

ARION ENTERTAINMENT SINGAPORE LIMITED

Full 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.

	Note	Group		% Increase/ (Decrease)
		(Unaudited) 31/03/2020	(Audited) 31/03/2019	
		S\$'000		
Revenue				
Advertisement		100	157	(36.3)
Circulation		769	835	(7.9)
Exhibition and events		-	4	(100.0)
		<u>869</u>	<u>996</u>	(12.8)
Other income, net	(i)	28	11	> 100.0
Direct costs:				
Printing and editorial costs		(452)	(507)	(10.8)
Employee compensation		(854)	(899)	(5.0)
Amortisation, depreciation and impairment		(4)	(5)	(20.0)
Operating lease expenses		(37)	(37)	-
Professional fees		(281)	(433)	(35.1)
Other expenses		(299)	(414)	(27.8)
Total expenses		<u>(1,927)</u>	<u>(2,295)</u>	(16.0)
Loss before income tax		(1,030)	(1,288)	(20.0)
Income tax expense		(6)	(26)	(76.9)
Net loss		<u>(1,036)</u>	<u>(1,314)</u>	(21.2)
Other comprehensive (loss)/ income				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising from consolidation				
- Gains		<u>7</u>	<u>17</u>	(58.8)
Total comprehensive loss for the year		<u>(1,029)</u>	<u>(1,297)</u>	(20.7)
Loss attributable to:				
- Equity holders of the company		<u>(1,036)</u>	<u>(1,314)</u>	(21.2)
Total comprehensive loss attributable to:				
- Equity holders of the company		<u>(1,029)</u>	<u>(1,297)</u>	(20.7)

NM – Not meaningful

	<u>Group</u>	
	<u>S\$'000</u>	
	(Unaudited)	(Audited)
Note	31/03/2020	31/03/2019

Notes to income statement:

(i) Included in other income are:

Publishing related income	6	8
Gain on disposal of property, plant & equipment	-	3
Interest income	8	-
Write off of trade creditors	13	-
Others	1	-
	<u>28</u>	<u>11</u>

(a) This relates to creditors that have been outstanding for more than six years and are statute barred.

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	
	31/03/2020 (Unaudited) S\$'000	31/03/2019 (Audited) S\$'000	31/03/2020 (Unaudited) S\$'000	31/03/2019 (Audited) S\$'000
Current assets				
Cash and cash equivalents	2,099	3,160	1,813	2,636
Trade and other receivables	95	178	-	-
Other current assets	81	57	40	51
	<u>2,275</u>	<u>3,395</u>	<u>1,853</u>	<u>2,687</u>
Non-current assets				
Property, plant and equipment	11	16	-	-
	<u>11</u>	<u>16</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>2,286</u>	<u>3,411</u>	<u>1,853</u>	<u>2,687</u>
Current liabilities				
Trade and other payables	385	481	259	291
	<u>385</u>	<u>481</u>	<u>259</u>	<u>291</u>
TOTAL LIABILITIES	<u>385</u>	<u>481</u>	<u>259</u>	<u>291</u>
NET ASSETS	<u>1,901</u>	<u>2,930</u>	<u>1,594</u>	<u>2,396</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	144,676	144,676	144,676	144,676
Share options reserve	259	259	259	259
Accumulated losses	(142,986)	(141,950)	(143,341)	(142,539)
Currency translation reserve	(48)	(55)	-	-
TOTAL EQUITY	<u>1,901</u>	<u>2,930</u>	<u>1,594</u>	<u>2,396</u>

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

Amount repayable in one year or less, or on demand

As at 31/03/2020		As at 31/03/2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Amount repayable after one year

As at 31/03/2020		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 12 months ended	
	31/03/2020 (Unaudited) S\$'000	31/03/2019 (Audited) S\$'000
Cash flows from operating activities		
Net loss	(1,036)	(1,314)
Adjustments for:		
Amortization and depreciation	4	5
Property, plant and equipment written off	1	
Gain on disposal of property, plant and equipment	-	(3)
Income tax expense	6	26
Operating cashflow before working capital changes	(1,025)	(1,286)
Trade and other receivables	59	55
Trade and other payables	(96)	(13)
Cash used in operations	(1,062)	(1,244)
Income tax paid	(6)	(26)
Net cash used in operating activities	(1,068)	(1,270)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	5
Additions to property, plant and equipment	-	(14)
Acquisition of equity interests in subsidiary from non-controlling shareholders	-	(200)
Net cash used in investing activities	-	(209)
Cash flows from financing activity		
Proceeds from issue of new shares	-	2,075
Net cash provided by financing activity	-	2,075
Net (decrease)/ increase in cash and cash equivalents	(1,068)	596
Cash and cash equivalents at beginning of financial year	3,160	2,547
Effects of currency translation on cash and cash equivalents	7	17
Cash and cash equivalents at end of financial year	2,099	3,160

