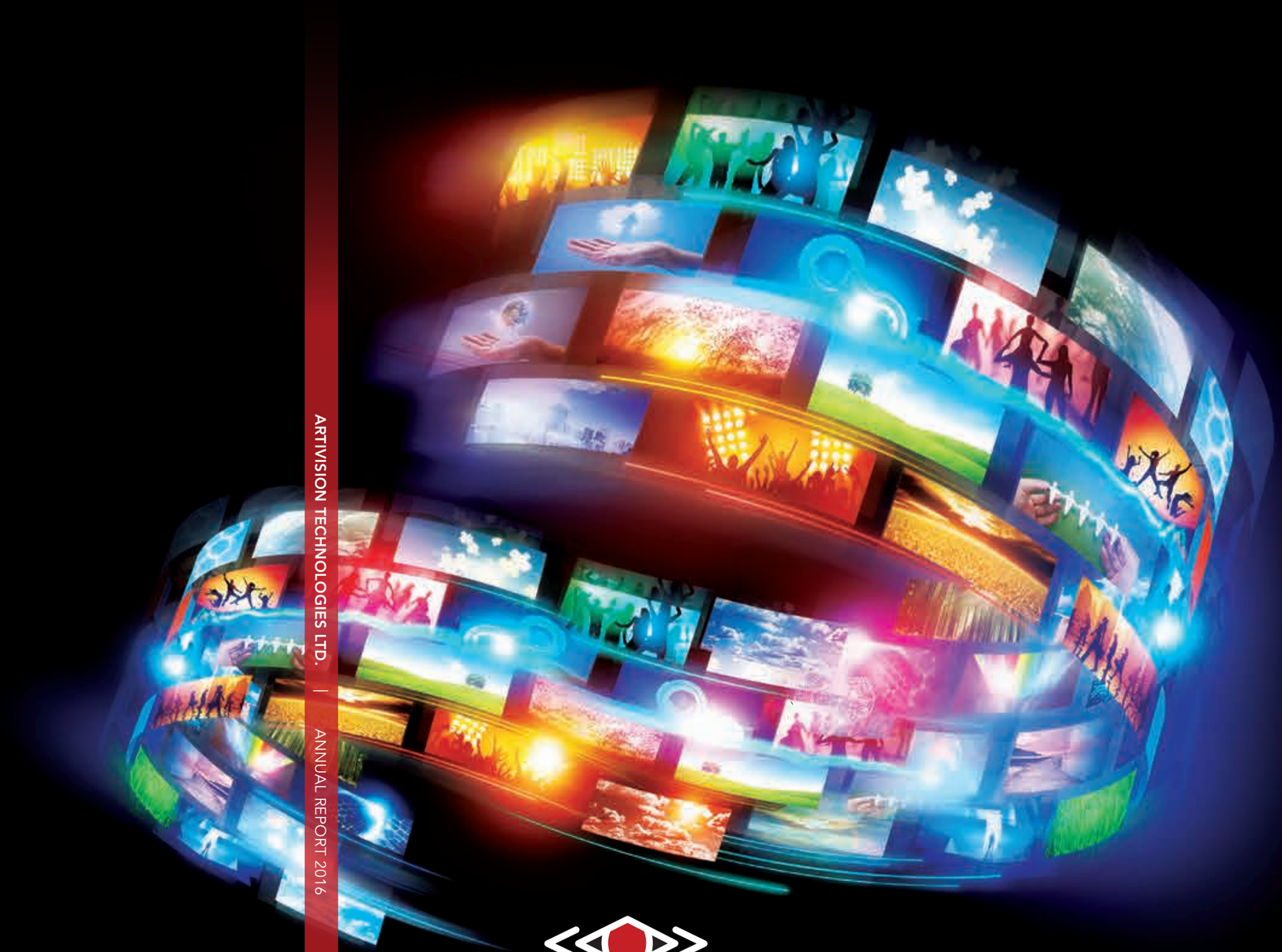
artivision technologies

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67 Ubi Avenue 1 | #06-02/03 Starhub Green |
Singapore 408942
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ARTIVISION TECHNOLOGIES LTD. | ANNUAL REPORT 2016



artivision technologies

SHAPING THE FUTURE OF MEDIA

ANNUAL REPORT 2016

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Ms Goh Mei Xian, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

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CORPORATE INFORMATION

Board of Directors
Soh Sai Kiang Philip
Non-Executive Chairman

Dr Ofer Miller
Executive Director and Chief Technology Officer

Goh Tzu Seoh Kenneth
Executive Director and Chief Executive Officer

Ng Weng Sui Harry
Independent Director

Dr Tan Khee Giap
Independent Director

Wong Chee Meng Lawrence
Independent Director

Koh Boon Liang Alan
Independent Director

Yang Tse Pin
Independent Director

Ching Chiat Kwong
Non-Executive Director

Low See Ching Eric
Non-Executive Director

Company Secretary
Lau Yan Wai

Audit Committee
Ng Weng Sui Harry
Chairman

Soh Sai Kiang Philip

Dr Tan Khee Giap

Wong Chee Meng Lawrence

Remuneration Committee
Dr Tan Khee Giap
Chairman

Soh Sai Kiang Philip

Ng Weng Sui Harry

Wong Chee Meng Lawrence

Nominating Committee
Wong Chee Meng Lawrence
Chairman

Soh Sai Kiang Philip

Ng Weng Sui Harry

Dr Tan Khee Giap

Company Registration No.
200407031R

Registered Office
67 Ubi Avenue 1
#06-02/03 Starhub Green
Singapore 408942
Telephone: (65) 6535 1233
Facsimile: (65) 6534 5031

Share Registrar
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

Sponsor
Canaccord Genuity Singapore Pte. Ltd.
77 Robinson Road
#21-02
Singapore 068896

External Auditors
PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

8 Cross Street #17-00
PWC Building
Singapore 048424

Partner-in-charge – Tham Tuck Seng
(with effect from the financial year ended 31 March 2012)

Internal Auditors
Pioneer Management Services Pte Ltd
4 Shenton Way #04-010
SGX Centre 2
Singapore 068807

Director-in-charge – Low Sok Lee Mona

Principal Bankers
Standard Chartered Bank
United Overseas Bank Limited

CHAIRMAN'S STATEMENT



Having made a name for ourselves in Israel's digital advertising market, we will double down on our efforts to further expand our media solutions business. Our foray into programmatic TV advertising is a step in this direction.

Mr Soh Sai Kiang Philip
Non-Executive Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to you Artivision Technologies Ltd.'s ("**Artivision**" or the "**Company**") annual report for the financial year ended 31 March 2016 ("**FY2016**").

Over the course of the year, Artimedia Technologies Ltd ("**Artimedia**"), our media solutions subsidiary, made major inroads into the digital advertising market in Israel, connecting publishers of premium-content online videos with advertisers that want a more effective way to reach their target audience.

Artimedia serves advertisements ("**ads**") to viewers of online videos based on their personal interests and Internet-usage habits. This targeted approach significantly increases the likelihood of ads being viewed in their entirety, and enables publishers to increase advertising revenue at no extra costs.

Several publishers started working with Artimedia in January 2015. Since then, more publishers, as well as advertisers and advertising agencies, have come on board. These include Procter & Gamble's exclusive media buyer in Israel, the Israeli government's marketing and advertising agency, and a subsidiary of global advertising agency, McCann Worldgroup. The publishers currently working with Artimedia collectively account for the vast majority of Israel's online premium-content video market.

With the increased interest in our ads delivery platform, we have achieved our highest revenue in FY2016 since its public listing. Revenue for FY2016 rose 41% to S$11.3 million from S$8.0 million for the financial year ended 31 March 2015 ("**FY2015**"). Artimedia accounted for about 32% or S$3.7 million of our FY2016 revenue, more than its S$0.1 million revenue contribution in FY2015.

The rest of our FY2016 revenue came from Colibri Assembly (Thailand) Co., Ltd ("**CAT**"), our wholly-owned contract manufacturing subsidiary. CAT, which manufactures disk drive technology products for a US-based multinational corporation, generated revenue of S$7.7 million in FY2016, similar to its S$7.9 million revenue in FY2015.

Our video management equipment and solutions business, which provides video-based security surveillance solutions, was largely dormant in FY2016. We are currently focusing on growing Artimedia and CAT but will offer our surveillance solutions when companies request for them.

Recent Corporate Developments

We announced a rights issue on 18 March 2016 to strengthen our balance sheet and help fund the growth of our media solutions business. The exercise, involving the issuance of five rights shares at S$0.03 each for every six existing ordinary shares held, was supported by the Company's substantial shareholders as well as Chief Executive Officer, Goh Tzu Seoh Kenneth, all of whom subscribed for their full rights entitlements.

Subsequent to FY2016, the Company announced in April 2016 that Artimedia is in a pilot collaboration with a global advertising agency (the "**Counterparty**") to introduce programmatic TV advertising to Israel, effectively expanding its ads delivery platform beyond online videos.

For this collaboration, Artimedia will develop a programmatic TV buying system, in consultation with the Counterparty, to enable advertisers to use specific audience data to plan and execute their TV advertising campaigns. Advertisers can also use Artimedia's technology to synchronise ads across TV, desktop computers and mobile devices to simultaneously reach consumers who are accustomed to using multiple devices at the same time.

This collaboration is expected to generate revenue of up to 20 million Israeli Shekels (approximately S$7.2 million) over a period of time to be agreed upon by both Artimedia and the Counterparty. Three of Israel's leading TV network operators, namely Keshet Broadcasting Ltd, Reshet and Channel 10 Ltd, have agreed to participate in the pilot programme.

Outlook

Having made a name for ourselves in Israel's digital advertising market, we will double down on our efforts to further expand our media solutions business. Our foray into programmatic TV advertising is a step in this direction. We will also focus on streamlining operations at CAT, which we acquired in December 2013, to further boost productivity and to contain costs.

Board Changes

As announced on 28 March 2016 and 31 May 2016 respectively, Mr Low See Ching Eric and Mr Yang Tse Pin have joined Artivision's board. Mr Low is appointed as a non-executive, non-independent director and is currently the Deputy Chief Executive Officer of Oxley Holdings Limited. Mr Yang is appointed as an independent director and is currently the executive director of Jian Yu Construction Pte Ltd. With their appointments, there are now ten directors on Artivision's board.

Acknowledgements

On behalf of the board of directors, I would like to thank all shareholders and business partners for your trust in Artivision. We look forward to your continued support as we endeavour to bring the Company to greater heights.

CHIEF TECHNOLOGY OFFICER'S STATEMENT



Advertisers and publishers find our advertising platform highly relevant and useful. Indeed, the publishers currently on our platform account for the vast majority of the online premium-content video market in Israel.

Dr Ofer Miller
Executive Director and CTO

CHIEF TECHNOLOGY OFFICER'S STATEMENT

Artimedia is fast becoming the platform of choice for online-video advertising in Israel. Our technology is able to determine the behavioural profiles and Internet-usage habits of viewers of premium-content videos and serve ads to them based on such data. It also simplifies the development, execution and monitoring of digital advertising campaigns, making the entire process fuss-free for advertisers and advertising agencies.

With our platform, advertisers are assured that their advertising dollars are well spent as they can get their advertising messages directly across to the very people they want to reach. For consumers, there is no longer the need to endure or skip ads that are not relevant or appealing to them. We also ensure their viewing experience is not disrupted as the ads we serve are strategically placed and even synchronised with scenes in the video. For publishers of online videos, content can be monetised and advertising revenue increased at no extra costs.

Our focus on premium content, as opposed to user-generated content, is deliberate. Just as brands are prepared to pay more to advertise in TV programmes with high ratings or highly regarded content, they also prefer to advertise in websites that carry premium content rather than websites that publish videos put together by just about anyone. Users typically have a certain level of trust with the sites they visit, and when they see high-quality content, they are more open to the ads that accompany such content, especially ads that appeal to their personal interests.

As seen from the improvement in our revenue in FY2016, advertisers and publishers find our advertising platform, which works for online videos viewed on mobile devices as well as desktop computers, highly relevant and useful. Indeed, the publishers currently on our platform account for the vast majority of the online premium-content video market in Israel.

Beyond Online Videos

To further expand the business, Artimedia had signed an agreement in FY2016 with CTV Media Israel Ltd ("**CTV**") to serve ads on outdoor billboards. Founded in 1999, CTV is one of the leading digital signage companies in Israel. Its billboards reach more than two million viewers daily and are located in hundreds of sites across the country. With this agreement, advertisers can reach their target audience not only through premium-content online videos but also outdoor signage.

Subsequent to FY2016, we further expanded our ads delivery platform to include television. Artimedia will be introducing programmatic TV advertising to Israel through a pilot collaboration with a global advertising agency. We will develop a programmatic TV buying system to enable advertisers to use specific audience data to plan and execute their TV advertising campaigns.

Three of Israel's leading TV network operators, namely Keshet Broadcasting Ltd, Reshet and Channel 10 Ltd, have agreed to take part in the pilot programme. Through this collaborative effort, advertisers will also be able to synchronise ads across TV, desktop computers and mobile devices to simultaneously reach consumers who are accustomed to using multiple devices at the same time.

In addition, advertisers will be able to quantify and assess the impact of their TV and online-video ads using a standard measurement. Currently, advertisers typically rely on Television Rating Points ("**TRP**") to measure the impact of TV programmes and Cost Per View and Cost Per Thousand Impressions to measure the impact of ads in online videos.

Because of these different approaches, advertisers often find it hard to effectively allocate their budgets for an advertising campaign involving both TV and online videos since they have no way to figure out the best advertising mix. To address this, Artimedia has developed a new metric ("**arTRP**") to standardise measurements for the two media. The Israeli government ratings committee has confirmed that arTRP will be the new standard for measuring TV ratings in the country.

With our cutting edge technology, we believe we are well placed to make even greater inroads into the advertising industry.

GROUP'S OVERVIEW

Our History

Our Company (Registration Number 200407031R) was incorporated in the Republic of Singapore on 7 June 2004 under the Companies Act, Cap. 50, as a private company limited by shares, under the name, "Artivision Technologies Pte. Ltd.".

On 18 July 2008, our Company was converted into a public limited company and we changed our name to "Artivision Technologies Ltd.". Subsequently, we launched and successfully completed our initial public offering. Our shares commenced trading on the Catalist board of the SGX-ST on 18 August 2008. The short name is "$ Artivision" and our ISIN Code is SG1X21941023 while our SGX code is 5NK.

Our Business

Artivision provides diverse products and solutions for online video advertising and video security. These products and solutions are based on our core proprietary computer vision technology, Avision™. We also provide contract manufacturing services to a US-based multinational corporation to manufacture disk drive technology products.

Our Technology

We own a proprietary Video Content Analysis ("**VCA**") technology for detecting predefined scenarios and events over a stream of video images. This VCA technology, Avision™, is developed in-house by our research and development team led by Dr Ofer Miller, who has more than 15 years of experience in the fields of machine vision, pattern recognition, image processing and fast imaging algorithms.

Avision™ is able to extract and analyse images and provide data output of its analysis. Automatic computerised processing of videos has been intensively studied in view of the rapid increase in digital video capture devices worldwide. The proliferation of



GROUP'S OVERVIEW

surveillance closed-circuit television cameras, handheld video recorders, digital cameras and mobile phones with built-in cameras is staggering and still continuing.

The utilisation of VCA technology to analyse video streaming from these devices allows a wide range of applications to be developed not only in the field of security surveillance but also in online video advertising.

Our VCA technology, based on an object-based algorithm platform and the Temporal Analysis concept, is scalable, robust and comes with full technology infrastructure for processing and analysing video images in a wide range of video analytics applications.

Avision™ comprises a hierarchy of related algorithms, including object detection and tracking, change detection between images, still image segmentation, moving object segmentation and Moving Picture Experts Group ("**MPEG**") block segmentation. These algorithms form the core technology of many advanced multimedia applications for understanding and recognising the contents of images and video sequences.



The ability to learn the background, and thus, segment the objects in the frame enables our algorithmic engines to compare between objects instead of comparing between frames. Comparison between objects is more reliable as comparing between frames is prone to false results.

Media Solutions Division

Artimedia Technologies Ltd ("**Artimedia**") is building Advision to become one of the most advanced video advertising platforms in the market today, combining automated content-analysis technology for generating unique advertising inventory with an end-to-end programmatic media marketplace.

Artimedia's advanced advertising technology is based on Artivision's long-lasting VCA technology and expertise, which includes a broad range of object and behaviour tracking, as well as face detection and recognition.

Our holistic approach to online video advertising involves a mix of best-in-class technology with top online publishers. Our technology platform offers high-impact video advertising formats across devices, enabling advertisers to reach relevant and interested audiences. This platform serves, optimises and manages the campaign while monitoring and measuring user engagement, impressions, clicks and other deep metrics such as completion rate.

GROUP'S OVERVIEW

Our unique proposition enables brand advertisers to maintain multiple sequential touch points with the viewer, with advertising technology for displaying and engaging advertisements ("**ads**") that enable real time measurement of campaign impact and effectiveness. Performance advertisers can increase traffic to their sales platforms, generating click-through rates that are 10-20 times better than display ads. With new advertising technology, we offer shortened conversion paths with in-banner conversion.

Beyond online videos, Artimedia has expanded its platform to include television. Artimedia will be introducing programmatic TV advertising to Israel through a pilot collaboration with a global advertising agency. This involves the development of a programmatic TV buying system that will enable advertisers to use specific audience data to plan and execute their TV advertising campaigns. Three of Israel's leading TV network operators, namely Keshet Broadcasting Ltd, Reshet and Channel 10 Ltd, have agreed to participate in the pilot programme.

Through this collaborative effort, advertisers will also be able to synchronise ads across TV, desktop computers and mobile devices to simultaneously reach consumers who are accustomed to using multiple devices at the same time.

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Because of these different approaches, advertisers are often unable to effectively allocate their budgets for advertising campaigns involving both TV and online videos. To address this, Artimedia has developed a new metric ("**arTRP**") to standardise measurements for the two media. The Israeli government ratings committee has confirmed that arTRP will be the new standard for measuring TV ratings in the country.

Advision

Advision is an end-to-end advertising platform built from the ground up for videos. Advision provides advertisers and publishers access to the most interactive and engaging advertising formats across screens, with complete flexibility and visibility.

Our exclusive contents synchronise video advertising algorithms and uniquely leverage automated and scalable content analysis to deliver the strongest results across online videos, while ensuring viewers are engaged and on-site.

