
Taiwan	617	338
Hong Kong	1,498	3,201
	24,287	16,121

The following is an analysis of the Group's carrying amount of non-current assets analysed by the geographical areas:

	2015 $'000	2014 $'000
Singapore	5,998	3,699
Malaysia	464	300
	6,462	3,999

30 Segment information (continued)

(b) Information of major customer

Revenue of approximately $3,900,000 (2014: $1,408,000) is derived from a single external customer for the financial year ended 31 March 2015.

31 Events occurring after balance sheet date

(i) On 8 April 2015, the Group through its 100% owned subsidiary, mm2 Entertainment Pte. Ltd. entered into a sale and purchase agreement with Yeo Eng Pu, Charles, Hong Wei Chien and Lee Hoon Hwee (collectively known as the "sellers") for the acquisition of 51% of the issued and paid-up ordinary shares of Vividthree Productions Pte Ltd ("Vividthree").

Vividthree is based in Singapore and is a leading player in Singapore's three-dimensional ("3D") animation field, specialising in 3D stereoscopic animation, 3D animation and visual effects for feature films and commercials. Vividthree has an issued and fully paid-up share capital of S$50,000, consisting of 50,000 ordinary shares.

The total consideration payable of $3,060,000 comprises of an initial payment of $600,000 to the sellers upon the signing of the agreement. The balance consideration payable to the sellers will be paid under the condition that Vividthree's Net Profit After Tax is equal to or exceeds $2,000,000 in its financial year ending 31 May 2016. The deferred consideration will be payable within 3 months upon delivery of the said condition.

(ii) On 30 April 2015, the Company entered into a non-binding memorandum of understanding ("MOU") with Cathay Cineplexes Sdn Bhd ("CCSB") for the acquisition ("Proposed Acquisition") of certain businesses and assets at the following locations:

a) Cathay Cineplex Damansara, e@Curve, No. 2A Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Cathay Cineplex Damansara"); and

b) Cathay Cineplex City Square, Johor Bahru City Square, 106-108 Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim, Malaysia ("Cathay Cineplex City Square").

The total consideration of the Proposed Acquisition is $14,814,000 (equivalent to RM40,000,000) to be paid in the following tranches:

a) 1% payable upon the signing of MOU;

b) 19% payable upon the execution of the sales and purchase agreement;

c) 31% payable upon the completion of the Proposed Acquisition, out of which 1% may be paid in shares of the Company; and

d) 49% payable in instalments every 6 months over 18 months or earlier, the first instalment to be made 6 months from the date of Completion. This tranche of 49% is subjected to interest chargeable by CCSB at a rate of 1.25% per annum above Kuala Lumpur Inter-Bank Offer Rate.

The Proposed Acquisition is expected to be completed on or before 24 July 2015. The completion of the Proposed Acquisition is subject to further due diligence.

31 Events occurring after balance sheet date (continued)

(iii) On 15 May 2015, the Group, through its 100% owned subsidiary mm2 Entertainment Sdn Bhd, has entered into an agreement to purchase a new office located at B-06-03, Menara Bata, PJ Trade Centre, No8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya for a consideration of $696,300 (equivalent RM1,880,000) from a third party.

(iv) On 29 June 2015, the Company incorporated a new subsidiary, mm2 Screen Management Sdn. Bhd. through its wholly-owned subsidiary, mm2 Entertainment Pte. Ltd. with an equity interest of 100% and an initial paid-up capital of $1 (equivalent to RM2). The principal activities are of building cinema halls, studios and other places of entertainment, producing and purchasing cinematographic films and to let on hire or sell the same.

(v) On 29 June 2015, the Company entered into a Convertible Note Subsription Agreement ("CNSA") with Phillip Asia Pacific Opportunity Fund ("PAPOF"), pursuant to which the Company proposes to issue up to $2,875,000 in an aggregate principal amount of convertible notes (the "Notes") due on 30 June 2017, subject to the terms and conditions of the CNSA.

The Notes are convertible into fully paid-up new ordinary shares of the Company, or exchangeable into fully paid-up new ordinary shares of either mm2 Screen Management Sdn Bhd and/or a newly Singapore incorporated subsidiary that will own the entire or the majority of the issued share capital of mm2 Screen Management Sdn Bhd.

Details of the assets and liabilities assumed, non-controlling interests that will be recognised, revenue and profit contribution and the effect on the cash flows for the Group for the above (i) and (ii) are not disclosed, as the accounting for the respective acquisitions are still incomplete at the time these financial statements have been authorised for issue.

The above events (iv), (v) are not expected to have material effect to the Group for the financial year ending 31 March 2016.