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							
<u>2020</u>							
Balance as at 01/04/2019	144,676	(55)	259	(141,950)	2,930	-	2,930
Total comprehensive loss for the year	-	7	-	(1,036)	(1,029)	-	(1,029)
Balance as at 31/03/2020	144,676	(48)	259	(142,986)	1,901	-	1,901
<u>2019</u>							
Balance as 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)
Issuance of shares	2,075	-	-	-	2,075	-	2,075
Total comprehensive loss for the year	-	17	-	(1,314)	(1,297)	-	(1,297)
Balance as at 31/03/2019	144,676	(55)	259	(141,950)	2,930	-	2,930
The Company							
<u>2020</u>							
Balance as at 01/04/2019	144,676	-	259	(142,539)	2,396	-	2,396
Total comprehensive loss for the year	-	-	-	(802)	(802)	-	(802)
Balance as at 31/03/2020	144,676	-	259	(143,341)	1,594	-	1,594
<u>2019</u>							
Balance as at 01/04/2018	142,601	-	259	(144,321)	(1,461)	-	(1,461)
Issuance of shares	2,075	-	-	-	2,075	-	2,075
Total comprehensive loss for the year	-	-	-	1,782	1,782	-	1,782
Balance as at 31/03/2019	144,676	-	259	(142,539)	2,396	-	2,396

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 30/09/2019 and 31/03/2020	<u>622,940,542</u>	<u>144,676</u>
Treasury shares or subsidiary holdings		
As at 31/03/2019 and 31/03/2020	<u>-</u>	<u>-</u>

Pursuant to the Warrants 2015 Issue, there are 153,386,583 outstanding warrants which are exercisable into 153,386,583 new ordinary shares of the Company as at 31 March 2020 and 31 March 2019. The Warrants 2015 had expired on 5 May 2020.

During the financial year ended 31 March 2020 ("FY 2020") and FY 2019, no options were granted pursuant to Arion Entertainment Singapore Limited Employees' Share Option Scheme 2014 ("ESOS"). As at 31 March 2020 and 31 March 2019, there are 7,846,154 options exercisable into 7,846,154 new ordinary shares of the Company.

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 31 March 2020 and 31 March 2019 is 622,940,542. The Company did not have any treasury shares as at 31 March 2020 and 31 March 2019.

1(d)(iv) A statement showing all sales, transfers, 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 are not reviewed by the auditors.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that has material uncertainty relating to going concern.

Not applicable. The Group's latest financial statements for the financial year ended 31 March 2019 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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 computations in the financial statements for the current financial year compared with those for the audited financial statements as at 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.

	31/03/2020	31/03/2019
Loss per share ("LPS") attributable to shareholders		
- on weighted average number of shares (Singapore cents)	(0.17)	(0.09)
- on a fully diluted basis (Singapore cents)	(0.17)	(0.09)

Notes:

- (1) The weighted average number of ordinary shares outstanding is 622,940,542 and 1,540,672,808 for FY 2020 and FY2019 respectively. The shares consolidation was completed by the Company in August 2018.
- (2) The basic and diluted LPS for FY 2020 and FY 2019 were the same as the 153,386,583 outstanding warrants as at 31 March 2020 and 31 March 2019 and the 7,846,154 options as at 31 March 2020 and 31 March 2019 were anti-dilutive.

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	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Net asset value based on total number of issued shares as at the respective period (Singapore cents)	0.31	0.47	0.25	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 year ended 31 March 2020 decreased by 12.8% to S\$0.87 million as compared to S\$1.0 million in the previous corresponding period largely due to a decrease in advertising revenue as well as a delay in the delivery of two publications which resulted in the performance obligation not being completed as at 31 March 2020.

Other income

Other income increased to S\$28,000 as compared to S\$11,000 in FY 2019 due mainly to the write-off of trade creditors and interest income (please refer to note (i) to the income statement in page 2 for details).

Direct Costs

The marginal decrease in printing and editorial costs to S\$0.45 million as compared to S\$0.51 million in FY 2019 was mainly due to lower editorial costs for the publications and lower printing costs due to the delay in the delivery of two publications as mentioned in the revenue section above.

Employee compensation decreased to S\$0.85 million as compared to S\$0.90 million in FY 2019 due to a decrease in remuneration of the Executive Director.

Professional fees decreased by 35.1% to S\$0.28 million as compared to S\$0.43 million in FY 2019. The professional fees incurred relating to the Company's Shares Consolidation exercise and rights issue undertaken by the Company in FY 2019.

Other expenses decreased by 27.8% to S\$0.30 million as compared to S\$0.41 million in FY 2019 due to the following:

- decrease of S\$81,000 largely due to lower director fees in FY 2020 and printing costs of circulars for the shares consolidation and the rights issue completed in FY 2019; and
- lower foreign exchange losses arising from the translation of inter-company balances between Singapore and Malaysia amounting to S\$16,000 as a result of the stronger Malaysian Ringgit.