We offer innovative and engaging video advertising formats that synchronise ads with video contents for optimised performance. Advertisers can choose from the following formats or combine them:

1) EngageRoll™
2) TargetRoll™
3) SmartOverlay™
4) SceneRoll™
5) Sequence

EngageRoll™

The EngageRoll™ format allows viewers to choose whether they want to watch the actual video ad. It appears before (pre-roll) and during videos (mid-roll) and is based only on real views. Customers pay only when someone chooses to watch the ad, so they do not waste money advertising to people who are not interested in their business. Customers can also add a unique offer to create higher engagement.

TargetRoll™

This format uses content analysis technology to automatically identify and map standard Interactive



GROUP'S OVERVIEW

Advertising Bureau ("**IAB**") display advertising units to seamlessly blend in to videos without obscuring the content. TargetRoll™ leverages the simplicity of display ads and the inherent engaging element of videos to drive higher engagement while optimising viewing experience as never seen before.

SmartOverlay™

One of the most revolutionary formats in the industry, SmartOverlay™ shows standard IAB or smart Video Publisher Advertising Interface Definition ("**VPAID**") overlay ads without obscuring content to maximise engagement. Upon displaying the SmartOverlay™ ad, video playback is adapted to maintain the complete viewing section above the ad itself. This automatically goes back to its original size upon completion.

SceneRoll™

SceneRoll™ uses content-analysis technology to identify the best opportunities between video scenes and introduce mid-roll ad breaks in order to minimise disruption to the viewing experience. This intelligent format optimises advertising timing to synchronise with the actual content, while minimising viewing interruption and enhancing engagement.

Sequence

Sequence combines multiple ads in sequence to create a compelling brand experience. Advision Sequence wraps together a pre-roll ad followed by multiple ad units (TargetRoll™ and SmartOverlay™), which are guaranteed to be shown in order and to the same viewer. This supplements standard video ads with diversified and targeted creatives to enhance impact, engagement and performance.

In conjunction with real-time content analysis, the Advision system constantly measures traffic, engagement, duration, relevance, behaviour, click-through rates and other parameters for adapting actual ads placements. These frequent measurements are intended to drive the best set of impressions that yield the optimal conversion rate for any given video across multiple campaigns.

The compelling advanced advertising platform, along with our focus on video and the ability to offer unique VCA-powered advertising formats that synchronise ads with video content, make Advision highly differentiated in the marketplace. We have access to high-quality media inventory for advertisers and offer content owners access to advertisers. We are able to access to a large number of impressions of quality media globally on a daily basis.



GROUP'S OVERVIEW

Video Management Solutions Division

Artivision delivers seamless, end-to-end enterprise video solutions to proactively protect key infrastructures of government and commercial organisations from potential threats. These solutions leverage on critical real-time video content analytical algorithms to provide information alerts independent of continual scrutiny of security operators. This enhances situational awareness in an automated and trusted surveillance operative, and reduces vulnerabilities while optimising security resources towards enforcement.

Our solutions have been successfully deployed within and around key infrastructures and installations like immigration checkpoints, military facilities, major traffic ways, high-value commercial organisations and shopping malls.

Artivision's solutions have proprietary VCA algorithms and applications that can detect and alert based on predefined scenarios rules and event breaches, using streams of video images from strategically located video cameras. Our solutions can be customised to meet various security requirements, including:

1) Intrusion Detection
2) Perimeter Line Defence
3) Missing Object Search
4) Unattended Object Surveillance
5) Crowd Size Detection
6) Persons Counting
7) Loitering and Tracking
8) Camera Signal Health Detection (Blocked/Partial Blocked/Loss of Signal/Loss of Focus/ Misalignment or Shifted)



GROUP'S OVERVIEW

9) Rigorous or Irrational Behaviour (Fainting/Fighting/Sudden Build-Up/Sudden Drop-Down)
10) Traffic Classification
11) Traffic Counting
12) Pervasive Face Recognition

Artivision's VCA product features have also been successfully integrated with other internationally renowned video management system products to offer an additional layer of protection.

Contract Manufacturing Division

Colibri Assembly (Thailand) Co., Ltd ("**CAT**") was incorporated in April 2012 and obtained the Thailand Board of Investment's ("**BOI**") approval in August 2012. Benefits accorded by the BOI to CAT include tax exemption for eight years and privileges on land purchase in Thailand.

Located in Thailand's eastern seaboard, CAT is part of a rapidly growing and emerging economic region of Chonburi Province, which plays a key role in the country's economy. The eastern seaboard is heavily industrialised and underpinned by shipping, transportation, tourism, and manufacturing industries, and second to only Bangkok in economic output. CAT is located 12km from Laem Chabang Port and 85km from Suvarnabhumi Airport, one of the two international airports serving Bangkok. CAT's manufacturing facilities are approximately 40m above sea level, in a flood-free zone.

As a contract manufacturer, CAT has an exclusive agreement with a wholly-owned subsidiary of a US-based multinational corporation to manufacture disk drive filter technology products. CAT's main scope of work involves processing, assembling, inspecting and packaging these products. Its customer is one of only two suppliers of environmental-control modules and absorbent recirculation filter products to the global disk drive industry.



REVIEW OF OPERATIONS

Overview

Artivision derives its revenue from the following businesses:

(a) Media Solutions: Provision of technologies and platforms to enable advertisers to deliver integrated video ads that optimise performance, engagement and reach, while maintaining the best user-viewing experience

(b) Contract Manufacturing: Manufacturing of disk drive technology products for a US-based multinational corporation

(c) Video Management Solutions: Provision and maintenance of intelligent, video-based monitoring solutions

Revenue and Gross Profit

Revenue for the financial year ended 31 March 2016 ("**FY2016**") rose 41% to S$11.35 million from S$8.05 million for the financial year ended 31 March 2015 ("**FY2015**"). This was the Group's highest revenue since its public listing.

The increase was driven mainly by the Media Solutions business, where revenue rose to S$3.66 million from S$0.01 million over the comparative periods. Artimedia Technologies Ltd ("**Artimedia**"), the Group's Media Solutions subsidiary, accounted for about 32% of the Group's total revenue for FY2016, as compared to 1.3% of the Group's total revenue for FY2015.

The Group's Contract Manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("**CAT**"), generated S$7.69 million in revenue in FY2016, as compared to S$7.93 million in FY2015. It accounted for about 68% of the Group's total revenue for FY2016.

Cost of sales for the Group rose to S$9.39 million in FY2016 from S$5.03 million in FY2015, mainly due to Artimedia's acquisitions of media video viewerships from publishers. With these acquisitions, Artimedia is responsible for marketing the online videos of Israel-based publishers to advertisers.

With higher cost of sales recorded in FY2016 as compared to FY2015, the Group's gross profit declined to S$1.96 million in FY2016 from S$3.02 million in FY2015. Gross profit margin decreased to 17% in FY2016 from 38% in FY2015.

Expenses and Gain

The Group's aggregate distribution, administrative and finance expenses for FY2016 increased to S$13.59 million from S$6.75 million for FY2015. This was mainly due to higher headcount costs at Artimedia, professional expenses relating mainly to legal fees and software subcontractors for Artimedia, compensation expenses for Artivision's share awards scheme, advertising and promotional expenses to kick-start the Media Solutions business, interest expenses for bonds and convertible loan and other operating expenses such as rental, utilities, office supplies, depreciation and amortisation.

The Group booked a fair-value gain of S$3.84 million in FY2016 on derivative financial instruments, arising from the foreign currency convertible loan and bonds. The gain was partially offset by foreign-exchange losses of S$0.04 million.

As a result of the higher cost of sales, overall increase in expenses and lower gross profit margin, Artivision ended FY2016 with a net loss of S$7.81 million, as compared to a net loss of S$5.60 million in FY2015.

Financial Position

Current assets increased to S$13.01 million as at 31 March 2016 from S$4.61 million as at 31 March 2015, mainly due to increases of S$1.52 million in cash and cash equivalents, S$6.98 million in trade and other receivables, and S$0.05 million in other current assets. The overall increase was partially offset by a decrease of S$0.16 million in inventories.

REVIEW OF OPERATIONS

Cash and cash equivalents increased to S$3.47 million as at 31 March 2016 from S$1.95 million as at 31 March 2015. This was mainly due to an aggregate proceeds of approximately S$13.09 million received from the convertible loan and bonds, partially offset by the use of S$10.92 million in funds for the Group's operating activities, payment of S$0.41 million in interest, and purchase of property, plant and equipment of S$0.17 million.

Trade and other receivables increased to S$8.24 million as at 31 March 2016 from S$1.26 million as at 31 March 2015, mainly due to an increase of S$3.21 million in trade receivables for the Media Solutions business and an increase of S$3.92 million in prepayments from the Media Solutions business as advance payment to publishers for the purchase of media video viewerships. This was partially offset by a decrease of S$0.10 million in trade receivables and S$0.04 million in other receivables for the Contract Manufacturing business. The increase in trade receivables for the Media Solutions business was in line with its higher revenue.

Other current assets increased to S$0.39 million as at 31 March 2016 from S$0.34 million as at 31 March 2015, mainly due to an increase of S$0.05 million in other prepayments.

Non-current assets declined to S$3.84 million as at 31 March 2016 from S$4.92 million as at 31 March 2015, mainly due to a decrease of S$0.86 million in property, plant and equipment and S$0.22 million in intangible assets.

Property, plant and equipment decreased to S$3.14 million as at 31 March 2016 from S$4.00 million as at 31 March 2015, mainly due to depreciation charges of S$0.65 million. The decrease was partially offset by the addition of office equipment, furniture and fittings by CAT and Artimedia.

Intangible assets decreased to S$0.71 million as at 31 March 2016 from S$0.93 million as at 31 March 2015, mainly due to amortisation charges of S$0.26 million, which were partially offset by the addition of computer software by Artimedia.

Current liabilities increased to S$18.03 million as at 31 March 2016 from S$1.12 million as at 31 March 2015, driven by an increase of S$2.49 million in trade payables and accruals, loans of S$2.75 million from a shareholder, a convertible loan of S$3.85 million, bonds payable of S$7.50 million and derivative financial instruments of S$0.33 million. Trade payables and accruals rose to S$3.61 million as at 31 March 2016 from S$1.12 million as at 31 March 2015, mainly due to an increase in trade payables and accruals for the Media Solutions business.

The Group had no non-current liabilities as at 31 March 2016 (S$2.75 million as at 31 March 2015) due to reclassification to current liabilities.

The Group had negative equity of S$1.19 million as at 31 March 2016, as compared to total equity of S$5.67 million as at 31 March 2015, mainly due to higher accumulated losses recorded in FY2016. Following the completion of a rights issue in May 2016, the Company raised net proceeds of approximately S$12.94 million. This would bring the Group's equity to a positive position.

Cash Flows

Net cash used in operating activities for FY2016 was S$10.92 million, mainly due to losses incurred by the Group and the advance payment for the purchase of media video viewership from publishers in Israel for the Media Solutions business. Net cash used in investing activities for FY2016 was S$0.19 million due to the addition of property, plant and equipment and intangible assets for CAT and Artimedia. Net cash from financing activities for FY2016 was S$12.67 million mainly due to proceeds from the convertible loan and bonds.

PROFILE OF DIRECTORS & KEY MANAGEMENT

PERSONNEL



MR SOH SAI KIANG PHILIP | DR OFER MILLER | MR GOH TZU SEOH KENNETH



MR NG WENG SUI HARRY | DR TAN KHEE GIAP | MR WONG CHEE MENG LAWRENCE | MR KOH BOON LIANG ALAN



MR CHING CHIAT KWONG | MR LOW SEE CHING ERIC | MR YANG TSE PIN

PROFILE OF DIRECTORS & KEY MANAGEMENT

PERSONNEL

MR SOH SAI KIANG PHILIP

Mr Soh Sai Kiang Philip is our co-founder and Non-Executive Chairman. He was appointed as Non-Executive Director on 7 June 2004. From 1999 to 2001, he was the Head of Internet Trading in Lum Chang Securities Pte Ltd (subsequently known as DBS Vickers Securities Pte Ltd) where he was responsible for managing the internet trading business for the company. In 2001, he joined UOB Kay Hian Pte Ltd as the Head of Business Development and subsequently, rose to the rank of Director of Capital Markets (Singapore) where he now handles capital fund raising and debt financing for listed and non-listed companies. Mr Soh is also the lead independent director of Sin Heng Heavy Machinery Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. Mr Soh graduated with a Bachelor of Arts (Merit) degree in Economics and Political Science from the National University of Singapore in 1993.

DR OFER MILLER

Dr Ofer Miller is our co-founder and Chief Technology Officer. He was appointed as Executive Director on 7 June 2004. Dr Miller spearheads the research and development efforts of our Group. Dr Miller has extensive industrial experience in the field of machine vision with strong academic background in computer science and video content analysis. Prior to joining our Group, from 2001 to 2003, he was Vice-President Research and Development of InfoWrap Intelligence Systems Ltd. where he developed and implemented an algorithm for change detection between images based on illumination independent technology. From 1999 to 2001, he was Head of Algorithm Group of ImageID Ltd. where he developed the object recognition engine for fast image segmentation on high resolution inputs, blob extraction and colour pattern recognition. From 1996 to 1999, he was the Algorithm Team Leader at Fruitonics Ltd. where he developed the machine vision core engine for 3 dimensional geometric analysis of fruit, object detection, defect recognition and fruit classification using neural networks. Dr Miller graduated with a Bachelor degree in Computer Science from the Tel-Aviv Academic College in Israel in 1997. Thereafter, he received a Master of Science in Computer Science (cum-laude) from the Tel-Aviv University in Israel in 2000 and proceeded to complete his Ph.D. in Computer Science in 2003 (focusing on research in computer vision and image processing for video content understanding).

After completing his Ph.D. studies, Dr Miller received a post doctorate scholarship from the Tel-Aviv University and was a postdoctoral Fellow at the university, focusing on research in video content analysis for surveillance systems, from 2003 to 2004. To date, Dr Miller has 9 journal and conference publications related to computer vision and image processing algorithms and holds 7 patents related to computer vision methods and applications. In June 1999, Dr Miller received an award from Tel-Aviv University for distinction in Master of Science studies. In December 2000, the Council for Higher Education for high-tech decided to give Dr Miller the Scholarship for Excellent Ph.D. students. In May 2002, he received the "Celia and Marcos Maus Annual Prizes in Computer Science" award for distinction in Ph.D. research studies. In May 2008, Dr Miller received the Most Cited Paper Award from the Image and Vision Computing Journal, published by Elsevier, for his paper entitled "Colour Image Segmentation based on Adaptive Local Thresholds".

MR GOH TZU SEOH KENNETH

Mr Goh Tzu Seoh Kenneth joined the Group as Chief Operating Officer on 9 July 2010 and was appointed as Executive Director on 23 June 2011 and Chief Executive Officer on 18 November 2014. He is responsible for overseeing the operations of our Group. Mr Goh has over 20 years of experience in the financial industry, specifically in wealth management and private equity investments as well as in the consumer services sectors. From 2009 to 2010, he was the Co-Head of the Principal Investment Group, IFS Capital Assets Private Ltd, a subsidiary of IFS Capital Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). He is the founder of LifeBrandz Ltd, a company he successfully guided to a listing on the Mainboard of the SGX-ST in 2004 and was the company's Chief Operating Officer from 2001 to 2009. Between 1993 and 2001, Mr Goh held various positions in the banking industry including Head of Privilege and Private Banking at Bangkok Bank (Singapore Branch) and positions in Schroders International Merchant Bankers Ltd, Societe Generale and Merrill Lynch. Mr Goh graduated with a Bachelor of Business in Banking and Finance (Hons) from Nanyang Technological University in 1993.

PROFILE OF DIRECTORS & KEY MANAGEMENT

PERSONNEL

MR NG WENG SUI HARRY

Mr Ng Weng Sui Harry was appointed as our Independent Director on 25 June 2008. Currently, Mr Ng is the Executive Director of HLM (International) Corporate Services Pte Ltd, a company which provides corporate services including corporate advisory, business consultancy, accounting, tax and secretarial services. Mr Ng is also an independent director of several companies listed on the SGX-ST, such as Q&M Dental Group (Singapore) Limited, Oxley Holdings Limited, IEV Holdings Limited and HG Metal Manufacturing Limited. From October 2008 to April 2010, he was the Chief Financial Officer and Executive Director of Achieva Limited, a company listed on the Mainboard of the SGX-ST. From August 2004 to July 2008, he was the Chief Financial Officer of Sunmoon Food Company Limited, a company listed on the Mainboard of the SGX-ST. Mr Ng has more than 30 years of experience in accounting, audit and finance. He is a Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants, UK. He also holds a Master of Business Administration (General Business Administration) from The University of Hull, UK.

DR TAN KHEE GIAP

Dr Tan Khee Giap was appointed as our Independent Director on 18 June 2008. Dr Tan is also an independent director of several companies listed on the SGX-ST, such as BreadTalk Group Limited, TEE Land Limited and Boustead Projects Limited. Currently, he is an Associate Professor of Public Policy and Co-Director of Asia Competitiveness Institute at Lee Kuan Yew School of Public Policy, National University of Singapore. Previously, he was the Associate Dean of the Graduate Studies Office, Nanyang Technological University, Singapore. Dr Tan is also the Chairman of Singapore National Committee for Pacific Economic Cooperation. Dr Tan has consulted extensively with various statutory boards, government linked companies of the Singapore government and government ministries such as Ministry of Finance and Ministry of Trade & Industry. He has also served as a consultant to several international agencies, multinationals and financial institutions, which include the Asian Development Bank and Asian Development Bank Institute. He is a member of the Resource Panel of the Government Parliamentary Committee for Transport and Government Parliamentary Committee for Finance and Trade since 2007. Dr Tan holds a Ph.D. in Economics from the University of East Anglia, United Kingdom. Dr Tan received the Overseas Development Groups Award from the University of East Anglia from 1983-1984 and the UK University Vice- Chancellor's Committee Award from 1984-1987.

MR WONG CHEE MENG LAWRENCE

Mr Wong Chee Meng Lawrence was appointed as our Independent Director on 25 February 2010. Mr Wong is the Managing Director of Equity Law LLC and also heads its Corporate and Securities practice. He is an experienced and established corporate practitioner and was previously a partner of reputable law firms and co-headed the Corporate and Securities Practice of his previous firm. Mr Wong is an advocate and solicitor in Singapore and a solicitor in Hong Kong Special Administrative Region. His areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance and corporate governance advisory and corporate secretarial work. He has led numerous initial public offerings, reverse take-overs, secondary fund raising and cross-border merger and acquisitions exercises. Mr Wong graduated from the National University of Singapore in 1991 with an honours degree in law on a scholarship from the Public Service Commission of Singapore and has accumulated an extensive working experience in both the public and the private sectors of the legal profession. Mr Wong is also an independent director of several companies listed on the SGX-ST, such as Sino Grandness Food Industry Limited, China Bearing (Singapore) Ltd. and Eindec Corporation Limited. He was recognised as a "Leading Lawyer" in the 2011, 2013 and 2014 editions of IFLR 1000, recommended in the 2013 and 2014 editions of the The Legal 500 Asia Pacific for Corporate and M&A and recognised as the "Leading Advisor of the Year" by Acquisition International at its 2013 M&A Awards.

