

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.

		Group		
		S\$'000		%
		(Unaudited)	(Re-stated) *	Increase/ Decrease)
	Note	30/09/2019	30/09/2018	
Revenue				
Publishing		477	498	(4.2)
Other income	(i)	3	2	50.0
Expenses				
Printing and editorial costs		(241)	(249)	(3.2)
Employee compensation		(463)	(410)	12.9
Amortisation, depreciation and impairment		(2)	(2)	-
Operating lease expenses		(20)	(17)	17.6
Professional fees		(86)	(130)	(33.8)
Other operating expenses		(75)	(117)	(35.9)
Total expenses		<u>(887)</u>	<u>(925)</u>	(4.1)
Loss before income tax		(407)	(425)	(4.2)
Income tax expense		-	-	-
Net Loss		<u>(407)</u>	<u>(425)</u>	(4.2)
Other comprehensive income				
Items that maybe reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Gains		5	22	(77.3)
Total comprehensive loss for the period		<u>(402)</u>	<u>(403)</u>	(0.2)
Loss attributable to:				
- Equity holders of the company		<u>(407)</u>	<u>(425)</u>	(4.2)
Total comprehensive loss attributable to:				
- Equity holders of the company		<u>(402)</u>	<u>(403)</u>	(0.2)
NM denotes not meaningful				
Notes to income statement:				
(i) Included in other income are:				
Others		<u>3</u>	<u>2</u>	50.0

- * The financial statements for 6 months ended 30 September 2018 were re-presented to be consistent with the audited financial statements for financial year ended 31 March 2019.

The bargain purchase arising from acquisition of equity interests from non-controlling shareholders of S\$0.55 million is written off against revenue reserves rather than being recognised as other income. The impact to the income statement is as follow:

	For the financial period ended 30/09/2018 as announced		For the financial period ended 30/09/2018 (Restated)
Statement of comprehensive income	S\$'000	S\$'000	S\$'000
Revenue	498		498
Other income	552	(550)	2
Total expenses	(925)		(925)
Profit/ (loss) before income tax	125	(550)	(425)
Income tax expense	-	-	-
Total (profit)/ loss	125	(550)	(425)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains	22	-	22
Total comprehensive income/ (loss)	147	(550)	(403)

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	
	30/09/2019 (Unaudited) S\$'000	31/03/2019 (Audited) S\$'000	30/09/2019 (Unaudited) S\$'000	31/03/2019 (Audited) S\$'000
Current assets				
Cash and cash equivalents	2,522	3,160	1,997	2,636
Trade and other receivables	218	178	2	-
Other current assets	53	57	45	51
	2,793	3,395	2,044	2,687
Non-current assets				
Investment in subsidiaries	-	-	-	-
Property, plant and equipment	12	16	-	-
	12	16	-	-
TOTAL ASSETS	2,805	3,411	2,044	2,687
Current liabilities				
Trade and other payables	277	481	128	291
TOTAL LIABILITIES	277	481	128	291
NET ASSETS	2,528	2,930	1,916	2,396
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	144,676	144,676	144,676	144,676
Accumulated losses	(142,357)	(141,950)	(143,019)	(142,539)
Share option reserve	259	259	259	259
Currency translation reserve	(50)	(55)	-	-
TOTAL EQUITY	2,528	2,930	1,916	2,396

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

Amount repayable in one year or less, or on demand

As at 30/09/2019		As at 31/03/2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Amount repayable after one year

As at 30/09/2019		As at 31/03/2019	
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.**

