

ARION ENTERTAINMENT SINGAPORE LIMITED

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 Catalyst. 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).

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 | | % |
| | Note | (Unaudited) 30/09/2017 | (Unaudited) 30/09/2016 | Increase/ (Decrease) |
| Continuing operations | | | | |
| Revenue | | | | |
| Publishing | | 479 | 494 | (3.1) |
| | | 479 | 494 | (3.1) |
| Other income | (i) | 3 | 169 | (98.2) |
| Expenses | | | | |
| Printing and editorial costs | | (275) | (284) | (3.2) |
| Employee compensation | | (455) | (2,062) | (77.9) |
| Amortisation, depreciation and impairment | | (2) | (2) | - |
| Operating lease expenses | | (32) | (25) | 28.0 |
| Other operating expenses | | (179) | (779) | (77.0) |
| Total expenses | | (943) | (3,152) | (70.1) |
| Loss before income tax | | (461) | (2,489) | (81.5) |
| Income tax expense | | - | - | - |
| Loss from continuing operations | | (461) | (2,489) | (81.5) |
| Discontinued operations | | | | |
| Loss from discontinued operations | (ii) | - | (1,142) | (100.0) |
| Total Loss | | (461) | (3,631) | (87.3) |

| | Note | Group | | % Increase/ (Decrease) |
|---|------|---------------------------|---------------------------|---------------------------|
| | | (Unaudited) 30/09/2017 | (Unaudited) 30/09/2016 | |
| Total Loss | | (461) | (3,631) | (87.3) |
| Other comprehensive income | | | | |
| Items that maybe reclassified subsequently to profit or loss: | | | | |
| Currency translation differences arising from consolidation | | | | |
| - Losses | | (31) | (38) | (18.4) |
| Total comprehensive loss for the period | | <u>(492)</u> | <u>(3,669)</u> | (86.6) |
| (Loss)/ income attributable to: | | | | |
| - Equity holders of the company | | (480) | (3,134) | (84.7) |
| - Non-controlling interests | | <u>19</u> | <u>(497)</u> | NM |
| Total comprehensive (loss)/ income attributable to: | | | | |
| - Equity holders of the company | | (511) | (3,172) | (83.9) |
| - Non-controlling interests | | <u>19</u> | <u>(497)</u> | NM |

NM denotes not meaningful

Notes to income statement:

(i) Included in other income are:

| | | | |
|--|----------|------------|---------|
| Recovery of arbitration award and costs | - | 411 | (100.0) |
| Loss on disposal of subsidiary corporation | - | (245) | (100.0) |
| Others | 3 | 3 | - |
| | <u>3</u> | <u>169</u> | (98.2) |

(ii) Included in loss from discontinued operations are:

| | | | | |
|---|-----|---|---------|---------|
| Loss from electric vehicles ("EV") charging solutions | (a) | - | (1,142) | (100.0) |
|---|-----|---|---------|---------|

(a) On 9 September 2016, the Company announced that it had entered into a sales and purchase agreement with Chargemaster Plc to dispose its 55% stake in Elektromotive Limited ("EUK"). As such, EUK has been classified as a disposal group in accordance with FRS 105, para 6 for the financial period ended 30 September 2016 ("HY 2017"). The Company completed the disposal of EUK on 25 January 2017.

The income statement for the EV division is as follow:

| | Group S\$'000 | | % |
|---|----------------------------------|-----------------------------------|---------------------------------|
| | (Unaudited) 30/9/2017 | (Unaudited) 30/09/2016 | Increase/ (Decrease) |
| Revenue | - | 1,225 | NM |
| Other income | - | 2 | NM |
| Changes in inventories and overhead costs | - | (931) | NM |
| Employee compensation | - | (659) | NM |
| Amortisation, depreciation and impairment | - | (327) | NM |
| Operating lease expenses | - | (28) | NM |
| Other operating expenses | - | (395) | NM |
| Finance expenses | - | (29) | NM |
| | - | (2,369) | NM |
| Loss before income tax expense | - | (1,142) | NM |
| Income tax expense | - | - | - |
| Net loss | - | (1,142) | NM |

Comparative figures have been re-classified to conform with current year presentation as per (a) above.