PROFILE OF DIRECTORS & KEY MANAGEMENT

PERSONNEL

MR KOH BOON LIANG ALAN

Mr Koh Boon Liang Alan was appointed as our Independent Director on 12 September 2011. Mr Koh has over 20 years of finance experience. Currently, he is the Group Chief Financial Officer of True Group, a regional company engaged in fitness, yoga, spa and aesthetic clubs providing full spectrum of health and wellness activities to club members. He is responsible for the full spectrum of True Group's finance functions including accounting, auditing, financial budgeting and planning, taxes, banking, human resource, admin and IT. He is also responsible for True Group's expansion and acquisition activities. From November 2007 to December 2008, Mr Koh was the Group Chief Financial Officer of Nor Offshore Ltd. From November 2003 to October 2007, he was the Chief Financial Officer of LifeBrandz Ltd, a company listed on the Mainboard of the SGX-ST on 18 June 2004. Between 1988 to October 2003, he was the Business Development Director (Asia Pacific) and the Chief Financial Officer (ASEAN) of Carrier International, Head of Finance Division of Liang Huat Aluminum Limited, Manager of Corporate Finance Division of Schroder International Merchant Bankers Limited and Audit Senior of KPMG. Mr Koh graduated with a Bachelor of Accounting Degree (Hons) from the National University of Singapore. He is currently a Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants.

MR CHING CHIAT KWONG

Mr Ching Chiat Kwong was appointed as our Non-Executive Director on 6 September 2013. Currently, he is the Executive Chairman and Chief Executive Officer of Oxley Holdings Limited, listed on the Mainboard of the SGX-ST. He is also a Non-Executive Director of NewSat Limited, a company listed on the Australia Securities Exchange Limited. Mr Ching possesses nearly 20 years of property development industry experience. Prior to establishing Oxley Holdings Limited, he invested in, developed and successfully launched 13 residential property projects in various parts of Singapore. Mr Ching is also an active supporter of programmes that benefit the elderly and socially disadvantaged. Mr Ching graduated with a Bachelor of Arts degree and a Bachelor of Social Sciences (Hons) degree from the National University of Singapore in 1989 and 1990 respectively.

MR LOW SEE CHING ERIC

Mr Low See Ching Eric was appointed as our Non-Executive Director on 28 March 2016. Currently, Mr Low is the Deputy Chief Executive Officer and Executive Director of Oxley Holdings Limited ("**Oxley**"), listed on the Mainboard of the SGX-ST. In Oxley, he is responsible for the business development as well as supporting the Chief Executive Officer in formulating corporate strategies and future direction of the Oxley Group. Prior to his appointment as Deputy Chief Executive Officer, he was a Non-Executive Director of Oxley. Before joining Oxley, he was Executive Director and Chief Executive Officer of Hafary Holdings Limited ("**Hafary**") and was responsible for the overall management, operations and charting of the corporate and strategic direction of Hafary, including sales, marketing and procurement strategies. He joined Hafary Group in 2000 and rose through the ranks to Executive Director and Chief Executive Officer in 2005 before relinquishing his role in December 2013. Mr Low is currently a Fellow Member of the Institute of Singapore Chartered Accountants. He graduated with a Bachelor of Accountancy degree from the Nanyang Technological University, Singapore in 1999.

MR YANG TSE PIN

Mr Yang Tse Pin was appointed as our Independent Director on 31 May 2016. Mr Yang has more than 30 years of experience in the building construction and property development industries. Through the years, Mr Yang has established expertise and experience in the business of foreign workers dormitory and properties management agent. Currently, he is an Executive Director of Jian Yu Construction Pte Ltd ("**Jian Yu**"), where he is responsible for the operation and growth of Jian Yu. He is also the Executive Director of JYC-NCL Pte Ltd, whose principal activities are operation and management of foreign workers' dormitories, and Asset Recovery Pte Ltd, whose principal activities are demolition and salvage works. Mr Yang was a council member of the Singapore Contractors Association Ltd from 1997 to 2001 and 2007 to 2011 respectively. Mr Yang graduated with a Diploma in Building from Singapore Polytechnic in 1988.

PROFILE OF DIRECTORS & KEY MANAGEMENT

PERSONNEL



MS CHOO LENG LENG SUSAN

Ms Choo Leng Leng Susan was appointed as our Financial Controller on 1 March 2009. She is responsible for all the financial matters of the Group. Ms Choo has more than 30 years of experience in audit and as a Financial Controller in Singapore's largest brokerage listed on the SGX-ST with regional offices in Hong Kong, Thailand, Indonesia, Philippines, United Kingdom and the United State of America. She is the Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants and a Fellow Member of The Association of Chartered Certified Accountants, UK.



MR LEE SEE JUI

Mr Lee See Jui was appointed as Consultant of Colibri Assembly (Thailand) Co., Ltd. ("**CAT**"), a wholly-owned subsidiary of Artivision Technologies Ltd., on 12 December 2013. Mr Lee provides technical and operational advice and support to CAT. He is also responsible for formulating business plans and budgets for CAT. Prior to joining Artivision, Mr Lee was an associate in W.L. Gore & Associates (Pacific) Pte Ltd ("**Gore**") in 1990 to grow the disk drive business for Gore. He was made the Managing/Regional Director of Gore in 1992 and had been holding this position in Gore until his resignation in August 2010. Following his resignation from Gore, Mr Lee was retained as Gore's consultant for a tenure of one year. In 2012, together with two individuals, Mr Lee founded CAT to be a contract manufacturer of Gore.



MR SOH KIM HOCK BENEDICT

Mr Soh Kim Hock Benedict was appointed as General Manager of Colibri Assembly (Thailand) Co., Ltd. ("**CAT**"), a wholly-owned subsidiary of Artivision Technologies Ltd., on 16 December 2013. Mr Soh is responsible for the operations of CAT. Prior to joining Artivision, Mr Soh was a Sales Director in Bottcher Singapore Pte Ltd ("**Bottcher**") in October 1996, responsible for Bottcher's South-East Asia sales and operation before being appointed as a General Manager in March 2002. In Bottcher, he was responsible for the subsidiaries' sales and the general operations in Singapore, Malaysia and Indonesia and distributors in Philippines and Vietnam. He was also overseeing Bottcher's manufacturing plant and sales activities in Thailand.



MR DAVID KEDEM

Mr David Kedem joined Artimedia Technologies Ltd. ("**Artimedia IL**"), a wholly-owned subsidiary of Artivision Technologies Ltd., as Product Manager on 1 September 2014. He was subsequently promoted to the Vice President of Product on 1 January 2015 and Chief Operating Officer of Artimedia IL on 4 June 2015. He is responsible for the operations of Artimedia IL in Israel. Prior to joining Artimedia IL, Mr Kedem held the position of Chief Operating Officer and Vice President of Products at CheckM8 Inc from 2000 to 2007. From 2008 to 2009, he was a Vice President of Operations at Egloomedia and from 2010 to 2014, he was a director of Ad Operations and Business Intelligence at Walla! Communications Ltd.

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or "**Directors**") of Artivision Technologies Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") are committed to setting in place corporate governance practices to provide necessary structure through which protection of shareholders' interests and enhancement of shareholders' value and corporate transparency are met.

This report outlines the corporate governance practices of the Group with specific reference made to the Code of Corporate Governance 2012 (the "**Code**") issued on 2 May 2012.

The Board confirms that, for the financial year ended 31 March 2016, the Group has complied with the principles and guidelines of the Code, unless otherwise stated.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

As at the date of this report, the Board comprises ten Directors including two Executive Directors, five Independent Directors and three Non-Executive Directors. The depth and diversity of their combined work experience enable them to contribute effectively to the strategic growth and corporate governance of the Group.

The key functions of the Board, apart from its statutory responsibilities, include:

- reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation;
- overseeing the process of risk management, financial reporting and compliance as well as evaluating the adequacy and the effectiveness of internal controls of the Group;
- approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- reviewing and approving, inter alia, the release of the Group's quarterly and full year financial result announcements, approval of the annual report and financial statements, material acquisitions and disposal of assets, interested person transactions, corporate strategies, annual budgets and investment proposals of the Group;
- appointing Directors and key management personnel, including the review of their performance and remuneration packages;
- overseeing succession planning for the management of the Company ("**Management**");
- ensuring accurate and timely reporting in communicating with shareholders;
- providing entrepreneurial leadership and sets out the overall strategy and direction of the Group; and
- assuming responsibility of the corporate governance framework of the Group.

All Directors objectively discharge their duties and responsibilities at all times and take decisions in the interests of the Group.

CORPORATE GOVERNANCE REPORT

Board Committees

To ensure efficient discharge of the Board's responsibilities, certain functions of the Board have been delegated to various Board Committees namely, the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**") (collectively, the "**Board Committees**").

Membership in the various Board Committees is carefully managed to ensure that there is equitable distribution of responsibilities amongst Board members to maximise the effectiveness of the Board and foster active participation and contribution. Each member of the Board Committee is picked based on his work experience and professional expertise. These Board Committees are made up of Independent Directors and Non-Executive Directors. The Board Committees, which operate within clearly defined terms of reference, play an important role in ensuring good corporate governance in the Company and within the Group.

Board Meetings

The Board meets on a regular basis, with at least four scheduled meetings on a quarterly basis for the purposes of, *inter alia*, approving the release of the Group's quarterly and full year financial results. Ad-hoc meetings are convened as and when necessary to address any specific matter. The Company's Constitution[1] provides for meetings of the Directors to be held by means of telephone or similar communication equipment as the Board may determine.

The number of Board and Board Committee meetings held and attended by each Board member for the financial year ended 31 March 2016 is set out below:

Name	Audit Committee		Nominating Committee		Remuneration Committee		Board	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Soh Sai Kiang Philip	4	4	4	4	4	4	4	4
Dr Ofer Miller	4	4*	4	4*	4	4*	4	4
Goh Tzu Seoh Kenneth	4	4*	4	4*	4	4*	4	4
Ng Weng Sui Harry	4	4	4	4	4	4	4	4
Dr Tan Khee Giap	4	4	4	4	4	4	4	4
Wong Chee Meng Lawrence	4	4	4	4	4	4	4	4
Koh Boon Liang Alan	4	2*	4	2*	4	2*	4	2
Ching Chiat Kwong	4	1*	4	1*	4	1*	4	2
Low See Ching Eric^	4	–	4	–	4	–	4	1
Yang Tse Pin#	4	NA	4	NA	4	NA	4	NA

* By invitation
^ Low See Ching Eric was appointed as Non-Executive Director of the Company on 28 March 2016.
# Yang Tse Pin was appointed as Independent Director of the Company on 31 May 2016.

1 Pursuant to the recent amendments of the Companies Act (Chapter 50 of Singapore), the Memorandum and Articles of Association of the Company are deemed by law to be merged to form the Constitution of the Company.

CORPORATE GOVERNANCE REPORT

The Board may also have informal discussions requiring urgent attention which would then be formally approved by circular resolutions in writing.

While the Board considers Directors' attendance at Board meetings important, it should not be the only criterion used to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provision of guidance and advice on various matters relating to the Group.

The Group has adopted internal guidelines setting forth matters that require the Board's approval. Matters specifically reserved for the approval by the Board are those relating to the strategy, business plan and budget of the Group, material acquisitions and disposal of assets, capital related matters including corporate or financial restructuring, investment or expenditure exceeding certain threshold limits, share issuances, interim dividend, other returns to shareholders and interested person transactions.

The Management is responsible for day-to-day operations and administration of the Group and they are accountable to the Board. Clear directions have been given out to the Management that reserved matters as mentioned above must be approved by the Board.

Orientation and Training Programs

The Company conducts comprehensive orientation programs for new Directors. Appropriate training on Continuing Directors Responsibilities and Continuing Listing Requirements are also conducted as and when required to ensure that new Directors are familiar with the Company's businesses and corporate governance practices.

The aim of the orientation programs is to give new Directors a better understanding of the Group's structure and organisation, its businesses and corporate governance policies and allows them to assimilate into their new roles. New Directors are encouraged to attend seminars which are aimed at providing them with the latest updates about changes in the relevant regulations, accounting standards, and corporate governance practices. Such seminars will be funded by the Company.

A formal letter of appointment will also be sent to the newly appointed Directors explaining their duties and obligations upon their appointment.

The Board as a whole is updated regularly on risk management issues, corporate governance, insider trading and key changes in the relevant regulatory requirements and financial standards, so as to enable them to properly discharge their duties as Board members or Board Committee members.

New releases issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board by the Company Secretary. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles and duties as Directors of the Company, which will be funded by the Company.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this report, the Board comprises ten Directors, eight of which are Non-Executive Directors, of which five are Independent Directors, as follows:

Non-Executive Directors
Soh Sai Kiang Philip (Chairman)
Ching Chiat Kwong
Low See Ching Eric (appointed on 28 March 2016)

Executive Directors
Dr Ofer Miller (Chief Technology Officer)
Goh Tzu Seoh Kenneth (Chief Executive Officer)

Independent Directors
Ng Weng Sui Harry
Dr Tan Khee Giap
Wong Chee Meng Lawrence
Koh Boon Liang Alan
Yang Tse Pin (appointed on 31 May 2016)

The Board is satisfied that there is a strong and independent element on the Board. For the financial year ended 31 March 2016, the four Independent Directors make up more than one-third of the Board. However, Guideline 2.2 of the Code recommends for independent directors to make up at least half of the board where the chairman is not an independent director. As such, subsequent to the financial year ended 31 March 2016, Yang Tse Pin was appointed as an Independent Director to the Board and accordingly, as at the date of this report, the five Independent Directors make up half of the Board and Guideline 2.2 of the Code is fulfilled.

The Independent Directors provide the Board with independent and objective judgment on the corporate affairs of the Group and together with the Non-Executive Directors, have the necessary experience to assist the Board in decision-making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company.

The Board has adopted the criteria of independence based on the definition given by the Code, that is, an Independent Director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence. Each Director is required to declare his independence by duly completing and submitting a 'Confirmation of Independence' form. The said form, which is drawn up based on the definitions and guidelines set forth in Principle 2 in the Code and the Guidebook for Audit Committees in Singapore (Second Edition) issued

CORPORATE GOVERNANCE REPORT

by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange in August 2014 ("**Guidebook**"), requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code. The Board, after taking into consideration the recommendation of the NC, is satisfied that for the financial year ended 31 March 2016, more than one-third of the Board comprises Independent Directors. None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment.

The Board takes into account the scope and nature of the Group's operations and is of the opinion that the size of the current Board is ideal to facilitate effective deliberations and decision-making of the Board. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are made based on collective decision without any individual influencing or dominating the decision-making process.

The composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective of issues that are brought before the Board. Together, the Directors provide core competencies in business, investment, industry knowledge, legal, regulatory matters, audit, accounting and tax matters.

Role of Independent Directors and Non-Executive Directors

As the roles of the Independent Directors and Non-Executive Directors are particularly important in ensuring that the strategies proposed by the Management are constructively challenged, active participation by the Independent Directors and Non-Executive Directors have helped to develop proposals on strategies. They also review the performance of the Management and ensure that agreed goals are met and also monitor the reporting of performance. To facilitate a more effective check on the Management, Independent Directors and Non-Executive Directors are encouraged to meet regularly with the presence of the Management. Where necessary, the Independent Directors will meet without the presence of the other non-Independent Directors, and feedback will be provided to the Chairman after such meetings if necessary.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Non-Executive Chairman of the Company, Soh Sai Kiang Philip, has undertaken an active role in charting the direction and strategic development of the Group and has been involved in formulating business strategies of the Group together with the Company's Chief Executive Officer ("**CEO**"), Goh Tzu Seoh Kenneth. All major decisions made by the Non-Executive Chairman are reviewed by the Board. The separation of the roles of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Non-Executive Chairman is not related to the CEO.

The Board believes that currently there is a strong and independent element on the Board and adequate safeguards in place against an uneven concentration of power and authority in a single individual. As such, the Company has not appointed any Independent Director of the Company to assume the role of a Lead Independent Director.

CORPORATE GOVERNANCE REPORT

The Company will endeavor to appoint a Lead Independent Director as and when the Board deems necessary. In situations where shareholders may have concerns or issues and such communication with the Non-Executive Chairman, Chief Technology Officer, CEO or Financial Controller has failed to resolve or where such communication is inappropriate, such shareholders should feel free to directly contact any other Director of the Company to raise their concerns or issues.

Role of the Chairman

The Chairman of the Board is responsible for the proper functioning of the Board. He ensures that the Board receives accurate, timely and clear information; making certain that Board meetings are held as and when necessary and sets the Board's meeting agendas. He ensures that effective communication is maintained with the shareholders. The Chairman also encourages constructive relations between the Board and the Management; facilitating the effective contribution of Independent Directors and Non-Executive Directors in particular; encouraging constructive relations amongst the Directors and hence, promoting high standards of corporate governance.

Role of the CEO

In accordance with the Group's internal policy, the CEO, being the highest ranking executive officer of the Group, is responsible for the effective management and supervision of daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises four members, the majority of whom, including the Chairman of the NC, are Independent Directors. The members of the NC are:

Wong Chee Meng Lawrence (Chairman)
Soh Sai Kiang Philip (Member)
Ng Weng Sui Harry (Member)
Dr Tan Khee Giap (Member)

The NC is governed by its written terms of reference. The principal duties of the NC include:

- reviewing the Board structure, size and composition having regard to the scope and nature of the operations of the Group and the core competencies of the Directors;
- reviewing and assessing candidates for appointment and re-appointment to the Board and making plans for succession, in particular for the Chairman and the CEO;
- reviewing and assessing the effectiveness of the Board and each of the Board Committees as a whole;
- reviewing the independence of the Directors on an annual basis;

CORPORATE GOVERNANCE REPORT

- deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director; and
- reviewing the adequacy of the Board's training and professional development programs.

The NC makes recommendation to the Board on all nominations for appointment and re-appointment of Directors to the Board. It ascertains the independence of Directors and evaluates the Board's performance as a whole on an annual basis. The NC assesses the independence of Directors based on the guidelines set out in the Code, the Guidebook and any other salient factors.

