

# ARION ENTERTAINMENT SINGAPORE LIMITED

## Unaudited Half-Year Financial Statement And Dividend Announcement

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

#### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

		<u>Group</u>		
		S\$'000		%
		(Unaudited)		Increase/
	Note	30/09/2018	30/09/2017	(Decrease)
<b>Revenue</b>				
Publishing		498	479	4.0
<b>Other income</b>	(i)	552	3	> 100.0
<b>Expenses</b>				
Printing and editorial costs		(249)	(275)	(9.5)
Employee compensation		(410)	(455)	(9.9)
Amortisation, depreciation and impairment		(2)	(2)	-
Operating lease expenses		(17)	(32)	(46.9)
Other operating expenses		(247)	(179)	38.0
Total expenses		<u>(925)</u>	<u>(943)</u>	(1.9)
<b>Profit/ (loss) before income tax</b>		<b>125</b>	<b>(461)</b>	NM
Income tax expense		-	-	-
<b>Total Profit/ (Loss)</b>		<b><u>125</u></b>	<b><u>(461)</u></b>	NM
<b>Other comprehensive income</b>				
Items that maybe reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Income/ (losses)		22	(31)	NM
Total comprehensive income/ (loss) for the period		<u>147</u>	<u>(492)</u>	NM
<b>Profits/ (loss) attributable to:</b>				
- Equity holders of the company		<b>125</b>	<b>(480)</b>	NM
- Non-controlling interests		<u>-</u>	<u>19</u>	(100.0)
<b>Total comprehensive income/ (loss) attributable to:</b>				
- Equity holders of the company		<b>147</b>	<b>(511)</b>	NM
- Non-controlling interests		<u>-</u>	<u>19</u>	(100.0)

NM denotes not meaningful

#### Notes to income statement:

##### (i) Included in other income are:

Bargain purchase arising from acquisition of equity interests from non-controlling shareholders	(a)	550	-	100.0
Others		<u>2</u>	<u>3</u>	-
		<u>552</u>	<u>3</u>	> 100.0

(a) On 13 August 2018, the Company completed the acquisition of a 21.8% stake in Auston Technology Group Pte Ltd which became a wholly owned subsidiary corporation of the Company.

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

	Group		Company	
	30/09/2018 (Unaudited)	31/03/2018 (Audited) (Restated)	30/09/2018 (Unaudited)	31/03/2018 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Current assets</b>				
Cash and cash equivalents	1,785	2,547	1,411	2,281
Trade and other receivables	224	250	1	1
Other current assets	50	40	42	33
	2,059	2,837	1,454	2,315
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	-	-
Property, plant and equipment	19	9	3	4
	19	9	3	4
<b>TOTAL ASSETS</b>	<b>2,078</b>	<b>2,846</b>	<b>1,457</b>	<b>2,319</b>
<b>Current liabilities</b>				
Trade and other payables	329	494	155	333
Due to subsidiaries (non-trade)	-	-	3,440	3,447
<b>TOTAL LIABILITIES</b>	<b>329</b>	<b>494</b>	<b>3,595</b>	<b>3,780</b>
<b>NET ASSETS/ (LIABILITIES)</b>	<b>1,749</b>	<b>2,352</b>	<b>(2,138)</b>	<b>(1,461)</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	142,601	142,601	142,601	142,601
Accumulated losses	(141,061)	(141,186)	(144,998)	(144,321)
Share option reserve	259	259	259	259
Currency translation reserve	(50)	(72)	-	-
	1,749	1,602	(2,138)	(1,461)
<b>Non-controlling interests</b>	-	750	-	-
<b>TOTAL EQUITY</b>	<b>1,749</b>	<b>2,352</b>	<b>(2,138)</b>	<b>(1,461)</b>

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

**Amount repayable in one year or less, or on demand**

As at 30/09/2018		As at 31/03/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

**Amount repayable after one year**

As at 30/09/2018		As at 31/03/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

**Details of any collateral**

Not applicable.

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

	<b>For the 6 months ended</b>	
	<b>30/09/2018</b>	<b>30/09/2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Net profit/ (loss)	125	(461)
Adjustments for:		
Bargain purchase arising from acquisition of equity interests from non-controlling shareholders	(550)	-
Amortisation and depreciation	2	2
Employee share options expense	-	38
	<b>(423)</b>	<b>(421)</b>
Changes in working capital, net of effects from disposal of subsidiary corporation:		
Trade and other receivables	15	51
Trade and other payables	(164)	(400)
<b>Net cash used in operating activities</b>	<b>(572)</b>	<b>(770)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(12)	(7)
Acquisition of equity interests in subsidiary from non-controlling shareholders	(200)	-
<b>Net cash used in investing activities</b>	<b>(212)</b>	<b>(7)</b>
Net decrease in cash and cash equivalents	(784)	(777)
Cash and cash equivalents at beginning of the financial period	2,547	3,863
Effects of currency translation on cash and cash equivalents	22	(31)
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,785</b>	<b>3,055</b>