	For the 6 months ended	
	30/09/2019	30/09/2018 (Restated)
	S\$'000	S\$'000
Cash flows from operating activities		
Net loss	(407)	(425)
Adjustments for:		
Amortisation and depreciation	2	2
	(405)	(423)
Changes in working capital, net of effects from disposal of subsidiary corporation:		
Trade and other receivables	(34)	15
Trade and other payables	(204)	(164)
Net cash used in operating activities	(643)	(572)
Cash flows from investing activities:		
Purchase of property, plant and equipment	-	(12)
Acquisition of equity interests in subsidiary from non-controlling shareholders	-	(200)
Net cash used in investing activities	-	(212)
Net decrease in cash and cash equivalents	(643)	(784)
Cash and cash equivalents at beginning of the financial period	3,160	2,547
Effects of currency translation on cash and cash equivalents	5	22
Cash and cash equivalents at end of the financial period	2,522	1,785

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			
The Group (unaudited)							
<u>For the 6 months period ended</u>							
<u>30/09/2019</u>							
Balance at 01/04/2019	144,676	(55)	259	(141,950)	2,930	-	2,930
Total comprehensive income/ (loss) for the period	-	5	-	(407)	(402)	-	(402)
Balance at 30/9/2019	144,676	(50)	259	(142,357)	2,528	-	2,528
<u>For the 6 months period ended</u>							
<u>30/09/2018</u>							
Balance at 01/04/2018	142,601	(72)	259	(141,186)	1,602	750	2,352
Acquisition of equity interests from non-controlling shareholders	-	-	-	550	550	(750)	(200)
Total comprehensive income/ (loss) for the period	-	22	-	(425)	(403)	-	(403)
Balance at 30/9/2018	142,601	(50)	259	(141,061)	1,749	-	1,749
The Company (unaudited)							
<u>For the 6 months period ended</u>							
<u>30/09/2019</u>							
Balance at 01/04/2019	144,676	-	259	(142,539)	2,396	-	2,396
Total comprehensive loss for the period	-	-	-	(480)	(480)	-	(480)
Balance at 30/9/2019	144,676	-	259	(143,019)	1,916	-	1,916
<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 period	-	-	-	(677)	(677)	-	(677)
Balance at 30/9/2018	142,601	-	259	(144,998)	(2,138)	-	(2,138)

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 31/03/2019 and 30/09/2019	622,940,542	144,676

Treasury shares or subsidiary holdings

As at 30/09/2019 and 30/09/2018	-	-
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Pursuant to the Warrants 2015 Issue and the Rights Issue exercise in December 2018, there are 153,386,583 and 136,845,123 outstanding warrants which would be exercisable into 153,386,583 and 136,845,123 ordinary shares of the Company as at 30 September 2019 and 30 September 2018 respectively.

During the six months ended 30 September 2019 and 30 September 2018, no options were granted pursuant to Arion Entertainment Singapore Limited Employees' Share Option Scheme 2014 ("ESOS").

As at 30 September 2019 and 30 September 2018, 7,846,154 and 7,000,000 options are exercisable into 7,846,154 and 7,000,000 ordinary shares of the Company respectively after 24 months from the date of grant, being 13 July 2015.

Save for the above, the Company did not have any other outstanding options and convertibles as at 30 September 2019 and 30 September 2018.

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

The issued shares excluding treasury shares as at 30 September 2019 and 31 March 2019 are 622,940,542 shares. The Company did not have any treasury shares as at 30 September 2019 and 31 March 2019.

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 does 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 2019.

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

The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("Int FRS") that are relevant to the operations and effective for financial period on or after 1 April 2019, where applicable.

The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting year.

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.

	30/09/2019	30/09/2018 (Restated)
Loss per share ("EPS") attributable to shareholders		
- on weighted average number of shares (Singapore cents)	(0.06)	(0.02)
- on a fully diluted basis (Singapore cents)	(0.06)	(0.02)

Notes:

(1) The weighted average number of ordinary shares outstanding is 622,940,542 and 2,544,867,749 for the financial period ended 30 September 2019 ("HY 2020") and the financial period ended 30 September 2018 ("HY 2019") respectively.

Assuming that the shares consolidation was completed on 1 April 2018, the weighed average number of shares outstanding for HY 2019 would be 363,552,518 and the EPS would be (0.12) cents.