In the nomination and selection process, the NC reviews the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Board members, so as to identify desirable competencies for a particular appointment. In so doing, it strives to source for candidates who possess the skills and experience that will further strengthen the Board, and are able to contribute to the Company in relevant strategic business areas, in line with the growth and development of the Group. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required. Directors are encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, SGX-ST, other business and financial institutions as well as consultants.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple Board representations. The NC has established guidelines on multiple board representations. The Board has experienced minimal competing time commitments among its Board members and Board Committee meetings are planned and scheduled in advance. The NC believes that putting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

The NC also reviews the independence of the Directors as mentioned under Guideline 2.3 of the Code. The NC has affirmed that Ng Weng Sui Harry, Dr Tan Khee Giap, Wong Chee Meng Lawrence, Koh Boon Liang Alan and Yang Tse Pin are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence. None of the Independent Directors has served on the Board beyond nine years from their respective date of appointment. Guideline 2.4 of the Code is therefore not applicable to the Board.

The NC is satisfied that all Directors have discharged their duties adequately for the financial year ended 31 March 2016, and believes that this will continue for the financial year ending 31 March 2017.

CORPORATE GOVERNANCE REPORT

NAME/AGE/DATE OF APPOINTMENT	NATURE OF BOARD MEMBERSHIP AND POSITION	COMMITTEE MEMBERSHIP		
		NC	RC	AC
Soh Sai Kiang Philip/(48)/07-06-2004	Chairman, Non-Executive Director	Member	Member	Member
Dr Ofer Miller/(46)/07-06-2004	Executive Director, Chief Technology Officer	–	–	–
Goh Tzu Seoh Kenneth/(47)/23-06-2011	Executive Director, Chief Executive Officer^	–	–	–
Ng Weng Sui Harry/(60)/25-06-2008	Independent Director	Chairman	Member	Member
Dr Tan Khee Giap/(58)/18-06-2008	Independent Director	Member	Member	Chairman
Wong Chee Meng Lawrence/(49)/25-02-2010	Independent Director	Member	Chairman	Member
Koh Boon Liang Alan/(53)/12-09-2011	Independent Director	–	–	–
Ching Chiat Kwong/(50)/06-09-2013	Non-Executive Director	–	–	–
Lee See Ching Eric/(41)/28-03-2016	Non-Executive Director	–	–	–
Yang Tse Pin/(53)/31-05-2016	Independent Director	–	–	–

Pursuant to the Company's Constitution, one-third of the Directors of the Company (but not less than one-third) for the time being shall retire from office by rotation and a Director appointed by the Company by ordinary resolution shall hold office only until the next Annual General Meeting ("**AGM**") of the Company following his appointment. Directors who retire are eligible to offer themselves for re-election. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

The NC has reviewed and recommended the re-election of Mr Soh Sai Kiang Philip, Dr Ofer Miller and Dr Tan Khee Giap, who are retiring pursuant to the Article 91 of the Company's Constitution, at the forthcoming AGM of the Company to be held on 29 July 2016.

Soh Sai Kiang Philip will, upon re-election as a Director, remain as the Non-Executive Chairman and a member of the NC, the AC and the RC. Dr Ofer Miller will, upon re-election as a Director, remain as an Executive Director. Dr Tan Khee Giap will, upon re-election as a Director, remain as Chairman of the RC and a member of the NC and the AC.

Pursuant to Article 97 of the Company's Constitution, Low See Ching Eric and Yang Tse Pin, being a Director of the Company appointed during or after the financial year ended 31 March 2016, shall hold office only until the forthcoming AGM and be eligible for re-election. In this regard, Low See Ching Eric and Yang Tse Pin have submitted themselves for re-election at the forthcoming AGM of the Company to be held on 29 July 2016. The NC has reviewed and recommended the re-election of Low See Ching Eric and Yang Tse Pin. Low See Ching Eric will, upon re-election as a Director, remain as a Non-Executive Director. Yang Tse Pin will, upon re-election as a Director, remain as an Independent Director.

CORPORATE GOVERNANCE REPORT

The Board has accordingly accepted the recommendation of the NC and put forward the nomination of the retiring Directors, namely Soh Sai Kiang Philip, Dr Ofer Miller, Dr Tan Khee Giap, Mr Low See Ching Eric and Yang Tse Pin for re-election at the forthcoming AGM of the Company to be held on 29 July 2016.

The information of retiring Directors required under Guideline 4.7 of the Code is set out on the Notice of AGM on pages 127 to 131 of the Annual Report for the financial year ended 31 March 2016 ("**AR**").

The Company does not have a practice of appointing alternate directors.

Other than the key information regarding the Directors set out below, information pertaining to the Directors' interest in shares, options and other convertible securities are set out in the Directors' Statement on pages 43 to 54 of the AR and information in relation to background and principal commitments of the Directors are set out under the Directors' profile on pages 14 to 17 of the AR.

Name of Director	Date of First Appointment	Date of Last Re-election	Directorship and Chairmanship in Other Listed Companies (Present and held over preceding three years)
Soh Sai Kiang Philip	7 June 2004	30 July 2013 (to be re-elected at the forthcoming AGM)	**Listed Company** 1. Sin Heng Heavy Machinery Limited
Dr Ofer Miller	7 June 2004	30 July 2014 (to be re-elected at the forthcoming AGM)	Nil
Goh Tzu Seoh Kenneth	23 June 2011	29 July 2015	Nil
Ng Weng Sui Harry	25 June 2008	30 July 2014	**Listed Companies** 1. Q&M Dental Group (Singapore) Limited 2. Oxley Holdings Limited 3. IEV Holdings Limited 4. HG Metal Manufacturing Limited
Dr Tan Khee Giap	18 June 2008	30 July 2014 (to be re-elected at the forthcoming AGM)	**Listed Companies** 1. BreadTalk Group Limited 2. TEE Land Limited 3. Boustead Projects Limited 4. Forterra Trust (delisted on 13 February 2015)

CORPORATE GOVERNANCE REPORT

Name of Director	Date of First Appointment	Date of Last Re-election	Directorship and Chairmanship in Other Listed Companies (Present and held over preceding three years)
Wong Chee Meng Lawrence	25 February 2010	29 July 2015	**Listed Companies** 1. Eindec Corporation Limited 2. Sino Grandness Food Industry Group Limited 3. China Bearing (Singapore) Ltd. 4. Ziwo Holdings Limited (resigned w.e.f. 31 December 2014) 5. WE Holdings Limited (resigned w.e.f. 25 July 2013) 6. Harry's Holdings Ltd (resigned w.e.f. 22 February 2013) 7. Juken Technology Limited (resigned w.e.f. 4 December 2012)
Koh Boon Liang Alan	12 September 2011	29 July 2015	Nil
Ching Chiat Kwong	6 September 2013	30 July 2014	**Listed Companies** 1. Oxley Holdings Limited 2. NewSat Limited 3. HG Metal Manufacturing Limited (resigned w.e.f. 16 May 2016) 4. BRC Asia Ltd (resigned w.e.f. 31 March 2015) 5. China Media Corporation Group (resigned w.e.f. 5 February 2015)
Low See Ching Eric	28 March 2016	Not Applicable (to be re-elected at the forthcoming AGM)	**Listed Companies** 1. Oxley Holdings Limited 2. Hafary Holdings Limited 3. HG Metal Manufacturing Limited (resigned w.e.f. 16 May 2016)
Yang Tse Pin	31 May 2016	Not Applicable (to be re-elected at the forthcoming AGM)	Nil

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC had established various performance criteria and evaluation procedures for the assessment of the effectiveness and performance of the Board as a whole. The performance criteria include financial targets, contributions by the Board members as well as expertise, sense of independence and industry knowledge. This encourages feedback from the Board members and leads to an enhancement of the Board's performance over time.

The NC had implemented and continued with a formal evaluation process to assess the effectiveness and the performance of the Board as whole. The results of the evaluation are used constructively by the NC to identify areas for improvements and recommend the necessary action to be taken by the Board. The NC has decided unanimously, that the Directors will not be evaluated individually, as each member of the Board contributes in different areas to the success of the Company, and therefore, it would be more appropriate to assess the Board as a whole. Although the Directors are not evaluated individually, the NC, in considering the re-nomination and re-appointment of the Directors, had considered amongst others, the attendance record at meetings of the Board and Board Committees, the intensity of participation in the proceedings at meetings and quality of contributions made as well as the qualification and experience of such Directors.

The evaluation of effectiveness and performance of each Board Committee as a whole is carried out annually on self-evaluation basis by the respective members of each Board Committee. The results of the evaluation are reviewed and discussed by each respective Board Committee, and each Board Committee reports the evaluation results to the Board thereafter. The assessment criteria include but are not limited to the composition of the Board Committees and the procedures and accountability of each Board Committee.

No external facilitator has been engaged by the Company for the purpose of evaluation of the Board and Board Committees during the financial year ended 31 March 2016.

Access to information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to fulfill its responsibilities, the Management is required to provide adequate and timely information to the Board on Board affairs and issues that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. For issues that require the Board's decision, relevant management staff is invited to attend at a specific allocated time during the meetings of the Board and the Board Committees (the "**Meetings**") when necessary. Periodic financial reports, budgets, forecasts, material variance reports, disclosure documents are provided to the Board, where appropriate, prior to the Meetings.

The calendar of the Meetings is planned a year in advance. Draft agendas for the Meetings are also circulated in advance to the respective Chairman for review, and if necessary, to provide additional agenda items for the respective Board Committees meetings.

CORPORATE GOVERNANCE REPORT

Access to Senior Management and Company Secretary

The Board has separate and independent access to the key management personnel and the Company Secretary. The Company Secretary provides the Board with regular updates on the requirements of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), the Code and changes on the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the SGX-ST. The Company Secretary will attend the Meetings and assists the Chairmen of the Board and Board Committees in ensuring that relevant rules and procedures are followed and reviewed such that the Board and the Board Committees can function effectively. The appointment and removal of the Company Secretary is subject to approval of the Board.

The Directors have the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the operations or undertakings of the Group in furtherance of their duties and responsibilities.

REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises four members, the majority of whom, including the Chairman of the RC, are Independent Directors. The members of the RC are:

Dr Tan Khee Giap (Chairman)
Soh Sai Kiang Philip (Member)
Ng Weng Sui Harry (Member)
Wong Chee Meng Lawrence (Member)

The aim of RC is to provide compensation packages to attract, motivate and retain Directors and key management personnel.

The RC is governed by its written terms of reference. The principal duties of the RC include:

- reviewing and recommending to the Board the framework of remuneration and specific remuneration packages for all Directors and key management personnel;
- reviewing the service contracts of the Executive Directors, to consider what compensation commitments the Executive Directors would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and
- reviewing and approving the performance targets for assessing the performance of each of the key management personnel and recommending such targets for the determination of specific remuneration packages for each such key management personnel.

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The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind are covered by the RC. In structuring and reviewing the Directors' remuneration packages, the RC seeks to align interests of Directors with those of the shareholders and link rewards to corporate and individual performance as well as roles and responsibilities of each Director. As and when the need arises, the RC will also review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Each member of the RC shall abstain from voting on and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The Company did not engage any remuneration consultant in respect of the remuneration matters of the Group during the financial year ended 31 March 2016.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages of the Directors, the Company takes into consideration the remuneration packages and employment conditions within the industry as well as the Group's relative performance and the performance of individual Director.

The RC also reviews the remuneration of the key management personnel (including but not limited to CEO, Chief Technology Officer and Financial Controller) on an annual basis. The standard remuneration package for key management personnel comprises a fixed component (monthly basic salary), variable component (discretionary performance bonus), benefits-in-kind (parking charges, mobile charges etc), share options and share awards.

The remuneration of related employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

The Independent Directors are paid with Directors' fees as well as share options and/or share awards, while the Non-Executive Directors are paid with share options and/or share awards taking into account factors such as the contribution, effort, time spent and the scope of responsibilities of each Director. The payment of Directors' fees is recommended by the Board and is subject to shareholders' approval at the AGM of the Company.

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The Company has put in place the Artivision Technologies Employee Share Option Plan (the "**Plan**") approved by shareholders on 21 October 2007 and the Artivision Technologies Employee Share Award Scheme (the "**Scheme**") approved by shareholders on 29 July 2015. Directors and employees of the Group are eligible to participate in both the Plan and the Scheme. Pursuant to the Plan and the Scheme, the number of shares in respect of which options and awards may be granted shall be determined at the discretion of the RC who shall take into account, *inter alia*, the performance of the Group, prevailing economic conditions, level of responsibility, the length of service, performance evaluation and potential development of the Directors and employees of the Group. Following industry practice, the Company has chosen the aforementioned factors to tie in with the overall performance of the Group, and to reward individuals who have made contributions towards the growth of the Group. In relation to the performance-related share awards granted by the Company in the financial year ended 31 March 2016 pursuant to the Scheme, the vesting of such share awards is subject to the satisfaction of the prescribed performance targets set over the performance period and in accordance with the terms of the Scheme. More information on the Plan and the Scheme are set out in the Directors' Statement of the AR.

No options were granted by the Company at a discount during the financial year ended 31 March 2016.

The Company currently does not use contractual provisions to allow it to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Directors and key management personnel (who are not Directors or CEO) receiving remuneration from the Group for the financial year ended 31 March 2016 are as follows:

Remuneration Bands	**No. of Directors**
Below S$250,000	7
Between S$250,000 and S$500,000	1
Between S$500,000 and S$750,000	1

Remuneration Bands	**No. of key management personnel (who are not Directors or CEO)**
Below S$250,000	2
Between S$250,000 and S$500,000	2

CORPORATE GOVERNANCE REPORT

A breakdown of each individual Director's remuneration, showing the level and mix for the financial year ended 31 March 2016 is as listed below:

Name	Directors' Fee S$'000	Salary[1] S$'000	Variable S$'000	Benefits-in-kind S$'000	Fair value of share options and share awards granted[2] S$'000	Total S$'000
Executive Directors						
Dr Ofer Miller	–	373	–	–	133	506
Goh Tzu Seoh Kenneth	–	251	1	1	199	452
Non-Executive Directors						
Soh Sai Kiang Philip	–	–	–	–	133	133
Ching Chiat Kwong	–	–	–	–	61	61
Low See Ching Eric[3]	–	–	–	–	–	–
Independent Directors						
Ng Weng Sui Harry	15	–	–	–	186	201
Dr Tan Khee Giap	15	–	–	–	186	201
Wong Chee Meng Lawrence	15	–	–	–	156	171
Koh Boon Liang Alan	15	–	–	–	107	122
Yang Tse Pin[4]	NA	NA	NA	NA	NA	NA

Notes:

(1) Includes allowances, social contributions and contributions to Central Provident Fund (where applicable).

(2) Refers to the expense on share options and share awards granted to the Directors recognised in the financial statements.

(3) Low See Ching Eric was appointed as Non-Executive Director of the Company on 28 March 2016 and no remuneration was paid to him for the financial year ended 31 March 2016.

(4) Yang Tse Pin was appointed as Independent Director of the Company on 31 May 2016 and no remuneration was paid to him for the financial year ended 31 March 2016.

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A breakdown of each of the Group's key management personnel's (who are not Directors or CEO) remuneration, showing the level and mix for the financial year ended 31 March 2016 is as listed below:

Name	Directors' Fee S$'000	Salary[1] S$'000	Variable S$'000	Benefits-in-kind S$'000	Fair value of share options and share awards granted[2] S$'000	Total S$'000
Key management personnel[3]						
Choo Leng Leng Susan (Financial Controller)	–	141	1	1	103	246
Lee See Jui (Consultant for Colibri Assembly (Thailand) Co., Ltd.)	–	152	–	–*	6	158
Soh Kim Hock Benedict (General Manager for Colibri Assembly (Thailand) Co., Ltd.)	–	176	20	59	21	276
David Kedem[4] (Chief Operating Officer for Artimedia Technologies Ltd.)	–	222	–	–	34	256

* less than S$1'000

Notes:
(1) Includes allowances, social contributions and contributions to Central Provident Fund (where applicable).
(2) Refers to the expense on share options and share awards granted to the key management personnel recognised in the financial statements.
(3) The Group has only four key management personnel who are not Directors or CEO during the financial year ended 31 March 2016.
(4) Designated as a key management personnel on 4 June 2015. The remuneration represents the remuneration for the full financial year ended 31 March 2016.

The total remuneration, in aggregate, paid to the Group's key management personnel (who are not Directors or CEO) for the financial year ended 31 March 2016 is approximately S$936,000.

Soh Kim Hock Benedict is the brother-in-law of the Non-Executive Chairman, Soh Sai Kiang Philip. The remuneration of Soh Kim Hock Benedict is as disclosed above. Other than Soh Kim Hock Benedict, no other employee of the Company or its subsidiaries is an immediate family member of any Director of the Company or the CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2016.

The RC has reviewed and approved the remuneration packages of the Executive Directors and the key management personnel, having regard to their contributions as well as the financial performance and the commercial needs of the Group and has ensured that the Executive Directors and key management personnel are adequately but not excessively remunerated.

There are no termination, retirement and post-employment benefits that are granted to the Directors and key management personnel (who are not Directors or CEO).

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the Company's shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, quarterly and full year unaudited financial results to the Company's shareholders are to provide them with the timely release of a balanced and understandable analysis of the Group's financial performance, position and prospects.

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules. For example, for the interim unaudited financial statements, the Board provides a negative assurance confirmation to shareholders, in line with Rule 705(5) of the Catalist Rules. The Board also provides the Company's shareholders with periodic updates and reports through announcements where necessary with regard to the Group's business developments.

The Management will provide the Board with periodic updates covering operational performance, financial results, marketing and business development efforts as well as other important and relevant information as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the Group's overall system of internal controls, but also recognises that no internal control system will preclude all material errors and irregularities. The Group's system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable assurance against material misstatement or loss. The Board believes in the importance of maintaining a sound system of risk management and internal controls. The internal controls in place will address the financial, operational, compliance and information technology risks, and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material losses and assets are safeguarded.

The Company has also engaged Pioneer Management Services Pte Ltd ("**Pioneer Management**") as the outsourced internal auditors who will carry out internal audit reviews of the Company and assist the Management to develop an Enterprise Risk Management ("**ERM**") framework, as part of the annual internal audit plan approved by the AC.

Relying on the reports from the Management, external auditors, internal auditors and the representation letters from the Management, the AC has carried out assessments on the adequacy and effectiveness of key internal controls of the Group during the financial year ended 31 March 2016. Any material non-compliance or weaknesses in internal controls or recommendations from the external auditors and internal auditors to further improve the internal controls

CORPORATE GOVERNANCE REPORT

are reported to the AC. The AC will follow up on the actions taken by the Management on the recommendations made by the external auditors and internal auditors.