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

	Attributable to equity holders of the Company				Total S\$'000	Non- controlling Interests S\$'000	Total S\$'000
	Share Capital S\$'000	Currency translation reserve S\$'000	Share options reserve S\$'000	Accumulated Losses S\$'000			
<b>The Group (unaudited)</b>							
<u>For the 6 months period ended</u>							
<u>30/09/2018</u>							
Balance at 01/04/2018	142,601	2,707	259	(143,965)	1,602	750	2,352
Effect of adopting SFRS(I)	-	(2,779)	-	2,779	-	-	-
Balance at 01/04/2018 – restated	142,601	(72)	259	(141,186)	1,602	750	2,352
Acquisition of equity interests from non-controlling shareholders	-	-	-	-	-	(750)	(750)
Total comprehensive income for the period	-	22	-	125	147	-	147
<b>Balance at 30/9/2018</b>	<b>142,601</b>	<b>(50)</b>	<b>259</b>	<b>(141,061)</b>	<b>1,749</b>	<b>-</b>	<b>1,749</b>
<u>For the 6 months period ended</u>							
<u>30/09/2017</u>							
Balance at 01/04/2017	142,601	2,779	221	(143,075)	2,526	743	3,269
Effect of adopting SFRS(I)	-	(2,779)	-	2,779	-	-	-
Balance at 01/04/2017 – restated	142,601	-	221	(140,296)	2,526	743	3,269
Total comprehensive loss for the period	-	(31)	-	(480)	(511)	19	(492)
Employee share option scheme: - Value of employee services	-	-	38	-	38	-	38
<b>Balance at 30/9/2017</b>	<b>142,601</b>	<b>(31)</b>	<b>259</b>	<b>(140,776)</b>	<b>2,053</b>	<b>762</b>	<b>2,815</b>
<b>The Company (unaudited)</b>							
<u>For the 6 months period ended</u>							
<u>30/09/2018</u>							
Balance at 01/04/2018	142,601	-	259	(144,321)	(1,461)	-	(1,461)
Total comprehensive loss for the year	-	-	-	(677)	(677)	-	(677)
<b>Balance at 30/9/2018</b>	<b>142,601</b>	<b>-</b>	<b>259</b>	<b>(144,998)</b>	<b>(2,138)</b>	<b>-</b>	<b>(2,138)</b>
<u>For the 6 months period ended</u>							
<u>30/09/2017</u>							
Balance at 01/04/2017	142,601	-	221	(143,151)	(329)	-	(329)
Total comprehensive loss for the year	-	-	-	(536)	(536)	-	(536)
Employee share option scheme: - Value of employee services	-	-	38	-	38	-	38
<b>Balance at 30/9/2017</b>	<b>142,601</b>	<b>-</b>	<b>259</b>	<b>(143,687)</b>	<b>(827)</b>	<b>-</b>	<b>(827)</b>

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

	Number of shares	Share Capital S\$'000
As at 31/03/2018	3,635,525,365	142,601
As at 30/09/2018 (after share consolidation of 10:1)	363,552,518	142,601

**Treasury shares or subsidiary holdings**

As at 30/09/2018 and 30/09/2017	-	-
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On 10 August 2018, the Company completed a shares consolidation of every ten existing ordinary shares in the capital of the Company into one ordinary share (the "**Shares Consolidation**"). Pursuant to the Shares Consolidation, the outstanding warrants from Warrant 2015 issue and options granted pursuant to the ESOS (as defined herein) were adjusted to 136,845,123 warrants and 7,000,000 options respectively.

Pursuant to the Warrants 2015 Issue, there are 136,845,123 and 1,368,451,292 outstanding warrants which would be exercisable into 136,845,123 and 1,368,451,292 ordinary shares of the Company as at 30 September 2018 and 30 September 2017 respectively.

During the six months ended 30 September 2018 and 30 September 2017, no options were granted pursuant to Arion Entertainment Singapore Limited Employees' Share Option Scheme 2014 ("**ESOS**").

As at 30 September 2018 and 30 September 2017, 7,000,000 and 70,000,000 options are exercisable into 7,000,000 and 70,000,000 ordinary shares of the Company respectively after 24 months from the date of grant, being 13 July 2015.

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

The total number of issued shares excluding treasury shares as at 30 September 2018 and 31 March 2018 are 363,552,518 and 3,635,525,365 shares respectively. The Company did not have any treasury shares as at 30 September 2018 and 31 March 2018.

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

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

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

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

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

The figures are unaudited and have not been reviewed by the auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements for the financial year ended 31 March 2018.

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

The Group had adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), which are effective for the financial periods beginning on or after 1 April 2018. The adoption of SFRS(I) have no significant financial impact on the Group's financial statements except as described below:-

The Group elected the optional exemption in SFRS(I) to reset its cumulative currency translation reserves for all foreign operation to zero at the date of transition and reclassify the cumulative currency translation reserves of S\$2.779 million as at 1 April 2017 to accumulated losses.