(2) The basic and diluted EPS for HY 2020 and HY 2019 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	
	30/09/2019	31/03/2019	30/09/2019	31/03/2019
Net asset value based on existing issued share capital as at the respective period (Singapore cents)	0.41	0.47	0.31	0.38
Issued number of shares ('000)	622,941	622,941	622,941	622,941

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 2019 decreased marginally to S\$0.48 million as compared to S\$0.50 million in the previous corresponding period.

Direct costs

Employee compensation increased by 12.9% to S\$0.46 million as compared to S\$0.41 million in HY 2019 mainly due to an increase in headcount for business development in Singapore.

Operating lease expenses increased by 17.6% to S\$20,000 as compared to S\$17,000 in HY 2019 due to the new headcount in Singapore for which the Group leased additional office space in its existing premises.

Professional fees decreased by 33.8% to S\$86,000 as compared to S\$130,000 in HY 2019 due to the fees incurred in HY 2019 for the shares consolidation exercise which was completed in August 2018.

Other operating expenses decreased by 35.9% to S\$75,000 as compared to S\$117,000 in HY 2019 mainly due to lower expenses of about S\$25,000 incurred in the Group's headquarters in relation to travelling expenses as well as lower foreign exchange losses arising from the translation of inter-company balances between Singapore and Malaysia amounting to S\$21,000 as a result of the stronger Malaysia currency.

Loss attributable to shareholders

Loss attributable to shareholders for the period under review was S\$0.41 million as compared to a loss of S\$0.43 million in the previous corresponding period.

The marginal improvement was due to a decrease in professional fees and other operating expenses as explained above. The decrease in the aforementioned expenses was offset by an increase in employee compensation, operating lease and other expenses relating to the business development team of about S\$73,000.

Balance sheet

The increase in trade and other receivables is mainly due to the longer period required to collect payments from the customers in our Malaysia's publishing operations.

The decrease in trade and other payables is mainly due to payments made to trade and other creditors.

Cash and cash equivalents decrease by S\$0.64 million mainly due to the utilisation of cash for operating activities. Please refer to the "cash-flow" section below for explanation on the cash flow.

Cash-flow

Cash and cash equivalents as at end of period was S\$2.52 million as compared to S\$3.16 million at the beginning of the period.

Cash used in operating activities was S\$0.64 million in HY 2019 .The net operating cash outflow was mainly due to operating loss before working capital changes of S\$0.41 million, which was adjusted for working capital outflows of S\$0.24 million mainly attributable to payment of trade and other payables during the period.

The Group had a positive working capital of S\$2.52 million as at 30 September 2019 as compared to S\$2.91 million as at 31 March 2019.

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. The Company will update shareholders via SGXNET as and when there are material developments in relation thereto.

The Malaysian publishing operations remains cashflow positive for HY 2020.

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 sharecents

None.

(ii) Previous corresponding periodcents

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 and the reason(s) for the decision.

No dividend has been declared or recommended during and for the six months ended 30 September 2019 as the Group is loss making.

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 2019.

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 from 15 July 2019* till the date of announcement (S\$'000)	Net proceeds utilised as at the date of announcement (S\$'000)	Balance unutilised (S\$'000)
Working capital			
- Wages and staff related costs	91	870	
- Creditors	48	1,155	
- FY 2018 and 2019 directors' fees	141	325	
- Acquisition of 21.8% stake in ATG	-	200	
Total	280	2,550	-

* The date on which the Annual Report was published.

The following relates to the net proceeds of S\$1.88 million raised from rights issue that was completed in December 2018:

Purpose	Net proceeds utilised as at the date of announcement (S\$'000)	Balance unutilised (S\$'000)
Working capital		
- Wages and staff related costs	45	
- Creditors	93	
Total	138	1,739

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 2019 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
8 November 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).