The Board has received the Management representation letters from the Executive Directors and the Financial Controller of the Company and from the Director and Manager of the Company's key subsidiaries in relation to the financial information for the financial year ended 31 March 2016.

The Management representation letters from the Executive Directors and the Financial Controller of the Company and from the Director and Manager of the Company's key subsidiaries have provided assurance that, *inter alia*, the financial records have been properly maintained in accordance with the Companies Act, the financial statements are properly drawn up to give a true and fair view of the Company's operations and finances; and they are not aware of any significant deficiencies, including material weakness, in the design or operation of robust and effective internal controls in addressing financial, operational, compliance and information technology risks that could adversely affect the Group's ability to record, process, summarise and report financial data.

The Group regularly reviews and improves its business and activities to identify areas of significant business risk as well as take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

The Board also notes that all risk management systems and internal control systems contain inherent limitations and a cost effective system of risk management or internal controls can only provide reasonable and not absolute assurance against the occurrence of material errors, financial misstatement, poor judgment in decision making, human error, losses, and/or other irregularities.

Based on the various management controls put in place, the reports from the external auditors and internal auditors on follow-up action taken by the Management, representation letters from the Management, periodic reviews by the Management, the Board, with the concurrence of the AC, is of the opinion that the system of risk management and internal controls maintained by the Group during the financial year ended 31 March 2016 are adequate and effective in addressing the financial, operational, information technology and compliance risks of the Group.

As the Group continues to grow the business, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of risk management and internal controls.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises four members, all of whom are Non-Executive Directors and the majority of whom, including the Chairman of the AC, are Independent Directors. The members of the AC are:

Ng Weng Sui Harry (Chairman)
Soh Sai Kiang Philip (Member)
Dr Tan Khee Giap (Member)
Wong Chee Meng Lawrence (Member)

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None of the members nor the Chairman of the AC is a partner or director of the Group's auditing firms or former partner or former director of the Group's auditing firms. None of them has any financial interest in the Group's auditing firms.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls.

The Board is of the view that the members of the AC are appropriately qualified, and that they have sufficient accounting or related financial management expertise and experiences to discharge the AC's function. The AC comprises members who are experienced in the fields of finance, legal and business.

The AC is governed by its terms of reference, which was reviewed and amended, where appropriate, to adopt relevant best practices set out in the Guidebook and the Code, and used as a reference to assist the AC in the discharge of its responsibilities and duties.

The principal duties of the AC include:

- to review with the external auditors the audit plan, including the nature and scope of the audit before the audit commences, results of the audit, their reports, their Management letter and the Management's response;
- to oversee financial reporting process, review the quarterly and full year financial statements to ensure integrity of the said financial statements before submission to the Board for approval;
- to meet with the external auditors and internal auditors without the presence of Management on an annual basis, to discuss any problems and concerns they may have in the co-ordination between the external auditors/ internal auditors and Management; in ensuring monitoring of timely and proper implementation of required corrective, preventive or improvement measures;
- to review annually the independence and objectivity of the external auditors;
- where the external auditors also provide non-audit services to the Group, to review the nature and extent of such services in order to balance the maintenance of objectivity, and to ensure that the independence of the external auditors would not be compromised;
- to review the adequacy and effectiveness of the Group's internal controls;
- to select and appoint internal auditors, fix their remuneration, to review the scope and assess their performance, results of the internal audit procedures including the effectiveness of the internal audit functions and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and ensure annually the adequacy of the internal audit function;
- to recommend the appointment, re-appointment and removal of external auditors, to fix their remuneration, to review the scope of external audit and to assess the external auditor's performance;
- to review the Company's procedures for detecting fraud and whistle-blowing matters and to ensure that arrangements are in place by which any employee, may in confidence, raise concerns about improprieties in matters of financial reporting, financial control, or any other matters. A report is presented to the AC on the quarterly basis whenever there is a whistle-blowing issue; and
- to review Interested Person Transactions ("**IPT**") falling within the scope of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

The AC keeps abreast of new accounting standards and related issues which have a direct impact on the Group's financial statements through regular updates from the Company's relevant advisors.

The Company has in place a whistle-blowing framework where staff of the Group can raise concerns about improprieties in matters of financial reporting or other matters to the officers of the Group or to the AC via email or letter. There were no reports received through the whistle-blowing mechanism during the financial year ended 31 March 2016.

The Company has paid the following aggregate amount of fees to the external auditors of the Group, for the financial year ended 31 March 2016:

Services	Amount (S$)
Audit service	
– PricewaterhouseCoopers LLP, the external auditors of the Company	62,000
– Other auditors	46,566
Non-audit service	
– PricewaterhouseCoopers LLP, the external auditors of the Company	10,600
– Other auditors	26,345
Total	145,511

The AC has undertaken a review of all the non-audit services provided by the external auditors of the Company, and is satisfied that the provision of such services did not affect the independence and objectivity of the external auditors of the Company.

Both the Board and the AC are satisfied that the appointment of different external auditors for the Group's subsidiaries would not compromise the standard and effectiveness of the audit of the Company and are of the opinion that Rule 716 of the Catalist Rules has been complied with.

The AC is satisfied that the external auditors of the Company, PricewaterhouseCoopers LLP, an auditing firm registered with Accounting & Corporate Regulatory Authority, are independent and they had also provided a confirmation of their independence to the AC. The AC had assessed the external auditors of the Company based on factors such as performance, adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. Accordingly, the AC is satisfied that Rule 712 and Rule 715 of the Catalist Rules have been complied with and has recommended to the Board, the nomination of PricewaterhouseCoopers LLP, the external auditors of the Company, for re-appointment at the forthcoming AGM of the Company.

The AC has explicit authority to investigate any matters within its terms of reference. The AC also has full access to and co-operation from the Management and full discretion to invite any Director and/or key management personnel to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company's expense as and when the need arises.

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company acknowledges the need to establish an internal audit function to identify significant internal control weaknesses in the key business processes of its principal subsidiaries that require the attention of the AC and the Management.

For the financial year ended 31 March 2016, the Company has outsourced the internal audit function to Pioneer Management. The appointment of Pioneer Management to perform such internal audit function has been approved by the AC.

The internal auditors have been provided unfettered access to the Company's documents, records, properties and personnel relevant to the scope of work covered by their audit. The internal auditors report directly to the AC on functional matters and to the Management on administrative matters and have direct access to the Chairman of the AC.

The scope of the internal audit conducted by the internal auditors has been approved by the AC. Subsequent internal audit findings and corresponding management responses to address these findings are reported at the meetings of the AC.

The AC has reviewed and ensured that the internal auditors are adequately resourced with persons with the relevant qualifications and experience and have appropriate standing within the Group. The internal auditors have carried out its function in accordance to the Standards of Professional Practice of Internal Audit and Code of Ethics issued by the Institute of Internal Auditors and standards set by internationally recognised professional bodies.

The AC will review the adequacy and effectiveness of the internal audit function at least annually.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value.

The Group strongly encourages shareholders' participation during the general meetings which are held in Singapore. Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business related matters. Resolutions are passed through a process of voting in accordance with established voting rules and procedures, which shareholders are informed of. The results for each resolution put forth are presented during the general meetings.

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The Company's Constitution allows registered shareholders (other than a relevant intermediary as defined in Section 181 of the Companies Act) who are unable to attend the general meetings to appoint up to two proxies to attend and vote on his behalf at general meetings of the Company. The Companies Act allows relevant intermediaries which include banking corporations, corporations which provide custodial services and the Central Provident Fund Board to appoint multiple proxies to attend and vote at general meetings of the Company.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Group is committed to regular and proactive communications with its shareholders and the continuous disclosure obligations under the Catalist Rules. The Group ensures that shareholders are informed of all major developments that may have an impact on the Group. Information is communicated to shareholders on a timely basis and is made through:

(i) annual reports that are prepared and issued to all shareholders;

(ii) quarterly and full year unaudited financial results announcements;

(iii) offer information statements, circulars and notices issued to all shareholders;

(iv) disclosures to the SGX-ST via SGXNET; and

(v) the Company's website, www.arti-vision.com, which provides corporate information, announcements, press releases and other information pertaining to the Group.

The Company does not practice selective disclosure as all material and price-sensitive information are released through SGXNET in a timely manner.

The Board welcomes the views of shareholders on matters affecting the Group, whether at the general meetings of shareholders or on an ad hoc basis. At the general meetings, shareholders will be given the opportunity to express their views and ask Directors or the Management questions regarding the Group.

The Company currently does not have a fixed dividend policy. The form, frequency and amount of dividends that the Directors of the Company may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors of the Company:

(a) the level of the earnings of the Group;

(b) the financial condition of the Group;

(c) the projected levels of the Group's capital expenditure and other investment plans;

(d) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and

(e) other factors as the Directors of the Company may consider appropriate.

As the Group is in an accumulated losses position, the Board did not recommend any dividend for the financial year ended 31 March 2016.

CORPORATE GOVERNANCE REPORT

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are encouraged to attend the Company's general meetings, including AGM and Extraordinary General Meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans.

The Chairpersons of the Board, AC, RC and NC and the external auditors of the Company are also available at the general meetings to address any shareholders' queries on the conduct of the external audit and the preparation and content of the auditors' report, and the audited financial statements of the Group. The proceedings of all general meetings including questions and answers exchanged between the Company and shareholders are recorded in the minutes books of the Company, and are available to the shareholders upon request.

If any shareholder is unable to attend, he/she is allowed to appoint proxies to vote on his/her behalf at the general meetings through proxy forms sent to the Company within prescribed period. The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the shareholders' identities through the web are not compromised.

The Company has introduced the system of voting, pursuant to which each resolution put forth at general meetings is voted by a poll. The percentages of votes voted in favour and against each resolution will be announced via SGXNET after the general meetings.

Notice of the general meetings will be advertised in newspapers and announced on SGXNET. Each item of special business included in the notice of the general meetings will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

DEALING IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules, the Company has in place a policy whereby the Directors and officers of the Group should not deal in the Company's securities during the period commencing two weeks before the announcement of the Group and the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Group and the Company's full year financial statements.

In addition, the Company and its officers are expected to be mindful of insider trading laws at all times including when they are in possession of any unpublished price-sensitive information during the permitted trading periods. They are also discouraged from dealing in the Company's shares on short-term considerations.

MATERIAL CONTRACTS

On 31 December 2015, the Company entered into a subscription agreement with Mr Low See Ching Eric ("**Mr Low**") prior to his appointment as a Non-Executive Director of the Company on 28 March 2016. Pursuant to the subscription agreement, Mr Low agreed to subscribe for bond in principal amount of S$2.50 million to be issued by the Company ("**Bond**") at a subscription price of 100% of the principal amount of the Bond. The Bond is unsecured and bears interest at a rate of 15% per annum, payable, together with the principal amount of the Bond, when the Bond matures on 31 December 2016. In connection with the issuance of the Bond, the Company had, on the same day, entered into an option deed with Mr Low, pursuant to which the Company granted him a total of 18,750,000 share options with each share option carrying the right to subscribe for one new share in the capital of the Company at

CORPORATE GOVERNANCE REPORT

the exercise price of S$0.10 for each share option. As at 31 March 2016, none of the share options was exercised. The share options will expire on 31 December 2017.

Other than the above, there was no material contract entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholders, either still subsisting at the end of the financial year ended 31 March 2016, or if not then subsisting, entered into since the end of the previous financial year ended 31 March 2015.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company does not have a general mandate from shareholders for IPT. However, the Company has an IPT policy which sets out procedures for review and approval of Company's IPTs. To ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules, the Board and AC regularly consider and discuss if the Company will be entering into any IPT and if it does, to ensure that the Company complies with the requisite rules under Chapter 9 of the Catalist Rules in that, all the IPTs are conducted at arm's length and on normal commercial terms and ensures that it will not be prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs entered between the Company or its subsidiaries and any of its interested persons during the financial year ended 31 March 2016.

USE OF PROCEEDS FROM RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

The Company has, pursuant to the renounceable non-underwritten rights issue ("**Rights Issue**") announced on 18 March 2016, issued and allotted 435,202,106 new ordinary shares in the capital of the Company at S$0.03 each and raised net proceeds of S$12.94 million after the deduction of expenses of S$0.12 million. The net proceeds from the Rights Issue is intended to be set off against shareholder's loans owing by the Company and utilised towards the Group's general corporate and working capital purposes.

As at 1 June 2016, the net proceeds of S$12.94 million from the Rights Issue have been partially utilised as follows:

Intended Use of Rights Issue Proceeds	**S$'million**
Gross Proceeds	13.06
Less: Rights Issue Expenses	0.12
Net Proceeds	12.94

Application of Rights Issue Proceeds	**S$'million**
Set off against shareholder's loans owing by the Company	2.75
Balance as at 1 June 2016	10.19

The abovementioned use of the net proceeds from the Rights Issue is in accordance with the intended use as stated in the Company's announcement for the Rights Issue. The Company will make periodic announcements as and when the balance of the net proceeds from the Rights Issue is materially disbursed.

CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd., for the financial year ended 31 March 2016.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2016 and the statement of financial position of the Company as at 31 March 2016. In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 57 to 124 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Soh Sai Kiang Philip
Dr Ofer Miller
Goh Tzu Seoh Kenneth
Ng Weng Sui Harry
Dr Tan Khee Giap
Wong Chee Meng Lawrence
Koh Boon Liang Alan
Ching Chiat Kwong
Low See Ching Eric (appointed on 28 March 2016)
Yang Tse Pin (appointed on 31 May 2016)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share plans" of this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.03.2016	At 01.04.2015 or date of appointment, if later	**At 31.03.2016**	At 01.04.2015 or date of appointment, if later
Company				
(No. of ordinary shares)				
Soh Sai Kiang Philip	**32,618,000**	32,618,000	**99,849,680**	99,849,680
Dr Ofer Miller	**59,515,224**	64,015,224	**–**	–
Goh Tzu Seoh Kenneth	**5,290,000**	5,290,000	**–**	–
Ng Weng Sui Harry	**3,490,000**	490,000	**–**	–
Dr Tan Khee Giap	**3,238,000**	238,000	**–**	–
Wong Chee Meng Lawrence	**2,500,000**	–	**–**	–
Koh Boon Liang Alan	**1,700,000**	–	**–**	–
Ching Chiat Kwong	**80,812,000**	75,812,000	**–**	–

Pursuant to Section 7 of the Companies Act, Soh Sai Kiang Philip is deemed to be interested in 99,849,680 shares held by Algotech Holdings Ltd ("**Algotech**").

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Employee Share Option Plan (the "**Plan**") and the Employee Share Award Scheme (the "**Scheme**") as set out below and under "Share plans" of this statement.

	No. of unissued ordinary shares under option	
	At 31.03.2016	At 01.04.2015
Soh Sai Kiang Philip		
– options to subscribe for ordinary shares exercisable at:		
– $0.048 between 22.04.2015 to 22.04.2019	**4,000,000**	4,000,000
– non-performance share awards to subscribe for ordinary shares:		
– vested on 31.01.2017 granted on 13.11.2015	**6,000,000**	–
Dr Ofer Miller		
– options to subscribe for ordinary shares exercisable at:		
– $0.048 between 22.04.2015 to 22.04.2019	**4,000,000**	4,000,000
– performance share awards to subscribe for ordinary shares:		
– vested on 31.01.2017 granted on 13.11.2015	**6,000,000**	–

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Directors' interests in shares or debentures (continued)

(b) (continued)

	No. of unissued ordinary shares under option	
	At 31.03.2016	At 01.04.2015
Goh Tzu Seoh Kenneth		
– options to subscribe for ordinary shares exercisable at:		
– $0.08 between 20.07.2011 to 20.07.2015	**–**	100,000
– $0.05 between 22.03.2012 to 22.03.2016	**–**	750,000
– $0.21 between 23.06.2012 to 23.06.2016	**3,750,000**	3,750,000
– $0.14 between 23.12.2012 to 23.12.2016	**2,250,000**	2,250,000
– $0.22 between 22.08.2013 to 22.08.2017	**4,000,000**	4,000,000
– $0.048 between 22.04.2015 to 22.04.2019	**4,000,000**	4,000,000
– performance share awards to subscribe for ordinary shares:		
– vested on 31.01.2017 granted on 13.11.2015	**6,000,000**	–
Ng Weng Sui Harry		
– options to subscribe for ordinary shares exercisable at:		
– $0.08 between 20.07.2011 to 20.07.2015	**–**	100,000
– $0.05 between 22.03.2012 to 22.03.2016	**–**	150,000
– $0.21 between 23.06.2012 to 23.06.2016	**1,000,000**	1,000,000
– $0.22 between 22.08.2013 to 22.08.2017	**250,000**	250,000
– $0.048 between 22.04.2015 to 22.04.2019	**200,000**	200,000
Dr Tan Khee Giap		
– options to subscribe for ordinary shares exercisable at:		
– $0.08 between 20.07.2011 to 20.07.2015	**–**	150,000
– $0.05 between 22.03.2012 to 22.03.2016	**–**	300,000
– $0.21 between 23.06.2012 to 23.06.2016	**1,000,000**	1,000,000
– $0.22 between 22.08.2013 to 22.08.2017	**250,000**	250,000
– $0.048 between 22.04.2015 to 22.04.2019	**200,000**	200,000
Wong Chee Meng Lawrence		
– options to subscribe for ordinary shares exercisable at:		
– $0.08 between 20.07.2011 to 20.07.2015	**–**	200,000
– $0.05 between 22.03.2012 to 22.03.2016	**–**	300,000
– $0.21 between 23.06.2012 to 23.06.2016	**1,000,000**	1,000,000
– $0.22 between 22.08.2013 to 22.08.2017	**250,000**	250,000
– $0.048 between 22.04.2015 to 22.04.2019	**200,000**	200,000
Koh Boon Liang Alan		
– options to subscribe for ordinary shares exercisable at:		
– $0.14 between 23.12.2012 to 23.12.2016	**250,000**	250,000
– $0.22 between 22.08.2013 to 22.08.2017	**250,000**	250,000
– $0.048 between 22.04.2015 to 22.04.2019	**200,000**	200,000
Ching Chiat Kwong		
– option to subscribe for ordinary shares exercisable at:		
– $0.048 between 22.04.2015 to 22.04.2019	**200,000**	200,000

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Directors' interests in shares or debentures (continued)

(c) According to the register of directors' shareholdings, certain director holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the subscription agreement as set out below and under "Bonds payable" on page 94 of the report.

	No. of unissued ordinary shares under option	
	At 31.03.2016	At 01.04.2015
Low See Ching Eric		
– option to subscribe for ordinary shares exercisable at:		
– $0.10 between 31.12.2015 to 31.12.2017	**18,750,000**	–

(d) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 April 2016 were the same as those as at 31 March 2016.