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 | |
|---|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| | 30/09/2017 (Unaudited) S\$'000 | 31/03/2017 (Audited) S\$'000 | 30/09/2017 (Unaudited) S\$'000 | 31/03/2017 (Audited) S\$'000 |
| Current assets | | | | |
| Cash and cash equivalents | 3,055 | 3,863 | 2,761 | 3,667 |
| Trade and other receivables | 186 | 250 | 1 | 1 |
| Inventories | 2 | 2 | - | - |
| Other current assets | 53 | 40 | 46 | 33 |
| | 3,296 | 4,155 | 2,808 | 3,701 |
| Non-current assets | | | | |
| Investment in subsidiaries | - | - | - | - |
| Property, plant and equipment | 9 | 4 | 5 | - |
| | 9 | 4 | 5 | - |
| TOTAL ASSETS | 3,305 | 4,159 | 2,813 | 3,701 |
| Current liabilities | | | | |
| Trade and other payables | 490 | 890 | 141 | 617 |
| Due to subsidiaries (non-trade) | - | - | 3,499 | 3,413 |
| TOTAL LIABILITIES | 490 | 890 | 3,640 | 4,030 |
| NET ASSETS/ (LIABILITIES) | 2,815 | 3,269 | (827) | (329) |
| EQUITY | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | |
| Share capital | 142,601 | 142,601 | 142,601 | 142,601 |
| Accumulated losses | (143,555) | (143,075) | (143,687) | (143,151) |
| Share option reserve | 259 | 221 | 259 | 221 |
| Currency translation reserve | 2,748 | 2,779 | - | - |
| | 2,053 | 2,526 | (827) | (329) |
| Non-controlling interests | 762 | 743 | - | - |
| TOTAL EQUITY | 2,815 | 3,269 | (827) | (329) |

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

Amount repayable in one year or less, or on demand

| As at 30/09/2017 | | As at 31/03/2017 | |
|--------------------|----------------------|--------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| - | - | - | - |

Amount repayable after one year

| As at 30/09/2017 | | As at 31/03/2017 | |
|--------------------|----------------------|--------------------|----------------------|
| 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 | |
|---|-------------------------------|-------------------|
| | 30/09/2017 | 30/09/2016 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Total loss | (461) | (3,631) |
| Adjustments for: | | |
| Loss on disposal of subsidiary corporation | - | 245 |
| Amortisation and depreciation | 2 | 329 |
| Employee share options expense | 38 | 56 |
| Interest expense | - | 29 |
| | (421) | (2,972) |
| Changes in working capital, net of effects from disposal of subsidiary corporation: | | |
| Trade and other receivables | 51 | 641 |
| Inventories | - | 125 |
| Trade and other payables | (400) | (629) |
| Net cash used in operating activities | (770) | (2,835) |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (7) | (3) |
| Proceeds from disposal of subsidiary corporation, net of cash | - | (5) |
| Net cash used in investing activities | (7) | (8) |
| Cash flows from financing activities | | |
| Repayment of term loans | - | (215) |
| Interest paid | - | (29) |
| Net cash used in financing activities | - | (244) |
| Net decrease in cash and cash equivalents | (777) | (3,087) |
| Cash and cash equivalents at beginning of the financial period | 3,863 | 4,188 |
| Effects of currency translation on cash and cash equivalents | (31) | (30) |
| Cash and cash equivalents at end of the financial period | 3,055 | 1,071 |
| Cash and cash equivalents | 3,055 | 888 |
| Cash held by discontinued group | - | 183 |
| Cash and cash equivalents per statement of cash flows | 3,055 | 1,071 |

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>30/09/2017</u> | | | | | | | |
| Balance at 01/04/2017 | 142,601 | 2,779 | 221 | (143,075) | 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 |
| Balance at 30/9/2017 | 142,601 | 2,748 | 259 | (143,555) | 2,053 | 762 | 2,815 |
| <u>For the 6 months period ended</u> | | | | | | | |
| <u>30/09/2016</u> | | | | | | | |
| Balance at 01/04/2016 | 136,549 | 2,759 | 113 | (135,791) | 3,630 | 1,013 | 4,643 |
| Issuance of shares | 3,500 | - | - | - | 3,500 | - | 3,500 |
| Total comprehensive loss for the period | - | (38) | | (3,134) | (3,172) | (497) | (3,669) |
| Employee share option scheme: | | | | | | | |
| - Value of employee services | - | - | 56 | - | 56 | - | 56 |
| Balance at 30/9/2016 | 140,049 | 2,721 | 169 | (138,925) | 4,018 | 516 | 4,530 |
| The Company (unaudited) | | | | | | | |
| <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 |
| Balance at 30/9/2017 | 142,601 | - | 259 | (143,687) | (827) | - | (827) |
| <u>For the 6 months period ended</u> | | | | | | | |
| <u>30/09/2016</u> | | | | | | | |
| Balance at 01/04/2016 | 136,549 | - | 113 | (137,059) | (397) | - | (397) |
| Issuance of shares | 3,500 | - | - | - | 3,500 | - | 3,500 |
| Total comprehensive loss for the year | - | - | - | (2,459) | (2,459) | - | (2,459) |
| Employee share option scheme: | | | | | | | |
| - Value of employee services | - | - | 56 | - | 56 | - | 56 |
| Balance at 30/9/2016 | 140,049 | - | 169 | (139,518) | 700 | - | 700 |

