

# 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)		
	Note	30/09/2020	30/09/2019	% Increase/ (Decrease)
<b>Revenue</b>				
Publishing		493	477	3.4
<b>Other gains</b>	(i)	17	3	> 100.0
<b>Expenses</b>				
Printing and editorial costs		(273)	(241)	13.3
Employee compensation		(279)	(463)	(39.7)
Amortisation, depreciation and impairment		(2)	(2)	-
Operating lease expenses		(21)	(20)	5.0
Professional fees		(97)	(86)	12.8
Other operating expenses		(34)	(75)	(54.7)
Total expenses		<u>(706)</u>	<u>(887)</u>	(20.4)
<b>Loss before income tax</b>		<b>(196)</b>	<b>(407)</b>	(51.8)
Income tax expense		-	-	-
<b>Net Loss</b>		<b><u>(196)</u></b>	<b><u>(407)</u></b>	(51.8)
<b>Other comprehensive income</b>				
Items that maybe reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- (Loss)/ gains		(1)	5	NM
Total comprehensive loss for the period		<u>(197)</u>	<u>(402)</u>	(51.0)
<b>Loss attributable to:</b>				
<b>- Equity holders of the company</b>		<b><u>(196)</u></b>	<b><u>(407)</u></b>	(51.8)
<b>Total comprehensive loss attributable to:</b>				
<b>- Equity holders of the company</b>		<b><u>(197)</u></b>	<b><u>(402)</u></b>	(51.0)
NM denotes not meaningful				
<b>Notes to income statement:</b>				
(i) <b>Included in other gains are:</b>				
Jobs Support Scheme		13	-	100.0
Others		4	3	33.3
		<u>17</u>	<u>3</u>	> 100.0

**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	
	30/09/2020 (Unaudited) S\$'000	31/03/2020 (Audited) S\$'000	30/09/2020 (Unaudited) S\$'000	31/03/2020 (Audited) S\$'000
<b>Current assets</b>				
Cash and cash equivalents	3,397	2,099	3,108	1,813
Trade and other receivables	152	95	-	-
Other current assets	38	81	29	40
	3,587	2,275	3,137	1,853
<b>Non-current assets</b>				
Property, plant and equipment	9	11	-	-
	9	11	-	-
<b>TOTAL ASSETS</b>	<b>3,596</b>	<b>2,286</b>	<b>3,137</b>	<b>1,853</b>
<b>Current liabilities</b>				
Trade and other payables	259	385	163	259
<b>TOTAL LIABILITIES</b>	<b>259</b>	<b>385</b>	<b>163</b>	<b>259</b>
<b>NET ASSETS</b>	<b>3,337</b>	<b>1,901</b>	<b>2,974</b>	<b>1,594</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	146,309	144,676	146,309	144,676
Accumulated losses	(143,182)	(142,986)	(143,594)	(143,341)
Share option reserve	259	259	259	259
Currency translation reserve	(49)	(48)	-	-
<b>TOTAL EQUITY</b>	<b>3,337</b>	<b>1,901</b>	<b>2,974</b>	<b>1,594</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 30/09/2020		As at 31/03/2020	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