Share plans

The Company offers the following share plans to its employees:

(a) Employee Share Option Plan (the "**Plan**")

(b) Employee Share Award Scheme (the "**Scheme**")

All share plans are administered by the Remuneration Committee.

(a) Employee Share Option Plan

The Employee Share Option Plan (the "**Plan**") of Artivision Technologies Ltd. was approved and adopted by its members at an Extraordinary General Meeting on 21 October 2007. The Plan is administered by the Company's remuneration committee comprising, Dr Tan Khee Giap, Soh Sai Kiang Philip, Ng Weng Sui Harry and Wong Chee Meng Lawrence.

Under the Plan, all options to be issued will have a term no longer than 10 years from the date of grant. Subject to compliance with any applicable laws and regulations in Singapore, the Plan may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the five market days immediately preceding the date of grant.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Share plans (continued)

(a) Employee Share Option Plan (continued)

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Plan, shall not exceed 10% of the issued share capital of the Company on the day proceeding that date.

The total number of shares available to controlling shareholders and their associates shall not exceed 25% of the number of shares in respect of which the Company may grant options under the Plan and the total number of shares available to each controlling shareholder or his associate shall not exceed 10% of the number of shares in respect of which the Company may grant options under the Plan.

Under the Plan, options will vest as follows:

(a) one year after the date of grant for 25% of the ordinary shares subject to the options;

(b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;

(c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and

(d) four years after the date of grant for an additional 25% of the ordinary shares subject to the options.

All options are settled by physical delivery of shares.

Under the terms of the respective grants, all share options, if not exercised, will expire five (5) years from the date of grant.

For share options granted on 2 July 2009 to employees/directors who have since ceased to be employees/directors of the Group, vested options are required to be exercised within 12 months from date of cessation of employment/office as director and non-vested options are required to be exercised within 12 months from date of the vesting of the options.

For share options granted on 20 July 2010 onwards to employees/directors who have since ceased to be employees/directors of the Group, vested options must be exercised prior to the last date of service and non-vested options shall lapse on the last day of service.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Share plans (continued)

(a) Employee Share Option Plan (continued)

At the end of the financial year, details of options granted under the Plan on the unissued ordinary shares of the Company, are as follows:

		No. of ordinary shares under option						
Group and Company	Exercise price $	Beginning of financial year	Granted During the year	Forfeited/ expired during financial year	Exercised during financial year	End of financial year	Number of option holders at 31.03.2016 $	Exercise period
2016								
Date of grant								
20.07.2010	0.08	720,000	–	(720,000)	–	–	–	20.07.2011 to 20.07.2015
22.03.2011	0.05	2,250,000	–	(2,250,000)	–	–	–	22.03.2012 to 22.03.2016
23.06.2011	0.21	8,990,000	–	–	–	8,990,000	7	23.06.2012 to 23.06.2016
23.12.2011	0.14	4,563,000	–	–	–	4,563,000	7	23.12.2012 to 23.12.2016
22.08.2012	0.22	6,620,000	–	–	–	6,620,000	9	22.08.2013 to 22.08.2017
22.04.2014	0.048	18,090,000	–	(410,000)	–	17,680,000	18	22.04.2015 to 22.04.2019
		41,233,000	–	(3,380,000)	–	37,853,000		

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Share plans (continued)

(a) Employee Share Option Plan (continued)

Details of options granted to the directors and controlling shareholders of the Company under the Plan are as follows:

	No. of unissued ordinary shares of the Company under option				
Name of director	Granted in financial year ended 31.03.2016	Aggregate granted since commencement of the Plan to 31.03.2016	Aggregate exercised since commencement of the Plan to 31.03.2016	Aggregate expired since commencement of the Plan to 31.03.2016	Aggregate outstanding as at 31.03.2016
Soh Sai Kiang Philip	–	8,016,268	–	(4,016,268)	4,000,000
Dr Ofer Miller	–	7,926,268	(3,866,000)	(60,268)	4,000,000
Goh Tzu Seoh Kenneth	–	17,200,000	(2,350,000)	(850,000)	14,000,000
Ng Weng Sui Harry	–	2,110,000	(250,000)	(410,000)	1,450,000
Dr Tan Khee Giap	–	2,110,000	(170,000)	(490,000)	1,450,000
Wong Chee Meng Lawrence	–	1,950,000	–	(500,000)	1,450,000
Koh Boon Liang Alan	–	700,000	–	–	700,000
Ching Chiat Kwong	–	200,000	–	–	200,000
Total	–	40,212,536	(6,636,000)	(6,326,536)	27,250,000

No controlling shareholder or his associate has received more than 10% of the total number of options available under the Plan. The total number of shares granted to the controlling shareholders and their associates has also not exceeded 25% of the total number of options available under the Plan.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Share plans (continued)

(a) Employee Share Option Plan (continued)

Since the commencement of the Plan, except for the directors disclosed above, the following individuals had been granted 5% or more of the total number of options available under the Plan:

	No. of unissued ordinary shares of the Company under option				
Name of personnel	Granted in financial year ended 31.03.2016	Aggregate granted since commencement of the Plan to 31.03.2016	Aggregate exercised since commencement of the Plan to 31.03.2016	Aggregate forfeited/ expired since commencement of the Plan to 31.03.2016	Aggregate outstanding as at 31.03.2016
Amir Segev *(former General Manager, Director and founder of Artimedia Pte. Ltd.)*	–	6,650,000	(3,737,000)	(2,913,000)	–
Choo Leng Leng Susan *(Financial controller)*	–	7,600,000	(350,000)	(1,350,000)	5,900,000
Total	–	14,250,000	(4,087,000)	(4,263,000)	5,900,000

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other related corporations.

Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the Plan outstanding at the end of the financial year was as follows:

Date of grant	No. of unissued ordinary shares under option at 31.03.2016	Exercise price	Exercise period
23.06.2011	8,990,000	$0.21	23.06.2012 – 23.06.2016
23.12.2011	4,563,000	$0.14	23.12.2012 – 23.12.2016
22.08.2012	6,620,000	$0.22	22.08.2013 – 22.08.2017
22.04.2014	17,680,000	$0.048	22.04.2015 – 22.04.2019
	37,853,000		

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Share plans (continued)

(b) Employee Share Award Scheme

The Employee Share Award Scheme (the "**Scheme**") of Artivision Technologies Ltd. was approved and adopted by its members at an Extraordinary General Meeting on 29 July 2015. The Scheme is administered by the Company's remuneration committee comprising, Dr Tan Khee Giap, Soh Sai Kiang Philip, Ng Weng Sui Harry and Wong Chee Meng Lawrence.

Under the Scheme, all share awards to be issued will have a term no longer than 10 years commencing 29 July 2015. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The aggregate number of new shares to be issued pursuant to the share awards granted under the Scheme on any date, when added to the number of shares issued and issuable under any other share incentive schemes or share plans adopted by the Company from the time being in force, including but not limited to the share option plan, shall be limited to 15% of the total number of issued share capital of the Company (excluding treasury shares, if any) on the day preceding that date.

The total number of shares available to controlling shareholders and their associates shall not exceed 25% of the number of shares in respect of which the Company may grant share awards under the Scheme and the total number of shares available to each controlling shareholder or his associate shall not exceed 10% of the number of shares in respect of which the Company may grant share awards under the Scheme.

The participants of the Scheme will receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, and in relation to a performance-related share award, upon the participant achieving prescribed performance targets are met within a prescribed performance period. Performance targets set under the Scheme are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Share plans (continued)

(b) Employee Share Award Scheme (continued)

Details of share awards granted to the directors and controlling shareholders of the Company under the Scheme are as follows:

	No. of unissued ordinary shares of the Company under share awards				
Name of director	Granted in financial year ended 31.03.2016	Aggregate granted since commencement of the Scheme to 31.03.2016	Aggregate alloted and issued since commencement of the Scheme to 31.03.2016	Aggregate forfeited/ expired since commencement of the Plan to 31.03.2016	Aggregate outstanding as at 31.03.2016
Soh Sai Kiang Philip	6,000,000	6,000,000	–	–	6,000,000
Dr Ofer Miller	6,000,000	6,000,000	–	–	6,000,000
Goh Tzu Seoh Kenneth	6,000,000	6,000,000	–	–	6,000,000
Ng Weng Sui Harry	3,000,000	3,000,000	(3,000,000)	–	–
Dr Tan Khee Giap	3,000,000	3,000,000	(3,000,000)	–	–
Wong Chee Meng Lawrence	2,500,000	2,500,000	(2,500,000)	–	–
Koh Boon Liang Alan	1,700,000	1,700,000	(1,700,000)	–	–
Ching Chiat Kwong	1,000,000	1,000,000	(1,000,000)	–	–
Total	29,200,000	29,200,000	(11,200,000)	–	18,000,000

No controlling shareholder or his associate has received more than 10% of the total number of share awards available under the Scheme. The total number of shares granted to the controlling shareholders and their associates has also not exceeded 25% of the total number of share awards available under the Scheme.

Since the commencement of the Scheme, except for the directors disclosed above, no individual had been granted 5% or more of the total number of share awards available under the Scheme.

The share awards granted by the Company do not entitle the holders of the share awards, by virtue of such holding, to any rights to participate in any share issue of any other related corporations.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Share plans (continued)

(b) Employee Share Award Scheme (continued)

Share awards outstanding

The number of unissued ordinary shares of the Company under share awards in relation to the Scheme outstanding at the end of the financial year was as follows:

Date of grant	No. of unissued ordinary shares under share awards at 31.03.2016
13.11.2015	25,550,000
18.12.2015	8,500,000
	34,050,000

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Ng Weng Sui Harry	(Chairman and Independent Director)
Soh Sai Kiang Philip	(Non-executive Director)
Dr Tan Khee Giap	(Independent Director)
Wong Chee Meng Lawrence	(Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B of the Singapore Companies Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing those functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work and the results of their examination.

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);
- the scope and the results of internal audit procedures with the internal auditor;

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Audit Committee (continued)

- the audit plan of the Company's external auditor and any recommendations on internal accounting controls arising from statutory audit; and

- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2016 before their submission to the Board of Directors, as well as the Independent Auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the internal and external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has reviewed the independence of the external auditors as required under Section 206(1A) of the Act and determined that the external auditors were independent in carrying out their audit of the financial statements of the Group and the Company.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Soh Sai Kiang Philip
Director

Goh Tzu Seoh Kenneth
Director

10 June 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Artivision Technologies Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Artivision Technologies Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 57 to 124, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2016, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "**Act**") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2016, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Emphasis of matter

We draw attention to Note 2.1 to the financial statements, which states that the Group incurred a net loss of $7,806,766 during the year ended 31 March 2016 and, as of that date, the Group's current liabilities and total liabilities exceeded its assets by $5,027,734 and $1,186,690 respectively. This, along with other matter as described in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

To the Members of Artivision Technologies Ltd.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 10 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Note	2016 $	2015 $
Revenue	4	**11,348,802**	8,047,576
Cost of sales		**(9,389,970)**	(5,027,875)
Gross profit		**1,958,832**	3,019,701
Other gains/(losses) – net	6	**3,864,906**	(1,721,178)
Expenses			
– Distribution		**(1,944,918)**	(1,007,621)
– Administrative		**(8,309,863)**	(5,742,364)
– Finance	7	**(3,333,011)**	–
Share of loss of a joint venture	16	**(42,712)**	(149,492)
Loss before income tax		**(7,806,766)**	(5,600,954)
Income tax expense	8(a)	**–**	–
Net loss for the year		**(7,806,766)**	(5,600,954)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(266,296)**	88,952
Total comprehensive loss		**(8,073,062)**	(5,512,002)
Loss per share (expressed in cents per share)			
– Basic	9(a)	**(0.87)**	(0.64)
– Diluted	9(b)	**(0.87)**	(0.64)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION – GROUP AND COMPANY

As at 31 March 2016

	Note	Group		Company	
		2016	2015	**2016**	2015
		$	$	**$**	$
ASSETS					
Current assets					
Cash and cash equivalents	10	**3,468,871**	1,945,379	**973,673**	1,268,391
Available-for-sale financial asset	14	**612,583**	612,583	**612,583**	612,583
Trade and other receivables	11	**8,242,136**	1,259,908	**4,432,914**	4,224,946
Other current assets	12	**394,113**	347,987	**120,204**	105,334
Inventories	13	**288,333**	447,344	**–**	11,112
		13,006,036	4,613,201	**6,139,374**	6,222,366
Non-current assets					
Other receivables	11	**–**	–	**11,986,321**	–
Available-for-sale financial asset	14	**1**	1	**1**	1
Investments in subsidiaries	15	**–**	–	**1,316,331**	1,316,332
Investment in a joint venture	16	**–**	–	**–**	–
Property, plant and equipment	17	**3,136,353**	3,994,695	**8,468**	28,032
Intangible assets	18	**704,690**	927,146	**2,397**	–
		3,841,044	4,921,842	**13,313,518**	1,344,365
Total assets		**16,847,080**	9,535,043	**19,452,892**	7,566,731
LIABILITIES					
Current liabilities					
Trade payables and other liabilities	19	**3,609,131**	1,119,632	**875,370**	367,212
Derivative financial instruments	20	**326,891**	–	**326,891**	–
Convertible loan	21	**3,851,929**	–	**3,851,929**	–
Bonds payable	22	**7,495,819**	–	**7,495,819**	–
Loans from shareholder	23	**2,750,000**	–	**2,750,000**	–
		18,033,770	1,119,632	**15,300,009**	367,212
Non-current liability					
Loans from shareholder	23	**–**	2,750,000	**–**	2,750,000
		–	2,750,000	**–**	2,750,000
Total liabilities		**18,033,770**	3,869,632	**15,300,009**	3,117,212
NET (LIABILITIES)/ASSETS		**(1,186,690)**	5,665,411	**4,152,883**	4,449,519
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	**51,402,411**	50,730,411	**51,402,411**	50,730,411
Other reserves	25	**2,900,771**	2,618,106	**3,090,717**	2,541,756
Accumulated losses		**(55,489,872)**	(47,683,106)	**(50,340,245)**	(48,822,648)
Total equity		**(1,186,690)**	5,665,411	**4,152,883**	4,449,519

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

	Note	Share capital $	Currency translation reserve $	Share-based compensation reserve $	Capital reserve $	Accumulated losses $	Total equity $
Group							
2016							
Beginning of financial year		**50,730,411**	**76,350**	**2,541,745**	**11**	**(47,683,106)**	**5,665,411**
Loss for the year		–	–	–	–	(7,806,766)	(7,806,766)
Other comprehensive loss for the year		–	(266,296)	–	–	–	(266,296)
Total comprehensive loss for the year		**–**	**(266,296)**	**–**	**–**	**(7,806,766)**	**(8,073,062)**
Value of employee services received for issue of share options and share awards	25(i)	–	–	1,220,961	–	–	1,220,961
Issue of new share pursuant to employee share award scheme	24 & 25(i)	672,000	–	(672,000)	–	–	–
End of financial year		**51,402,411**	**(189,946)**	**3,090,706**	**11**	**(55,489,872)**	**(1,186,690)**
2015							
Beginning of financial year		45,964,039	(12,602)	2,111,736	11	(42,082,152)	5,981,032
Loss for the year		–	–	–	–	(5,600,954)	(5,600,954)
Other comprehensive income for the year		–	88,952	–	–	–	88,952
Total comprehensive loss for the year		**–**	**88,952**	**–**	**–**	**(5,600,954)**	**(5,512,002)**
Renounceable and partially underwritten Rights Issue	24	5,076,449	–		–	–	5,076,449
Share issue expenses	24	(315,974)	–	–	–	–	(315,974)
Proceeds from new share options granted	24 & 25(i)	–	–	23	–	–	23
Value of employee services received for issue of share options	25(i)	–	–	431,943	–	–	431,943
Share options exercised	24 & 25(i)	5,897	–	(1,957)	–	–	3,940
End of financial year		**50,730,411**	**76,350**	**2,541,745**	**11**	**(47,683,106)**	**5,665,411**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Net loss		**(7,806,766)**	(5,600,954)
Adjustments for			
– Amortisation of intangible assets		**264,067**	260,946
– Depreciation of property, plant and equipment		**651,331**	555,879
– Unrealised currency translation losses		**51,592**	68,441
– Interest income		**(7,621)**	(15,348)
– Interest expense on convertible loan		**2,283,857**	–
– Interest expense on bonds		**1,049,154**	–
– Fair value changes on derivative financial instruments		**(3,843,481)**	–
– Property, plant and equipment written-off		**–**	86
– Loss on disposal of property, plant and equipment		**11,934**	–
– Loss on share exchange (available-for-sale financial asset)*		**–**	2,056,992
– Share of loss of a joint venture		**42,712**	149,492
– Share-based compensation expenses		**1,220,961**	431,943
		(6,082,260)	(2,092,523)
Change in working capital:			
– Inventories		**122,035**	(122,295)
– Trade and other receivables		**(7,070,228)**	(215,982)
– Other current assets		**(46,126)**	6,033
– Trade payables and other liabilities		**2,143,644**	(62,411)
Cash used in operations		**(10,932,935)**	(2,487,178)
Interest received		**7,621**	15,348
Income tax refund/(paid)		**4,415**	(2,405)
Net cash used in operating activities		**(10,920,899)**	(2,474,235)
Cash flows from investing activities			
Additions to intangible assets		**(43,798)**	(39,388)
Additions to property, plant and equipment		**(169,843)**	(1,269,617)
Sales proceeds on disposal of property, plant and equipment		**22,621**	–
Net cash used in investing activities		**(191,020)**	(1,309,005)
Cash flows from financing activities			
Proceeds from new share options granted		**–**	23
Proceeds from exercise of share options		**–**	3,940
Proceeds from the renounceable and partially underwritten Rights Shares		**–**	3,302,929
Proceeds from issuance of bonds		**7,700,000**	–
Proceeds from convertible loan		**5,385,686**	–
Interest paid		**(413,310)**	–
Share issue expense		**–**	(315,974)
Loans to a joint venture		**–**	(200,000)
Net cash from financing activities		**12,672,376**	2,790,918
Net increase/(decrease) in cash and cash equivalents		**1,560,457**	(992,322)
Cash and cash equivalents			
Beginning of financial year		**1,945,379**	2,931,278
Effects of currency translation on cash and cash equivalents		**(36,965)**	6,423
End of financial year	10	**3,468,871**	1,945,379

* The share exchange of available-for-sale financial asset (Note 14) relates to a non-cash transaction.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Artivision Technologies Ltd. (the "**Company**") is listed on the Singapore Exchange-Catalist and incorporated and domiciled in Singapore. The address of its registered office is 67 Ubi Avenue 1 #06-02/03 Starhub Green, Singapore 408942.