32 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2015 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 July 2014
- FRS 19 Defined Benefit Plan: Employee Contributions

Effective for annual periods beginning on or after 1 January 2015
- Improvements to FRSs (January 2014)
  - Amendments to FRS 102 Share-based payment
  - FRS 103 Business Combinations
  - FRS 108 Business Segments
  - FRS 16 Property, Plant and Equipment
  - FRS 24 Related Party Disclosures
  - FRS 38 Intangible Assets

- Improvements to FRSs (February 2014)
  - FRS 103 Business Combinations
  - FRS 113 Fair Value Measurement
  - Amendment to FRS 40 Investment Property

32 New or revised accounting standards and interpretations (continued)

Effective for annual periods beginning on or after 1 January 2015
- Amendments to FRS 1: Disclosure Initiative
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 110, FRS 112 and FRS 28:Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants

- Improvements to FRSs (November 2014)
- FRS 107 Financial Instruments: Disclosures
- FRS 19 Employee Benefits

Effective for annual periods beginning on or after 1 January 2017
- FRS 115 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018
- FRS 109 Financial Instruments

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

33 Comparative figures

As described on Note 1.2 to the financial statements, the comparative financial statements of the Group for the financial year ended 31 March 2014 comprise the financial information of the combined Group of the Company, mm2 Entertainment Pte. Ltd and mm2 Entertainment Sdn. Bhd., prepared based on the pooling-of-interest method, as if the current Group structure has been in existence and under common control in financial year ended 31 March 2014.

The financial statements of the Company are the financial period since the date of incorporation (20 August 2014) to 31 March 2015. This being the first set of financial statements, there are no comparative figures.

34 Authorisation of financial statements

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of mm2 Asia Ltd. on 27 June 2015.

Statistics of **Shareholdings**

As at 18 June 2015

SHARE CAPITAL

Class of Shares	:	Ordinary share
No. of Shares (excluding treasury shares)	:	206,729,032
Voting rights	:	One vote per share
No. of treasury shares and percentage	:	–

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	–	–	–	–
100 - 1,000	22	11.83	18,800	0.01
1,001 – 10,000	59	31.72	454,900	0.22
10,001 – 1,000,000	88	47.31	14, 802,350	7.16
1,000,001 and above	17	9.14	191, 452,982	92.61
TOTAL	**186**	**100.00**	**206,729,032**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Ang Wee Chye	120,305,000	58.19
2	Phillip Asia Pacific Opportunity Fund Ltd	19,256,532	9.31
3	Hong Leong Finance Nominees Pte Ltd	10,300,000	4.98
4	Yeo Khee Seng Benny	10,149,000	4.91
5	CIMB Securities (Singapore) Pte Ltd	5,677,900	2.75
6	Ang Wee Gee	5,000,000	2.42
7	Citibank Nominees Singapore Pte Ltd	3,422,000	1.66
8	BNP Paribas Securities Services	2,427,000	1.17
9	HL Bank Nominees (S) Pte Ltd	1,938,000	0.94
10	Hesheng Media Co., Ltd	1,920,000	0.93
11	Sng Siew Lin	1,920,000	0.93
12	HSBC (Singapore) Nominees Pte Ltd	1,726,300	0.83
13	Su Jufang	1,607,500	0.78
14	Cornerstone Pictures Pte Ltd	1,600,000	0.77
15	Tan Chee Yean	1,563,750	0.76
16	Th Strategic Investments Pte Ltd	1,550,000	0.75
17	Lim Kar Tian	1,090,000	0.53
18	Tay Joo Heng	973,800	0.47
19	DBS Nominees Pte Ltd	925,100	0.45
20	Lim Lena (Lin Lena)	900,000	0.43
	TOTAL	**194,251,882**	**93.96**

SUBSTANTIAL SHAREHOLDERS

(As recorded in Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Ang Wee Chye[1]	120,305,000	58.19	10,300,000	4.98
Phillip Asia Pacific Opportunity Fund	19,256,532	9.31	–	–

Note:

[1] Mr Ang Wee Chye is deemed to be interested in 10,300,000 ordinary shares held under the name of Hong Leong Finance Nominees Pte Ltd.

PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC'S HANDS

As at 18 June 2015, 27.52% of the Company's shares are held in the hand of public. Accordingly, the Company complied with Rule 723 of the Listing Manual - Section B: Rules of Catalist of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hand of the public.

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of mm2 Asia Ltd. (the "**Company**") will be held at Six Battery Road #10-01, Singapore 049909 on Wednesday, 22 July 2015 at 11 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the financial year ended 31 March 2015 together with the Independent Auditors' Report thereon.

   Resolution 1

2. To approve the payment of pro-rated Directors' fees of S$53, 157.53 for the financial year ended 31 March 2015.

   Resolution 2

3. To approve the payment of Directors' fees of S$130,000 for the financial year ending 31 March 2016, to be paid quarterly in arrears.

   Resolution 3

4. To re-elect the following Directors retiring pursuant to Article 117 of the Articles of Association of the Company:

   Mr Tan Liang Pheng **Resolution 4**
   Mr Ang Wee Chye **Resolution 5**
   Mr Mak Chi Hoo **Resolution 6**
   Mr Chia Seng Hee, Jack **Resolution 7**
   Mr Lei Chee Kong Thomas **Resolution 8**

   [See Explanatory Note (i)]

5. To re-appoint Nexia TS Public Accounting Corporation, Certified Public Accountants and Chartered Accountants, as the Auditors of the Company and to authorise the Directors to fix their remuneration.