**Amount repayable after one year**

As at 30/09/2020		As at 31/03/2020	
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>30/09/2020</b>	<b>30/09/2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Net loss	(196)	(407)
Adjustments for:		
Amortisation and depreciation	2	2
	<b>(194)</b>	<b>(405)</b>
Changes in working capital		
Trade and other receivables	(14)	(34)
Trade and other payables	(126)	(204)
<b>Net cash used in operating activities</b>	<b>(334)</b>	<b>(643)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of new shares	1,633	-
<b>Net cash provided by financing activities</b>	<b>1,633</b>	<b>-</b>
Net increase/ (decrease) in cash and cash equivalents	1,299	(643)
Cash and cash equivalents at beginning of the financial period	2,099	3,160
Effects of currency translation on cash and cash equivalents	(1)	5
<b>Cash and cash equivalents at end of the financial period</b>	<b>3,397</b>	<b>2,522</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				
	Share Capital S\$'000	Currency translation reserve S\$'000	Share options reserve S\$'000	Accumulated Losses S\$'000	Total S\$'000
<b>The Group (unaudited)</b>					
<u>For the 6 months period ended 30/09/2020</u>					
Balance at 01/04/2020	144,676	(48)	259	(142,986)	1,901
Issuance of new shares	1,633	-	-	-	1,633
Total comprehensive loss for the period	-	(1)	-	(196)	(197)
<b>Balance at 30/9/2020</b>	<b>146,309</b>	<b>(49)</b>	<b>259</b>	<b>(143,182)</b>	<b>3,337</b>
<u>For the 6 months period ended 30/09/2019</u>					
Balance at 01/04/2019	144,676	(55)	259	(141,950)	2,930
Total comprehensive income/ (loss) for the period	-	5	-	(407)	(402)
<b>Balance at 30/9/2019</b>	<b>144,676</b>	<b>(50)</b>	<b>259</b>	<b>(142,357)</b>	<b>2,528</b>
<b>The Company (unaudited)</b>					
<u>For the 6 months period ended 30/09/2020</u>					
Balance at 01/04/2020	144,676	-	259	(143,341)	1,594
Issuance of new shares	1,633	-	-	-	1,633
Total comprehensive loss for the period	-	-	-	(253)	(253)
<b>Balance at 30/9/2020</b>	<b>146,309</b>	<b>-</b>	<b>259</b>	<b>(143,594)</b>	<b>2,974</b>
<u>For the 6 months period ended 30/09/2019</u>					
Balance at 01/04/2019	144,676	-	259	(142,539)	2,396
Total comprehensive loss for the period	-	-	-	(480)	(480)
<b>Balance at 30/9/2019</b>	<b>144,676</b>	<b>-</b>	<b>259</b>	<b>(143,019)</b>	<b>1,916</b>

**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 31/03/2020	622,940,542	144,676
Issue of new shares pursuant to exercise of Warrants 2015 Issue	11,051	*
Issue of new shares pursuant to placement <sup>(1)</sup>	311,000,000	1,633
As at 30/09/2020	933,951,593	146,309

**Treasury shares or subsidiary holdings**

As at 30/09/2020 and 30/09/2019 - -

\* less than S\$1,000

Notes:

1. The Company completed a proposed subscription of 311 million new shares (the "Proposed Subscription") on 14 September 2020.

Pursuant to the Warrants 2015 Issue and the adjustments arising from the Rights Issue exercise in December 2018, there are 153,386,583 outstanding warrants which would be exercisable into 153,386,583 ordinary shares of the Company as at 30 September 2019. The Warrants 2015 Issue had expired on 5 May 2020.

During the six months ended 30 September 2020 and 30 September 2019, no options were granted pursuant to Arion Entertainment Singapore Limited Employees' Share Option Scheme 2014. As at 30 September 2020 and 30 September 2019, there are 7,846,154 options exercisable into 7,846,154 ordinary shares of the Company.

Save for the above, the Company did not have any other outstanding options and convertibles as at 30 September 2020 and 30 September 2019.

**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 2020 and 31 March 2020 are 933,951,593 shares and 622,940,542 shares respectively. The Company did not have any treasury shares as at 30 September 2020 and 31 March 2020.

**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 modifications or emphasis of 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 2020 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.**

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 2020.

**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.**

Not applicable as there are no changes to the accounting policies or methods adopted by the Group since its most recently audited financial year ended 31 March 2020.

**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.**

	30/09/2020	30/09/2019
Loss per share ("LPS") attributable to shareholders		
- on weighted average number of shares (Singapore cents)	(0.03)	(0.06)
- on a fully diluted basis (Singapore cents)	(0.03)	(0.06)

Notes:

(1) The weighted average number of ordinary shares outstanding is 674,783,085 and 622,940,542 for the six months ended 30 September 2020 ("HY2021") and the six months ended 30 September 2019 ("HY2020") respectively.

(2) The basic and diluted LPS for HY2021 and HY2020 were the same as the outstanding options and Warrants 2015 Issue 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	
	30/09/2020	31/03/2020	30/09/2020	31/03/2020
Net asset value based on existing issued share capital as at the respective period (Singapore cents)	0.36	0.31	0.32	0.25
Issued number of shares ('000)	933,952	622,941	933,952	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 HY2021 increased marginally to S\$0.49 million as compared to S\$0.48 million in the previous corresponding period. During HY2021, the Group had recognised revenue of about S\$63,000 in relation to unsatisfied performance obligation for undelivered publications as at 31 March 2020 as the magazines were delivered in April 2020.

#### Other gains

Other gains increased by S\$14,000 largely due to the grants received by the Company under the Singapore Government's Jobs Support Scheme.