The principal activities of the Company are the development and licensing of computer vision technologies; inventing, manufacturing, producing and/or marketing of various machine vision based on applications and solutions for media publishers and media content providers, and investment holding. The principal activities of its subsidiaries are set out in Note 15.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("**FRS**") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 April 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("**INT FRS**") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Going concern

The Group reported a net loss of $7,806,766 for the financial year ended 31 March 2016 and as of that date, the Group's current liabilities exceeded its total liabilities by $1,186,690. Furthermore, the Group's current liabilities exceeded its current assets by $5,027,734. These conditions indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group to continue as a going concern. Notwithstanding the above, these financial statements have been prepared on a going concern basis as the Directors are of the view that it is appropriate to do so having considered the following:

(a) As disclosed in Note 30, the Group underwent a Rights issue subsequent to the year ended 31 March 2016. The total proceeds received from Rights issue was approximately S$12.93 million.

(b) Shareholder's loan amounted $2,750,000 was set off by the proceeds received from the Rights issue.

(c) The proceeds from the Rights issue are sufficient to repay the September Bonds, December Bonds and related interests. Details of these bonds are disclosed in Note 22.

(d) The Group is expected to generate positive net cashflow from the operation of its media solution business during the year ending 31 March 2017.

The positive net cashflow from the Group's media solution business for the year ending 31 March 2017 is estimated based on management's expectations of market developments with reference to internal and external sources. Management has specially estimated the revenue and the related cost based on the following factors:

(i) Revenue is estimated based on the contracts with various advertising agencies and advertisers in Israel. The Group has also signed a contract with a global advertising agency to perform a pilot run on the programmatic TV in Israel in return for revenue sharing.

(ii) Cost is estimated based on the signed contracts with 16 online premium-content videos, news and entertainment portals in Israel.

If the actual revenue is less than the estimated revenue by more than 10%, the Group may have to look for alternative funding option for the full repayment of the convertible loan due in April 2017. Details of this convertible loan are disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities or realise its assets in the normal course of business. Assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position and additional liabilities may arise. In addition, the Group may have to reclassify non-current assets and liabilities as current assets or liabilities. No such adjustments have been made in the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods – Contract manufacturing disk drive technology products*

Revenue from these sales is recognised when the Group entity has delivered the contract manufacturing disk drive technology products specified by its customers and the customers have accepted the products in accordance with the sales contract.

Contract manufacturing disk drive technology products are sold to certain customers with volume discount and these customers also have the right to return faulty products. Revenue from these sales is recorded based on the contracted price less the estimated volume discount and returns at the time of sale. Past experience and projections are used to estimate the anticipated volume of sales and returns.

(b) *Sale of software licenses – Video management solutions*

Revenue from the sale of software licences is recognised in profit or loss when the software has been delivered to the customer as there are no significant post-delivery obligations.

(c) *Rendering of services – Media solutions*

Revenue from services rendered, which includes the rendering of monetisation services for the delivery of advertisements in and around the video content, is recognised upon realisation of video viewing.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and a joint venture" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Joint venture

The Group's joint venture is an entity over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investment in a joint venture is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

(i) Acquisitions

Investment in a joint venture is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on the joint venture represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(b) Joint venture (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its joint venture's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the joint venture are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the joint venture has been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investment in a joint venture is derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investment in a joint venture in which joint control is retained are recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and a joint venture" for the accounting policy on investment in a joint venture in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

(a) Measurement

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Building	5 years – 10 years
Furniture and fittings	3 years – 5 years
Office equipment	3 years – 5 years
Plant and equipment	3 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Construction-in-progress

Construction-in-progress represents building under construction or pending installation and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct attributable cost. No provision for depreciation is made on construction-in-progress until such a time as the relevant assets are completed and ready for intended use. When the asset concerned is brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy stated above.

(d) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(e) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Administrative expenses".

2.5 Intangible assets

(a) Measurement

(i) Acquired computer software licenses

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of one to ten years.

(ii) Acquired customer relationship

Customer relationship acquired is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

(b) Review of amortisation period and method

The amortisation period and amortisation method of intangible assets are reviewed at least at each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiaries and a joint venture

Investments in subsidiaries and a joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of non-financial assets

Intangible assets
Property, plant and equipment
Investments in subsidiaries and a joint venture

Intangible assets, property, plant and equipment and investments in subsidiaries and a joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("**CGU**") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(a) Classification (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "cash and cash equivalents", and deposits within "other current assets" on the statements of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Foreign currency convertible loan

On issuance of foreign currency convertible loan, the proceeds are allocated between the embedded equity conversion option and the liability component. The embedded option is recognised at its fair value. The liability component is recognised as the difference between total proceeds and the fair value of the equity conversion option.

The equity conversion option is subsequently carried at its fair value with fair value changes recognised in profit or loss. The foreign currency-denominated liability component is carried at amortised cost until the liability is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

2.11 Trade payables and other liabilities

Trade payables and other liabilities represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade payables and other liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The fair value of a trading derivative is presented as a current asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2.14 Leases

The Group leases land, factory, office premise, equipment and motor vehicle under operating leases.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made (or received) by the Group as penalty is recognised as an expense (or income) when termination takes place.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using either the specific identification method or weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes (continued)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 Provisions

Provisions for warranty are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability for repair or repair products still under warranty at the reporting date. This provision is calculated based on historical experience of the level of repair and replacement.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation (continued)

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options and awards are recognised as an expense with a corresponding increase in the share-based compensation reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options and awards granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options and awards that are expected to become exercisable or allotable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share-based compensation reserve are credited to share capital account, when new ordinary shares are issued. When the awards are allotted, the related balance previously recognised in the share-based compensation reserve are credited to the share capital account when new ordinary shares are issued.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The financial statements are presented in Singapore Dollars ("**SGD**"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve. When a foreign operation is disposed of, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains/(losses) – net".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

(b) Transactions and balances (continued)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chairman and Executive Directors. The results of the operating segments are regularly reviewed by the Chairman and Executive Directors to make decisions about resources to be allocated to the segment and assess its performance.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

As at reporting date, the Group and Company have made allowance for impairment amounting to $832,662 (2015: $862,427) and $10,007,240 (2015: $10,007,240) (Note 27(b)) respectively. Management has assessed and concluded that there are no further impairment losses as at reporting date.

(b) Fair value assessment on unlisted security classified as available-for-sale financial assets

The Group holds convertible preferred shares that are not traded in an active market with a carrying amount of $612,583 (2015: $612,583) (Note 14). The Group uses the quoted market price of the investee company's ordinary shares to estimate the value these financial assets.

If the quoted market price of the used in the estimation had been higher/lower by 5%, the Group's carrying amount of available-for-sale financial assets would have been higher/lower by $30,630 (2015: $30,630).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

4. REVENUE

	Group	
	2016	2015
	$	$
Sales of video management solutions	**1,350**	15,813
Rendering of media solutions	**3,656,068**	105,207
Sales of contract manufacturing disk drive technology products	**7,691,384**	7,926,556
Total revenue	**11,348,802**	8,047,576

5. EXPENSES BY NATURE

	Group	
	2016	2015
	$	$
Allowance for inventories obsolescence	**14,899**	–
Amortisation of intangible assets (Note 18)	**264,067**	260,946
Depreciation of property, plant and equipment (Note 17)	**651,331**	555,879
Utilities expenses	**743,867**	713,822
Operating lease expenses	**573,068**	509,927
Loss on disposal of property, plant and equipment	**11,934**	–
Property, plant and equipment written off	**–**	86
Write-back of provision for warranties (Note 19)	**(170)**	(3,159)
Wages and salaries	**7,873,774**	6,454,185
Share-based compensation expenses (Note 24(a), 24(c) and 25(i))	**1,220,961**	431,943
Employer's contribution to defined contribution plans including Central Provident Fund	**468,598**	449,628
Directors' fees (Note 28)	**60,000**	60,000
Cost of video viewerships purchased from publishers	**4,400,209**	86,552
Sales promotion expenses	**390,773**	68,934
Professional and consultancy expenses	**919,464**	398,088

6. OTHER GAINS/(LOSSES) – NET

	Group	
	2016	2015
	$	$
Currency translation (losses)/gains	**(36,711)**	285,669
Fair value changes on derivative financial instruments	**3,843,481**	–
Interest income from bank deposits	**7,621**	15,348
Impairment loss on loans to a joint venture	**–**	(6,139)
Loss on share exchange (available-for-sale financial asset) (Note 14)	**–**	(2,056,992)
Others	**50,515**	40,936
	3,864,906	(1,721,178)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

7. FINANCE EXPENSES

	Group	
	2016	2015
	$	$
Interest expenses on convertible loan	**2,283,857**	–
Interest expenses on bonds	**1,049,154**	–
	3,333,011	–

8. INCOME TAXES

(a) Income tax expense

	Group	
	2016	2015
	$	$
Tax expense attributable to loss is made up of:		
– Loss for the financial year:		
Current income tax		
– Foreign	**–**	–

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2016	2015
	$	$
Tax expense attributable to loss is made up of:		
Loss before tax	**(7,806,766)**	(5,600,954)
Share of loss of joint venture, net of tax	**42,712**	149,492
Loss before tax and share of loss of joint venture	**(7,764,054)**	(5,451,462)
Tax calculated at tax rate of 17% (2015: 17%)	**(1,319,889)**	(926,749)
Effects of:		
– Different tax rates in other countries	**(544,488)**	(228,252)
– Tax exemption in other countries	**(139,545)**	(302,158)
– Expenses not deductible for tax purposes	**882,920**	493,153
– Income not subject to tax	**(653,990)**	(20,579)
– Unrecognised deferred tax assets	**1,782,425**	984,585
– Tax incentives	**(7,433)**	–
	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

8. INCOME TAXES (continued)

(a) Income tax expense (continued)

The foreign subsidiary, Artimedia Technologies Ltd. ("**ATL**") incorporated in the State of Israel is an "Approved Enterprise" for the financial year 31 March 2014, in accordance with section 51a (17) of the Law for Encouragement of Capital Investments – 1959 ("**Encouragement Law**"). The applicable tax rate to ATL's profit is 26.5% (2015: 26.5%).

The foreign subsidiary, Colibri Assembly (Thailand) Co., Ltd. ("**CAT**") incorporated in Thailand is exempted from corporate income tax for 8 years from August 2012 and 50% reduction from payment of corporate income tax for 5 years from August 2021. This is part of the privileges granted pursuant to the provisions of the Board of Investment Promotion Act B.E. 2520. CAT has to comply with certain conditions stipulated in the investment promotion certificate to maintain the corporate tax-free status.

(b) Deferred income taxes

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax assets have not been recognised in respect of the following items:

	2016	2015
	$	$
Deductible temporary differences	**1,610,178**	2,502,606
Tax losses	**47,584,361**	40,477,330
	49,194,539	42,979,936

The Group's unrecognised tax losses and deductible temporary differences can be carried forward and used to offset against future taxable income subject to agreement by the relevant tax authorities and compliance with tax regulations in the respective countries in which the Company and its subsidiaries operate. Tax losses and deductible temporary differences of the Group have no expiry date under current tax legislations.

9. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2016	2015
Net loss attributable to equity holders of the Company ($)	**7,806,766**	5,600,954
Weighted average number of ordinary shares outstanding for basic loss per share	**892,283,656**	873,803,249
Basic loss per share (cents)	**0.87**	0.64

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

9. LOSS PER SHARE (continued)

(a) Basic loss per share (continued)

The weighted average number of ordinary shares does not include the 435,202,106 shares that would be issued under the Proposed Rights Issue in May 2016 (Note 30). The shares that were issued under the Rights Issue approximate the current market prices as at the close of the Rights Issue on 10 May 2016 and have no impact on the earnings per share.

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares in issue are adjusted for the dilutive effects of potential ordinary shares issues.

The Company has four categories of potentially dilutive ordinary shares, namely, share options, share awards, convertible loan and call options as at 31 March 2016 (2015: One category of potentially dilutive ordinary shares, namely share options).

For share options, the weighted average number of shares in issue have been adjusted as if all dilutive share options were exercised and when the condition for issuance of share awards is met at the end of reporting date, which was also the end of the vesting period. The number of shares that could have been issued upon the exercise of all dilutive share options, which condition is fulfilled less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

Diluted loss per share attributable to equity holders of the Company is calculated as follows:

	2016	2015
Net loss used to determine diluted loss per share ($)	**7,806,766**	5,600,954
Weighted average number of ordinary shares outstanding for basic loss per share	**892,283,656**	873,803,249
Adjustments for		
– Share options	**1,818,011**	3,258,207
	894,101,667*	876,061,456*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

9. LOSS PER SHARE (continued)

(b) Diluted loss per share (continued)

The convertible loans and the following outstanding share options were excluded from the diluted weighted average number of ordinary share calculation as their effect would have been anti-dilutive due to the fact that the exercise price has been higher than the market price:

Date of grant of options	As at 31 March 2016	As at 31 March 2015
20 July 2010	**Expired**	720,000
23 June 2011	**8,990,000**	8,990,000
23 December 2011	**4,563,000**	4,563,000
22 August 2012	**6,620,000**	6,620,000
28 September 2013	**Expired**	35,700,000
22 April 2014	**9,081,530**	Nil
17 April 2015	**63,694,267**	Not Applicable
22 September 2015	**30,000,000**	Not Applicable
31 December 2015	**33,750,000**	Not Applicable

* In the current financial year, although the options granted were dilutive in nature, the diluted loss per share was computed based on the weighted average number of shares of 892,283,656 (2015: 873,803,249) shares as the Group had incurred losses.

	2016	2015
Diluted loss per share (cents)	**0.87**	0.64

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cash at bank	**3,081,320**	1,736,044	**973,673**	1,268,391
Short-term fixed deposits	**387,551**	209,335	**–**	–
	3,468,871	1,945,379	**973,673**	1,268,391

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Current:				
Trade receivables				
– Subsidiaries	**–**	–	**2,100,599**	1,416,517
– Non-related parties	**3,935,932**	817,376	**19,441**	19,441
	3,935,932	817,376	**2,120,040**	1,435,958
Less:				
Allowance for impairment of receivables				
– Subsidiaries (Note (a))	**–**	–	**(647,286)**	(647,286)
– Non-related parties	**(19,441)**	(19,441)	**(19,441)**	(19,441)
Trade receivables – net	**3,916,491**	797,935	**1,453,313**	769,231
Other receivables				
– Subsidiaries (non-trade) (Note(b))	**–**	–	**2,469,690**	1,961,065
– Non-related parties	**24,586**	76,174	**2,850**	–
Loans to subsidiaries (Note (b))	**–**	–	**1,659,958**	3,386,558
	24,586	76,174	**4,132,498**	5,347,623
Less:				
Allowance for impairment of receivables				
– Subsidiaries (non-trade) (Note(a))	**–**	–	**(1,152,897)**	(1,192,308)
– Loan to a subsidiary (Note (a))	**–**	–	**–**	(699,600)
Other receivables – net	**24,586**	76,174	**2,979,601**	3,455,715
Advances to suppliers (Note (d))	**4,301,059**	385,799	**–**	–
	8,242,136	1,259,908	**4,432,914**	4,224,946
Non-current:				
Other receivables				
– Subsidiary (Note (c))	**–**	–	**8,690,909**	7,448,605
Loans to subsidiary (Note (b))	**–**	–	**11,483,028**	–
			20,173,937	7,448,605
Less: Allowance for impairment of receivables				
– subsidiary (Note (a))	**–**	–	**(7,488,016)**	(7,448,605)
– loans to subsidiary (Note (a))			**(699,600)**	–
			(8,187,616)	(7,448,605)
Other receivables – net	**–**	–	**11,986,321**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. TRADE AND OTHER RECEIVABLES (continued)

(a) Due to continued operating losses and a net deficit in shareholders' equity recorded by the subsidiaries, majority of the amounts due from the subsidiaries were recognised as impaired at $9,987,799 (2015: $9,987,799).

(b) The non-trade amounts due from subsidiaries and loans to subsidiaries are unsecured, interest-free and repayable on demand.

(c) Other receivables due from a subsidiary are unsecured and interest-free. The repayment of the amount is neither planned nor likely to occur in the next 12 months from the reporting date.

(d) Advances to suppliers comprises mainly prepayments made to publishers for the purchase of video viewerships.

12. OTHER CURRENT ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Deposits	**246,402**	243,748	**53,226**	50,424
Prepayments	**147,711**	104,239	**66,978**	54,910
	394,113	347,987	**120,204**	105,334

13. INVENTORIES

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Spare parts	**118,130**	132,026	**–**	–
Work-in-progress	**845**	2,387	**–**	–
Finished goods	**169,358**	312,931	**–**	11,112
	288,333	447,344	**–**	11,112

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $181,372 (2015: $235,849).

As at 31 March 2016, the Group has recognised an allowance for inventories obsolescence of $14,899.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2016	2015
	$	$
Beginning of financial year	**612,584**	2,669,576
Loss on share exchange (Note (a))	**–**	(2,056,992)
End of financial year	**612,584**	612,584
Less: Current portion	**612,583**	612,583
Non-current portion	**1**	1

On 17 December 2013, the Company entered into a conditional subscription agreement with 212 DB Corp. ("**212 DB**") for the proposed subscription of 4.99% of the issued and paid-up share capital of 212 DB. The proposed subscription was completed on 20 January 2014. The investment in equity securities of 212 DB was recognised as an available-for-sale financial asset ("**AFS**") as at 31 March 2014.

On 1 October 2014, a publicly traded entertainment technology company, Nyxio Technologies Corporation ("**Nyxio**") acquired all of the issued and outstanding shares of 212 DB in exchange for the issuance of Nyxio's convertible preferred shares. As a result of the share exchange, the investment in equity securities of Nyxio was recognised as an AFS on 1 October 2014 and the Company recognised a loss on share exchange of $2,056,992 (Note 6) for the financial year ended 31 March 2015. There was no cash movement arising from the above transaction.

Available-for-sale financial assets ("**AFS**") are analysed as follows:

	Group and Company	
	2016	2015
	$	$
Unlisted securities		
Held at cost (Note (b))		
– Equity security – Japan	**1**	1
Held at fair value		
– Equity security – United States	**612,583**	612,583
Total	**612,584**	612,584

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 $	2015 $
Equity investment, at cost		
Beginning of financial year	**1,316,332**	1,316,332
Inter-group transfer	**(1)**	–
End of financial year	**1,316,331**	1,316,332

On 8 March 2016, the Company disposed a wholly-owned subsidiary, Artimedia Technologies Ltd at a consideration of $1.42 to another wholly-owned subsidiary, Artimedia Pte. Ltd.