   Resolution 9

6. To transact any other ordinary business which may properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules")**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

    (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

    (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

Resolution 10

8. **Authority to issue shares under the mm2 Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the mm2 Performance Share Plan (the "**mm2 PSP**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the mm2 PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15.0%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

Resolution 11

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 6 July 2015

Explanatory Notes:

(i) Mr Tan Liang Pheng will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman, the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Mak Chi Hoo will, upon re-election as a Director of the Company, remain as the Non-Executive Director and a member of the Remuneration Committee and will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Chia Seng Hee, Jack will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Lei Chee Kong Thomas will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Resolution 10 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) Resolution 11 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the vesting of share awards under the mm2 PSP provided that the aggregate additional shares to be allotted and issued pursuant to the mm2 PSP do not exceeding in total (for the entire duration of the mm2 PSP) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

3. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 1002 Jalan Bukit Merah #07-11 Singapore 159456 not less than forty-eight (48) hours before the meeting.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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MM2 ASIA LTD.

Company Registration No. 201424372N
(Incorporated In Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____ (Name) NRIC / Passport No. _____

of _____ (Address)

being *a member/members of MM2 ASIA LTD. (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be presented by Proxy	
			No of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be presented by Proxy	
			No of Shares	%

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as *my/our proxy/proxies to attend and to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Six Battery Road #10-01 Singapore 049909 on Wednesday, 22 July 2015 at 11.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder.

A member may not appoint more than two proxies to attend and vote at the same Meeting. If you wish to appoint some person other than the Chairman of the Meeting to be your proxy, please delete the words "Chairman of the Meeting".

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, your proxy/proxies will vote or abstain from voting as *he/they may think fit, as he/they will on any other matter arising at the AGM.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1	To receive and adopt the Directors' Report and Independent Auditor's Reports and Audited Accounts for the financial year ended 31 March 2015		
2	To approve the payment of pro-rated Directors' fees amounting to S$53,157.53 for the financial year ended 31 March 2015		
3	To approve the payment of Directors' fees amounting to S$130,000 for the financial year ending 31 March 2016, to be paid quarterly in arrears.		
4	To re-elect Mr Tan Liang Pheng as a Director		
5	To re-elect Mr Ang Wee Chye as a Director		
6	To re-elect Mr Mak Chi Hoo as a Director		
7	To re-elect Mr Chia Seng Hee, Jack as a Director		
8	To re-elect Mr Lei Chee Kong Thomas as a Director		
9	To re-appoint Nexia TS Public Accounting Corporation as the auditor and to authorise the Directors to fix their remuneration		
Special Business			
10	To approve the authority to allot and issue new shares		
11	To approve the authority to allot and issue shares in accordance with the provisions of the mm2 Performance Share Plan		

Dated this _____ day of _____ 2015

Total no. of Shares held in:	
(a) CDP Register	
(b) Register of Members	

_____

Signature of Member
or, Common Seal of Corporate Shareholder

** Delete where inapplicable*

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1002 Jalan Bukit Merah #07-11 Singapore 159456 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Singapore Companies Act, Chapter 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 July 2015.

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Corporate Information

BOARD OF DIRECTORS

Tan Liang Pheng *(Non-Executive Chairman and Independent Director)*
Melvin Ang *(CEO and Executive Director)*
Jack Chia *(Independent Director)*
Thomas Lei *(Independent Director)*
Terry Mak *(Non-Executive Director)*

AUDIT COMMITTEE

Jack Chia *(Chairman)*
Tan Liang Pheng
Thomas Lei

REMUNERATION COMMITTEE

Tan Liang Pheng *(Chairman)*
Terry Mak
Thomas Lei

NOMINATING COMMITTEE

Thomas Lei *(Chairman)*
Melvin Ang
Tan Liang Pheng

COMPANY SECRETARY

Shirley Tan Sey Liy *(ACIS)*

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1002 Jalan Bukit Merah
#07-11
Singapore 159456

PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

B-09-01, Menara Bata PJ Trade Centre
No. 8 Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya, Selangor, Malaysia

SHARE REGISTRAR

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

EXTERNAL AUDITORS

Nexia TS Public Accounting Corporation
100 Beach Road, #30-00
Shaw Tower
Singapore 189702

Director-in-charge: Loh Hui Nee
(Appointed since financial year ended 31 March 2015)

PRINCIPAL BANKER

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

CONTINUING SPONSOR

Hong Leong Finance Limited
16 Raffles Quay, #01-05
Hong Leong Building
Singapore 048581

COMPANY WEBSITE

www.mm2asia.com

STOCK CODE

41C

mm2 Asia Ltd.
(Company Registration Number: 201424372N)
(Incorporated in Singapore on 20 August 2014)

1002, Jalan Bukit Merah #07-11
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