#### Direct costs

Printing and editorial costs increased by 13.3% to S\$0.27 million as compared to S\$0.24 million in HY2020 due to the following:

- the Group's use of an alternative printer during the movement control period in Malaysia in April 2020, as the Group's regular printing service provider did not operate during that period;
- the printer that the Group was using in Malaysia ceased operations in July 2020 and the costs charged by the new printer was higher; and
- costs of about S\$34,000 relating to the unsatisfied performance obligation for undelivered publications as at 31 March 2020 were recognised in HY2021.

Employee compensation decreased by 39.7% to S\$0.28 million as compared to S\$0.46 million in HY2020 due mainly to a decrease in the remuneration of the Executive Director who had voluntarily reduced his remuneration commencing from January 2020.

Professional fees increased by 12.8% to S\$97,000 as compared to S\$86,000 in HY2020 due to the non-recurring fees incurred in HY2021 for the Proposed Subscription which was completed in September 2020.

Other operating expenses decreased by 54.7% to S\$34,000 as compared to S\$75,000 in HY2020 mainly due to over accrual of S\$29,000 for the costs related to the preparation of the Company's annual report for FY2020 which is written back during HY2021, as well as a decrease in foreign exchange loss relating to inter-company balances of about S\$5,000 during HY2021.

#### Loss attributable to shareholders

Loss attributable to shareholders for the period under review was S\$0.20 million as compared to a loss of S\$0.41 million in the previous corresponding period.



The improvement was mainly due to a decrease in employee compensation and other operating expenses as explained above.

#### 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 other current assets is due to unsatisfied performance obligation in respect of undelivered publications classified as contract assets as at 31 March 2020 which is now recognised as revenue as the publications were delivered in April 2020.

The decrease in trade and other payables is mainly due to payments made to trade and other creditors in HY2021.

Cash and cash equivalents increased by S\$1.3 million due to the net proceeds from the Proposed Subscription of S\$1.6 million which is offset by utilisation of cash for operating activities of S\$0.3 million. Please refer to the "cash-flow" section below for explanation on the cash flow.

#### Cash-flow

Cash and cash equivalents as at end of HY2021 was S\$3.40 million as compared to S\$2.10 million at the beginning of the period.

Cash used in operating activities was S\$0.33 million in HY2021. The net operating cash outflow was due to operating loss before working capital changes of S\$0.19 million adjusted for working capital outflows of S\$0.14 million which were mainly attributable to payment of trade and other payables during the period.

The Company completed the Proposed Subscription in September 2020 with gross proceeds of about S\$1.63 million.

The Group had positive working capital of S\$3.33 million as at 30 September 2020 as compared to S\$1.89 million as at 31 March 2020.

**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 has plans to diversify into property related businesses which also involves operating a finance company providing property related loans in Hong Kong. The Company will announce the details of the proposed diversification in due course.

The Group will also continue to rationalise its publishing operations in Malaysia to improve sustainability of the business under current challenging economic conditions. The Group has not initiated its plans to shift towards digital and online publishing as at 30 September 2020 but is planning to do so in the next few months.

**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 and the reason(s) for the decision.**

No dividend has been declared or recommended during and for the six months ended 30 September 2020 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 for the six months ended 30 September 2020.

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

During HY2021, the Company

(i) did not acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary; and

(ii) struck off its wholly-owned dormant subsidiaries, Auston Technology Group Pte. Ltd. and TLG Properties Pte.Ltd. (as announced on 17 July 2020) and Panpac Tech Strategic Ltd. (as announced on 6 May 2020).

## 15. Use of Net Proceeds

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 from 1 September 2020* till the date of announcement (S\$'000)	Net proceeds utilised as at the date of announcement (S\$'000)	Balance unutilised (S\$'000)
Publishing business	-	-	500
Working capital	126	524	853
- Wages and staff related costs	46	246	
- Creditors	80	278	
<b>Total</b>	<b>126</b>	<b>524</b>	<b>1,353</b>

\* The date on which the Annual Report was published.

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

The following relates to the net proceeds of S\$1.61 million raised from the Proposed Subscription of 311 million shares that was completed in September 2020:

Purpose	Net proceeds utilised as at the date of announcement (S\$'000)	Balance unutilised (S\$'000)
General working capital	-	1,290
Future corporate developments and new business opportunities (if any)	-	322
<b>Total</b>	<b>-</b>	<b>1,612</b>

The net proceeds of S\$1.61 million is based on actual expenses incurred in relation to the Proposed Subscription as compared to S\$1.58 million as previously announced on 5 August 2020 which is based on estimated expenses incurred.

## 16. Negative assurance by the Board pursuant to Rule 705(5) of the Listing Manual

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 2020 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

**17. 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**  
**12 November 2020**

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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