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

	30/09/2018	30/09/2017
Earnings/ (loss) per share ("EPS") attributable to shareholders		
- on weighted average number of shares (Singapore cents)	0.03	(0.01)
- on a fully diluted basis (Singapore cents)	0.03	(0.01)

Notes:

(1) The weighted average number of ordinary shares outstanding is 363,552,518 and 3,635,525,365 for the financial period ended 30 September 2018 ("HY 2019") and the financial period ended 30 September 2017 ("HY 2018") respectively.

Assuming that the shares consolidation was completed on 1 April 2017, the weighed average number of shares outstanding for HY 2018 would be 363,552,518 and the EPS would be (0.13) cents.

(2) The basic and diluted EPS for HY 2019 and HY 2018 were the same as the outstanding warrants and options were out-of-money.

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

	Group		Company	
	30/09/2018	31/03/2018	30/09/2018	31/03/2018
Net asset value based on existing issued share capital as at the respective period (Singapore cents)	0.48	0.04	(0.59)	(0.04)

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

#### Revenue

Revenue from Malaysian publishing operations for the 6 months ended 30 September 2018 increased marginally to S\$0.50 million as compared to S\$0.48 million in the previous corresponding period.

#### Other income

Other income increased to S\$0.55 million as compared to S\$3,000 in HY 2018 due to the bargain purchase arising from the acquisition of a 21.8% shareholding in Auston Technology Group Pte Ltd ("**ATG**") in August 2018.

#### Direct costs

Employee compensation decreased by 9.9% to S\$0.41 million as compared to S\$0.46 million in HY 2018 mainly due to the employee share options expense of S\$38,000 in HY 2018.

Operating lease expenses decreased by 46.9% to S\$17,000 as compared to S\$32,000 in HY 2018 due to a new lease at a lower monthly rental taken up by the Company in December 2017.

Other operating expenses increased by 38.0% to S\$0.25 million as compared to S\$0.18 million in HY 2018 largely due to higher professional fees incurred in HY 2019 attributable to the shares consolidation.

#### Profit attributable to shareholders

Profit attributable to shareholders for the period under review was S\$0.13 million as compared to a loss of S\$0.48 million in the previous corresponding period.

The improved performance was due to the following:

- bargain purchase arising from acquisition of equity interest from non-controlling shareholders of S\$0.55 million; and
- marginal increase in profits from our Malaysian publishing operations of S\$48,000 in HY 2019 as compared to S\$6,000 in HY 2018.

#### Balance sheet

The decrease in trade and other payables is due to payment to trade and other creditors.

#### Cash-flow

Cash and cash equivalents as at end of period was S\$1.79 million as compared to S\$2.55 million at the beginning of the period.

Cash used in operating activities was S\$0.57 million in HY 2019. The net operating cash outflow was mainly due to operating profit before working capital changes of S\$0.1 million, which was adjusted for bargain purchase arising from acquisition of equity interests from non-controlling shareholders amounting to S\$0.55 million and working capital outflows of S\$0.15 million, which were mainly attributable to payment of trade and other payables during the period.

Cash used in investing activities was S\$0.21 million due to the acquisition of the 21.8% stake in ATG.

The Group had a positive working capital of S\$1.73 million as at 30 September 2018 as compared to S\$2.34 million as at 31 March 2018.



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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders in relation to the current financial period under review.

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

As previously announced, the Company is actively seeking new business activities, including but not limited to acquisitions that may result in a reverse takeover transaction.

Additionally, the Malaysian publishing operations is cashflow positive and the Group is exploring business opportunities to expand and grow the publishing operations in the region. There are no significant updates relating to the expansion of the publishing operations to Greater China and Singapore and shareholders will be informed when there is any material development.

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

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

None.

***(b) (i) Amount per share .....cents***

None.

***(ii) Previous corresponding period .....cents***

None.

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

Not applicable.

***(d) The date the dividend is payable.***

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended during and for the six months ended 30 September 2018.

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

The Group has not obtained a general mandate from shareholders for IPTs. There were no IPTs of S\$100,000 and above for the six months ended 30 September 2018.

#### 14. Use of Net Proceeds

The following relates to the net proceeds of S\$2.55 million raised from the placement of 1.2 billion shares in December 2016:

Purpose	Net proceeds utilised as at the date of announcement (S\$'000)	Balance unutilised (S\$'000)
Working capital		
- Wages and staff related costs	398	
- Creditors	804	
- Acquisition of 21.8% shareholding in ATG	200	
<b>Total</b>	<b>1,402</b>	<b>1,148</b>

#### 15. Negative assurance

We, Ng Kai Man and Lee Keng Mun, being two directors of Arion Entertainment Singapore Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the six months ended 30 September 2018 to be false or misleading in any material aspect.

For and on behalf of the Board

(signed)  
Ng Kai Man  
Executive Director

(signed)  
Lee Keng Mun  
Independent Director

#### 16. Confirmation by the Company pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings from all directors and executive officers of the Company under Rule 720(1) of the Catalist Rules.

#### BY ORDER OF THE BOARD

**Ng Kai Man**  
**Executive Director**  
**2 November 2018**

*This announcement has been prepared by Arion Entertainment Singapore Limited (the "Company") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (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 (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*