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.

| | | Share Capital S\$'000 |
|---|----------------------|----------------------------------|
| Number of shares | | |
| As at 31/03/2017 and 30/09/2017 | <u>3,635,525,365</u> | <u>142,601</u> |
| Treasury shares or subsidiary holdings | | |
| As at 30/09/2017 and 30/09/2016 | <u>-</u> | <u>-</u> |

Pursuant to the Warrants 2015 Issue, there are 1,368,451,292 outstanding warrants which would be exercisable into 1,368,451,292 ordinary shares of the Company as at 30 September 2017 and 30 September 2016.

During the six months ended 30 September 2017 and 30 September 2016, no options were granted pursuant to Arion Entertainment Singapore Limited Employees' Share Option Scheme 2014 ("ESOS").

As at 30 September 2017 and 30 September 2016, 70,000,000 and 86,000,000 options are exercisable into 70,000,000 and 86,000,000 ordinary shares respectively of the Company after 24 months from the date of grant, being 13 July 2015. In FY 2017, 16,000,000 options were cancelled as the employees resigned from 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 30 September 2017 and 31 March 2017 is 3,635,525,365 shares. The Company did not have any treasury shares as at 30 September 2017 and 31 March 2017.

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 2017.

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 2017, 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.

| | 30/09/2017 | 30/09/2016 |
|--|------------|------------|
| Loss per share ("LPS") attributable to shareholders | | |
| - on weighted average number of shares (Singapore cents) | (0.01) | (0.13) |
| - on a fully diluted basis (Singapore cents) | (0.01) | (0.13) |

Notes:

- (1) The weighted average number of ordinary shares outstanding is 3,635,525,365 and 2,318,858,698 for the financial period ended 30 September 2017 ("HY 2018") and the financial period ended 30 September 2016 ("HY 2017") respectively.
- (2) The basic and diluted LPS for HY 2018 and HY 2017 were the same as the outstanding warrants and 70,000,000 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 | |
|--|------------|------------|------------|------------|
| | 30/09/2017 | 31/03/2017 | 30/09/2017 | 31/03/2017 |
| Net asset value based on existing issued share capital as at the respective period (Singapore cents) | 0.06 | 0.07 | (0.02) | (0.01) |

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.**

As mentioned in note (ii) to the Income Statement on page 2, the (loss)/ profit from EUK have been classified as discontinued operations in HY 2017.

Revenue

Revenue from Malaysian publishing operations for the 6 months ended 30 September 2017 decreased marginally to S\$0.48 million as compared to S\$0.50 million in the previous corresponding period.

Direct costs

Employee compensation decreased by 77.9% to S\$0.46 million as compared to S\$2.06 million in HY 2017 mainly due to damages for contractual breach paid to executive directors who stepped down during FY 2017 amounting to S\$1.71 million.

Operating lease expenses increased by 28.0% to S\$32,000 as compared to S\$25,000 in HY 2017 due to a new lease taken up by the Company in June 2016.

Other operating expenses decreased by 77.0% to S\$0.18 million as compared to S\$0.78 million in HY 2018 largely due to lower professional fees incurred in HY 2018.

Loss attributable to shareholders

Loss attributable to shareholders for the period under review was S\$0.48 million as compared to S\$3.13 million in the previous corresponding period.

The lower loss was due to the following:

- decrease in employee compensation and other operating expenses in HY 2018;
- loss incurred in the disposal of Wine and Dine Experience Pte Ltd of S\$0.25 million in HY 2017; and
- loss of S\$1.14 million attributable to the EV division in HY 2017

Balance sheet

The decrease in trade and other receivables is largely due to collection from trade receivables.

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\$3.06 million as compared to S\$3.86 million at the beginning of the period.

Cash used in operating activities decreased by S\$2.07 million to S\$0.78 million in HY 2018 as compared to HY 2017 largely due to the loss incurred by the Company.

The Group had a positive working capital of S\$2.82 million as at 30 September 2017 as compared to S\$3.27 million as at 30 September 2016.

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.

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

No dividend has been declared or recommended during and for the six months ended 30 September 2017.

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 2017.

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 | 295 | |
| - Creditors | 483 | |
| Total | 778 | 1,774 |

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 2017 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
10 November 2017

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.