Loss attributable to shareholders

Loss attributable to shareholders for FY 2020 was S\$1.04 million as compared to a loss of S\$1.31 million in FY 2019.

The lower loss was largely due to a decrease in Employee compensation, Professional fees and Other expenses.

Balance sheet

The decrease in trade and other receivables is due to better collection during the financial year and lower revenue reported during the financial year.

The increase in other current assets is due to prepaid expenses in respect of undelivered publications recorded as other current assets as at FY 2020.

The decrease in trade and other payables is largely due to payments made during the financial year.

Cash and cash equivalents decreased by S\$1.06 million mainly due to utilisation of cash for operating activities. Please refer to the section "Cash-flow" below for explanation on the cash flow.

Cash-flow

Cash and cash equivalents as at 31 March 2020 was S\$2.10 million as compared to S\$3.16 million as at 31 March 2019.

Cash used in operating activities was S\$1.07 million in FY 2020. The net operating cash outflow was mainly due to operating loss before working capital changes of S\$1.01 million, which was adjusted for working capital outflow of S\$66,000 that is mainly attributable to payments to trade and other creditors during the period.

The Group had a positive working capital of S\$1.90 million as at FY 2020 as compared to S\$2.91 million as at FY 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 year 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.

Covid-19 has impacted the global economy significantly and is expected to have an adverse impact on the Group's operations in Malaysia in FY 2021. The Group will continue to rationalize the activities of the publishing division and gradually shift towards digital and online publishing in FY 2021. Further, the Company has ceased its plans to pursue the expansion of the publishing operations in the region in view of current economic climate.

As previously announced, the Company is actively seeking new business activities, including but not limited to acquisitions that may result in a reverse take over. The Company will update shareholders via SGXNET as and when there are material developments in relation thereto.

11. Dividend

(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 recommended for the financial year ended 31 March 2020 as the Group is not profitable.

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 that 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 financial year ended 31 March 2020.

14. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

During FY 2020 and subsequent to the end of FY 2020, the Company did not acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
 (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

By business segments

	Malaysia	Singapore	
	Publishing, exhibition & events S\$'000	HQ costs & Investments S\$'000	Total S\$'000
<u>For year ended 31 March 2020</u>			
Sales to external parties	869	-	869
Segment result	79	(1,137)	(1,058)
Other income, net	6	22	28
Profit/ (loss) before income tax	85	(1,115)	(1,030)
Income tax	-	(6)	(6)
Net profit/ (loss)	85	(1,121)	(1,036)
Net loss includes			
Amortisation, depreciation and impairment	4	-	4
Segment assets	432	1,854	2,286
Segment assets includes:			
Additions to property, plant and equipment	- *	-	-
Segment liabilities	129	256	385

* less than S\$1,000

	Malaysia	Singapore	
	Publishing, exhibition & events S\$'000	HQ costs & Investments S\$'000	Total S\$'000
<u>For year ended 31 March 2019</u>			
Sales to external parties	996	-	996
Segment result	121	(1,420)	(1,299)
Other income, net	7	4	11
Profit/ (loss) before income tax	128	(1,416)	(1,288)
Income tax	-	(26)	(26)
Net profit/ (loss)	128	(1,442)	(1,314)
Net loss includes			
Amortisation, depreciation and impairment	3	2	5
Segment assets	708	2,703	3,411
Segment assets includes:			
Additions to property, plant and equipment	12	2	14
Segment liabilities	164	317	481

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to section 8 above.

18. A breakdown of sales

	FY 2020 S\$'000	FY 2019 S\$'000	% (Decrease)
(a) Revenue reported for first half year	477	498	(4.2)
(b) Operating (loss)/ profit after tax before deducting non-controlling interests reported for first half year	(407)	125	NM
(c) Revenue reported for second half year	392	498	(21.3)
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(629)	(1,439)	(56.3)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable. No dividend has been declared or recommended for FY 2020 and FY 2019.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10).

Not applicable. There is no person occupying a managerial position in the Company and/or its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company and/or its subsidiaries as at 31 March 2020 pursuant to Rule 704(10) of the Catalist Rules.

21. Use of Net Proceeds

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

Purpose	Net proceeds utilised from 8 Nov 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	155	200	
- Creditors	105	198	
Total	260	398	1,479

* The date on which the Company released the results for half year ended 30 September 2019.

The use of proceeds is consistent with the Company's proposed used of funds as set out in the announcement dated 29 September 2018.

BY ORDER OF THE BOARD

Ng Kai Man
Executive Director
Singapore, 9 June 2020

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 the correctness of any of the statements or opinions made or reports contained in this announcement.

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