

spackmanentertainmentgroup

SPACKMAN ENTERTAINMENT GROUP LIMITED
(Company Registration No.: 201401201N)
(Incorporated in the Republic of Singapore on 10 January 2014)
(the "Company")

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND THE AUDITED FINANCIAL STATEMENTS OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the "**Board**") of Spackman Entertainment Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the announcement on the unaudited full year financial statements for the financial year ended 31 December 2015 ("**FY2015**") dated 26 February 2016 ("**Announcement**").

The Board wishes to clarify the material differences between the unaudited full year financial statements and audited financial statements for FY2015 as well as the material differences in the comparative financial statements for the financial year ended 31 December 2014 ("**FY2014**") as set out in the Announcement and the restated comparative FY2014 financial statements in the audited financial statements for FY2015. Details of the material variances and reasons for such variances are set out in the explanatory notes below.

Consolidated Statement of Comprehensive Income for FY2015 and FY2014

FY2015

(US\$'000)	Audited	Unaudited	Variance	Note
Revenue	17,768	13,569	4,199	A
Other income	716	2,430	(1,714)	B
Share of results of associate	1,247	(467)	1,714	B
General and administrative expenses	(5,633)	(6,257)	624	C
Other expenses	(4,823)	-	(4,823)	A, C

Notes

- A** The Group has reassessed that in film businesses where the Group acted as Presenter and Producer and was a principal for the Presenter's role in the production of the film, funds received from external investors for specific film production projects were financing arrangements for the Group's film production projects and the Group's revenue for these projects would comprise the entire proceeds from the exploitation, exhibition or sale of the film ("**Box Office Proceeds**") received from the distributor upon the film's screening at movie theatres. Revenue was adjusted accordingly to reflect the entire box office receipts. In FY2015, the share of Box Office Proceeds payable to the external investors is more than the equivalent funds received from external investors. As such, the film had made a profit and the proportionate profit to be repaid to the external investors is recognised in other expenses.

- B** Due to reclassification of bargain purchase of associate from other income to share of results of associate.
- C** Due to reclassification of impairment loss on film production inventories from general and administrative expenses to other expenses.

FY2014

<i>(US\$'000)</i>	As restated	As previously reported	Variance	Note
Revenue	15,599	16,059	(460)	D
Other income	966	506	460	D
General and administrative expenses	(6,301)	(7,756)	1,455	E
Other expenses	(1,455)	-	(1,455)	E

Notes

- D** With reference to the explanation as set out in Note A above, the share of Box Office Proceeds payable to the external investors is less than the equivalent funds received from external investors in FY2014. As such, the film had made a loss and the proportionate loss on film to be borne by external investors is recognised as other income.
- E** Due to reclassification of impairment loss on film production inventories from general and administrative expenses to other expenses.

Consolidated Statement of Financial Position for FY2015

FY2015

<i>(US\$'000)</i>	Audited	Unaudited	Variance	Note
Current liabilities				
Borrowings	3,123	3,790	(667)	F
Trade and other payables	15,705	15,073	632	
Equity				
Other reserves	(3,100)	(3,268)	168	
Reserve of disposal group classified as held for sale	(207)	-	(207)	G

Notes

- F** Interest-free amount was reclassified from borrowings to other payables.
- G** Due to reclassification of currency translation differences related to disposal group from other reserves to reserve of disposal group classified as held for sale.

FY2014

<i>(US\$'000)</i>	As restated	As reported previously	Variance	Note
Current liabilities				H
Trade and other payables	9,739	6,285	3,454	
Film obligations and production loans	646	4,100	(3,454)	

Note

H Due to reclassification of film obligation and production loans as trade and other payables.

Consolidated Statement of Cash Flows for FY2015 and FY2014**FY2015**

<i>(US\$'000)</i>	Audited	Unaudited	Variance	Note
Net cash used in operating activities	(20,408)	(4,578)	(15,830)	I
Payables	6,127	17,029	(10,902)	
Film obligation and production loans	-	5,042	(5,042)	
Currency translation adjustments	73	127	(54)	
Share of results of associate	(1,246)	467	(1,713)	J
Bargain purchase of associate	-	(1,713)	1,713	
Net cash generated from financing activities	20,576	4,763	15,813	I, K
Proceeds from film obligations and production loans	10,893	-	10,893	
Payment of box office proceeds to investors	(2,891)	-	(2,891)	
Increase in box office proceeds payable to investors	7,946	-	7,946	
Net cash used in investing activities	(6,067)	(6,089)	22	K
Purchases of property, plant and equipment	(2,783)	(2,805)	22	

Notes

I Mainly due to reclassification of cash flows relating to film obligation and production loans and box office proceeds payable to investors from operating activities to financing activities.

J Due to reclassification bargain purchase of associate into share of results of associate.

K Mainly due to reclassification of cash flows relating to capitalised borrowing costs for the construction of a building from investing activities to financing activities.

FY2014

<i>(US\$'000)</i>	As restated	As previously reported	Variance	Note
Net cash used in operating activities	(5,124)	(10,241)	5,117	L
Payables	2,144	894	1,250	
Film obligation and production loans	-	(4,257)	4,257	
Loss on film borne by external investors	(460)	-	(460)	
Net cash generated from financing activities	9,047	14,164	(5,117)	
Proceeds from film obligations and production loans	2,038	-	2,038	
Payment of box office proceeds to investors	(7,084)	-	(7,084)	

Note

L Mainly due to reclassification of cash flows relating to film obligation and production loans and box office proceeds payable to investors from operating activities to financing activities.

BY ORDER OF THE BOARD

Charles Choi Spackman
Executive Chairman
8 April 2016

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 22 July 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Ms. Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.