Details of subsidiaries are as follows:

Name of subsidiaries	**Principal activities**	**Country of incorporation/ business**	**Effective equity interest held by the Group**	
			2016 %	2015 %
Artimedia Technologies Ltd.*	Research and development activities and sales and marketing by providing added value monetisation services	State of Israel	**100**	100
Artimedia Pte. Ltd.^	Sales and marketing by providing added value monetisation services	Singapore	**100**	100
Artisecurity Technologies Pte. Ltd.^	Development and provision of video management solutions	Singapore	**100**	100
Colibri Assembly (Thailand) Co., Ltd.@	Contract manufacturer of disk drive technology products	Thailand	**100**	100

* Audited by Barzily & Co., Certified Public Accountants.

^ Audited by PricewaterhouseCoopers LLP Singapore.

@ Audited by PricewaterhouseCoopers LLP ABAS Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. INVESTMENT IN A JOINT VENTURE

	Group	
	2016	2015
	$	$
Equity investment, at cost	**5**	5
Less: Share of loss of a joint venture	**(5)**	(5)
	–	–
Loans to a joint venture	**1,418,073**	1,418,073
Less: Share of loss of a joint venture	**(572,805)**	(530,093)
Less: Share of currency translation reserve	**(32,047)**	(44,994)
	813,221	842,986
Less: Allowance for impairment of receivables – loans to a joint venture	**(813,221)**	(842,986)
Loans to a joint venture – net	**–**	–

The loans to a joint venture, Artimedia Ltd, are non-trade in nature, unsecured, interest-free and form part of the Group's net investment in the joint venture. The repayment of the amount is neither planned nor likely to occur in the next 12 months from the reporting date.

Set out below is the joint venture of the Group as at 31 March 2016, which, in the opinion of the directors, is material to the Group. The joint venture has share capital comprising solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

Name of joint venture	**Principal activity**	**Country of incorporation/ business**	**Effective equity interest held by the Group**	
			2016	2015
			%	%
Artimedia Ltd[@]	Investment holding	British Virgin Islands	**40**	40

[@] Not required to be audited under the laws of the country of incorporation

There are no contingent liabilities relating to the Group's interest in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. INVESTMENT IN A JOINT VENTURE (continued)

Summarised statement of financial position

	Artimedia Ltd As at 31 March	
	2016 $	2015 $
CURRENT ASSETS		
Cash and cash equivalents	**116,025**	139,900
Trade receivables	**312**	–
Other current assets	**–**	156,496
	116,337	296,396
NON-CURRENT ASSET		
Property, plant and equipment	**161,539**	430
TOTAL ASSETS	**277,876**	296,826
CURRENT LIABILITY	**(289,874)**	(205,639)
Trade payables and other liabilities		
Includes:		
– Financial liabilities (excluding trade payables)	**(281,525)**	(200,253)
NON-CURRENT LIABILITY		
Loans from a shareholder	**(1,500,130)**	(1,528,903)
TOTAL LIABILITIES	**(1,790,004)**	(1,734,542)
NET LIABILITIES	**(1,512,128)**	(1,437,716)

Summarised statement of comprehensive income

	Artimedia Ltd For the year ended 31 March	
	2016 $	2015 $
Other income	**1,271**	–
Expenses	**(108,051)**	(373,730)
Includes:		
– Salaries and related expenses	**–**	–
Loss before tax, representing total comprehensive loss	**(106,780)**	(373,730)

The information above reflects the amounts included in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. INVESTMENT IN A JOINT VENTURE (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture:

	Artimedia Ltd As at 31 March	
	2016	2015
	$	$
Net liabilities as at beginning of financial year	**(1,437,716)**	(953,064)
Loss for the year	**(106,780)**	(373,730)
Foreign exchange differences	**32,368**	(110,922)
Net liabilities as at end of financial year	**(1,512,128)**	(1,437,716)
Interest in joint venture (40%)	**(604,852)**	(575,087)
Share of loss charged to loans to a joint venture	**572,805**	530,093
Share of other comprehensive income charged to loans to a joint venture	**32,047**	44,994
Carrying value of the Group's interest in the joint venture as at end of financial year	**–**	–

The Group's interest in the joint venture is the carrying amount of the investment in the joint venture and loans to the joint venture. The Group has recognised its share of losses of a joint venture amounting to $572,805 (2015: $530,093) and its share of currency translation differences arising from equity accounting for the investment in a joint venture of $32,047 (2015: $44,994) against its interest in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

17. PROPERTY, PLANT AND EQUIPMENT

	Building $	Plant and equipment $	Furniture and fittings $	Office equipment $	Motor vehicles $	Construction-in-progress $	Total $
Group							
2016							
Cost							
Beginning of financial year	**3,691,180**	**768,018**	**419,450**	**478,069**	**64,545**	**–**	**5,421,262**
Additions	**3,258**	**37,443**	**15,255**	**98,671**	**–**	**15,216**	**169,843**
Transfer	**–**	**15,216**	**–**	**–**	**–**	**(15,216)**	**–**
Disposals	**–**	**(69,828)**	**(244)**	**(3,009)**	**–**	**–**	**(73,081)**
Currency translation differences	**(338,503)**	**(45,328)**	**(17,067)**	**(6,529)**	**(5,920)**	**–**	**(413,347)**
End of financial year	**3,355,935**	**705,521**	**417,394**	**567,202**	**58,625**	**–**	**5,104,677**
Accumulated depreciation							
Beginning of financial year	**445,426**	**398,036**	**206,068**	**357,788**	**19,249**	**–**	**1,426,567**
Depreciation charge	**380,497**	**108,025**	**73,428**	**74,767**	**14,614**	**–**	**651,331**
Disposals	**–**	**(36,090)**	**(123)**	**(2,313)**	**–**	**–**	**(38,526)**
Currency translation differences	**(51,597)**	**(13,449)**	**(1,937)**	**(1,886)**	**(2,179)**	**–**	**(71,048)**
End of financial year	**774,326**	**456,522**	**277,436**	**428,356**	**31,684**	**–**	**1,968,324**
Net book value							
End of financial year	**2,581,609**	**248,999**	**139,958**	**138,846**	**26,941**	**–**	**3,136,353**
2015							
Cost							
Beginning of financial year	2,536,753	612,732	248,224	435,565	44,713	23,671	3,901,658
Additions	20,308	125,866	170,731	48,528	15,952	888,232	1,269,617
Transfer	913,957	–	–	–	–	(913,957)	–
Disposals	–	–	–	(7,923)	–	–	(7,923)
Write-off	–	–	–	(2,393)	–	–	(2,393)
Currency translation differences	220,162	29,420	495	4,292	3,880	2,054	260,303
End of financial year	3,691,180	768,018	419,450	478,069	64,545	–	5,421,262
Accumulated depreciation							
Beginning of financial year	92,310	295,861	150,162	305,384	3,783	–	847,500
Depreciation charge	326,424	94,730	57,267	63,140	14,318	–	555,879
Disposals	–	–	–	(7,923)	–	–	(7,923)
Write-off	–	–	–	(2,307)	–	–	(2,307)
Currency translation differences	26,692	7,445	(1,361)	(506)	1,148	–	33,418
End of financial year	445,426	398,036	206,068	357,788	19,249	–	1,426,567
Net book value							
End of financial year	3,245,754	369,982	213,382	120,281	45,296	–	3,994,695

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and equipment $	Furniture and fittings $	Office equipment $	Total $
Company				
2016				
Cost				
Beginning of financial year	**273,758**	**105,906**	**207,330**	**586,994**
Additions	**–**	**–**	**4,860**	**4,860**
End of financial year	**273,758**	**105,906**	**212,190**	**591,854**
Accumulated depreciation				
Beginning of financial year	**273,447**	**79,822**	**205,693**	**558,962**
Depreciation charge	**311**	**22,457**	**1,656**	**24,424**
End of financial year	**273,758**	**102,279**	**207,349**	**583,386**
Net book value				
End of financial year	**–**	**3,627**	**4,841**	**8,468**
2015				
Cost				
Beginning of financial year	273,758	105,906	208,923	588,587
Additions	–	–	606	606
Write-off	–	–	(2,199)	(2,199)
End of financial year	273,758	105,906	207,330	586,994
Accumulated depreciation				
Beginning of financial year	270,827	57,365	205,121	533,313
Depreciation charge	2,620	22,457	2,771	27,848
Write-off	–	–	(2,199)	(2,199)
End of financial year	273,447	79,822	205,693	558,962
Net book value				
End of financial year	311	26,084	1,637	28,032

18. INTANGIBLE ASSETS

	Group		Company	
	2016 $	2015 $	**2016 $**	2015 $
Composition:				
Computer software licences (Note (a))	**51,256**	28,675	**2,397**	–
Customer relationship (Note (b))	**653,434**	898,471	**–**	–
	704,690	927,146	**2,397**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

18. INTANGIBLE ASSETS (continued)

(a) Computer software licences

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cost				
Beginning of financial year	**1,817,446**	1,779,572	**1,737,522**	1,737,522
Additions	**43,798**	39,388	**4,249**	–
Disposals	**(174)**	–	**–**	–
Currency translation differences	**(2,365)**	(1,514)	**–**	–
End of financial year	**1,858,705**	1,817,446	**1,741,771**	1,737,522
Accumulated amortisation				
Beginning of financial year	**1,788,771**	1,773,611	**1,737,522**	1,737,522
Amortisation charge	**19,030**	15,909	**1,852**	–
Disposals	**(174)**	–	**–**	–
Currency translation differences	**(178)**	(749)	**–**	–
End of financial year	**1,807,449**	1,788,771	**1,739,374**	1,737,522
Net book value	**51,256**	28,675	**2,397**	–

(b) Customer relationship

	Group	
	2016	2015
	$	$
Cost		
Beginning and end of financial year	**1,225,187**	1,225,187
Accumulated amortisation		
Beginning of financial year	**326,716**	81,679
Amortisation charge	**245,037**	245,037
End of financial year	**571,753**	326,716
Net book value	**653,434**	898,471

This represents the value of the customer relationship pursuant to the acquisition of a subsidiary during the financial year ended 31 March 2014.

Amortisation expense of intangible assets is included within "Administrative expenses" in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

19. TRADE PAYABLES AND OTHER LIABILITIES

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade payables to:				
– Non-related parties	**1,388,833**	254,816	**–**	5,949
Other payables – non-related parties	**14,866**	38,568	**11,734**	1
Accrued operating expenses	**2,097,314**	687,438	**761,306**	228,792
Advance payments from customer	**103,860**	134,050	**101,240**	131,380
Advance payments from share option holders	**1,090**	1,090	**1,090**	1,090
Provision for warranties (Note (a))	**3,168**	3,670	**–**	–
	3,609,131	1,119,632	**875,370**	367,212

(a) Movement in provision for warranties is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Beginning of financial year	**3,670**	6,533	**–**	3,047
Provision write-back	**(170)**	(3,159)	**–**	(3,047)
Currency translation differences	**(332)**	296	**–**	–
End of financial year	**3,168**	3,670	**–**	–

The Group and the Company provide up to one-year warranty on certain products and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the reporting date for expected warranty claims based on past experience of the level of repairs and returns.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2016	2015
	$	$
Embedded derivatives	**326,891**	–

Derivative financial instrument comprises the conversion option on the Convertible loan, the call option issued with the Convertible loan, the call options issued with the September Bonds, and the call options issued with the December Bonds.

The fair value measurement is described in Note 27(e).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

21. CONVERTIBLE LOAN

On 17 April 2015, the Company entered into a convertible loan agreement (the "**Loan Agreement**") with NCL Housing Pte. Ltd. (the "**Lender**"), pursuant to which the Lender agreed to grant the Company loans of up to US$4,000,000 in principal amount (the "**Convertible Loan**") with an interest of 15% per annum. The Convertible Loan has an interest rate of 15% per annum, payable semi-annually. The loan will mature on 16 April 2017, and is convertible into 42,462,845 shares (the "**Convertible Shares**") at the Lender's option at a conversion price of US$0.0942 per Conversion Share at any time after the first drawdown date. The Convertible Loan was fully drawn down in April 2015.

Pursuant to the Loan Agreement, the Company has granted the Lender the right to subscribe for 21,231,422 shares (the "**April Option Shares**") at an exercise price of US$0.0942 for each April Option Share, subject to a maximum subscription amount of approximately US$2.00 million (the "**April Options**"). As at 31 March 2016, none of the April Call Options was exercised. The April Options will expire on 16 April 2017.

The convertible loan recognised in the reporting date are analysed as follows:

	Group and Company
	2016
	$
Face value of convertible loan issued on 17 April 2015 (the first draw down date)	5,385,686
Less: Embedded equity conversion option and call option	(3,134,884)
Liability component on initial recognition	2,250,802
Accumulated amortisation of interest expense	1,485,426
Currency translation difference	115,701
Liability component at end of financial year	3,851,929

22. BONDS PAYABLE

(a) September Bonds

On 22 September 2015, the Company entered into a subscription agreement (the "**September Subscription Agreement**") with Mr Ho Kok Fi John (the "**First Subscriber**") and Mr Lim Chye Huat @ Bobby Lim Chye Huat (the "**Second Subscriber**") (together, the "**September Subscribers**"), pursuant to which the September Subscribers agreed to subscribe for bonds in aggregate principal amount of $4.00 million to be issued by the Company ("**September Bonds**") at a subscription price of 80% of the principal amount of the September Bonds ("**September Issuance of Bonds**"). The bonds are interest-free.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

22. BONDS PAYABLE (continued)

(a) September Bonds (continued)

In connection with the September Issuance of Bonds, the Company had, on the same day, entered into an option deed with the September Subscribers, pursuant to which the Company granted the September Subscribers a total of 30,000,000 share options ("**September Options**") (of which 22,500,000 options are granted to the First Subscriber and 7,500,000 options are granted to the Second Subscriber, which each option carrying the right to subscribe for one new Share ("**September Option Share**") at the exercise price of $0.10 for each September Option Share.

As at 31 March 2016, none of the September Options was exercised. The September Options will expire on 21 September 2017.

(b) December Bonds

On 31 December 2015, the Company entered into a subscription agreement (the "**December Subscription Agreement**") with Mr Low See Ching ("**Mr Low**") and Ms Poh Chew Hua Christine ("**Ms Poh**") (together, the "**December Subscribers**"), pursuant to which the December Subscribers agreed to subscribe for bonds in aggregate principal amount of $4.50 million to be issued by the Company ("**December Bonds**") at a subscription price of 100% of the principal amount of the Bonds ("**December Issuance of Bonds**"). The bonds have an interest rate of 15% per annum, payable when the bonds mature.

In connection with the December Issuance of Bonds, the Company had, on the same day, entered into an option deed (the "**December Option Deed**") with the December Subscribers, pursuant to which the Company granted the December Subscribers a total of 33,750,000 share options ("**December Options**") (of which 18,750,000 options were granted to Mr Low and 15,000,000 options to Ms Poh, with each Option carrying the right to subscribe for one new Share ("**December Option Share**") at the exercise price of $0.10 for each December Option Share.

As at 31 March 2016, none of the December Options was exercised. The December Options will expire on 31 December 2017.

(c) The bonds recognised in the reporting date are analysed as follows:

	Group and Company
	2016
	$
Face value of bonds	7,700,000
Less: Derivative components	(1,084,125)
Liabilities components on initial recognition	6,615,875
Accumulated amortisation of interest expense	879,944
Liabilities component at end of financial year	7,495,819

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

23. LOANS FROM SHAREHOLDER

The loans from shareholder are non-trade in nature, unsecured and interest-free. As announced on 18 March 2016, the shareholder, Algotech has agreed that the entire amount of $2.75 million shall be set off against (i) the entire subscription monies payable by Algotech for an aggregate of 83,208,066 Rights Shares; and (ii) a portion of the subscription monies payable by Mr Soh Sai Kiang Philip for an aggregate of 27,181,666 Rights Shares. The Rights Issue has been completed on 18 May 2016. (Note 30)

	Group and Company	
	2016	2015
	$	$
Current	**2,750,000**	–
Non-current	**–**	2,750,000

24. SHARE CAPITAL

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

	No. of ordinary shares issued share capital	**Amount of share capital $**
Group and Company		
2016		
Beginning of financial year	**888,427,918**	**50,730,411**
Issuance of new shares pursuant to the employee share award scheme (Note (a))	**11,200,000**	**672,000**
End of financial year	**899,627,918**	**51,402,411**
2015		
Beginning of financial year	634,556,192	45,964,039
Renounceable and partially underwritten Rights Issue (Note (b))	253,822,476	5,076,449
Share issue expenses	–	(315,974)
Share option exercised (Note (c))	49,250	5,897
End of financial year	888,427,918	50,730,411

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

24. SHARE CAPITAL (continued)

(a) Employee share award scheme

The Employee Share Award Scheme (the "**Scheme**") of Artivision Technologies Ltd. was approved and adopted by its members at an Extraordinary General Meeting on 29 July 2015. The Scheme is administered by the Company's remuneration committee comprising, Dr Tan Khee Giap, Soh Sai Kiang Philip, Ng Weng Sui Harry and Wong Chee Meng Lawrence.

Under the Scheme, all share awards to be issued will have a term no longer than 10 years commencing 29 July 2015. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The aggregate number of new shares to be issued pursuant to the share awards granted under the Scheme on any date, when added to the number of shares issued and issuable under any other share incentive schemes or share plans adopted by the Company from the time being in force, including but not limited to the share option plan, shall be limited to 15% of the total number of issued share capital of the Company (excluding treasury shares, if any) on the day preceding that date.

The total number of shares available to controlling shareholders and their associates shall not exceed 25% of the number of shares in respect of which the Company may grant share awards under the Scheme and the total number of shares available to each controlling shareholder or his associate shall not exceed 10% of the number of shares in respect of which the Company may grant share awards under the Scheme.

The participants of the Scheme will receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, and in relation to a performance-related share award, upon the participant achieving prescribed performance targets are met within a prescribed performance period. Performance targets set under the Scheme are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

During the financial year ended 31 March 2016, 46,500,000 share awards were granted under the existing employee share award scheme. Out of the 46,500,000 share awards granted, 11,200,000 share awards are vested, issued and allotted pursuant to the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

24. SHARE CAPITAL (continued)

(a) Employee share award scheme (continued)

The performance-related share awards are described below:

Date of grant of share awards	**13.11.2015**	**18.12.2015**
Fair value at measurement date	$0.060	$0.053
Number of share awards granted	36,750,000	9,750,000
Vesting period of the share awards	In relation to the 17,200,000 non Performance-related share awards, 11,200,000 share awards will have no vesting period whereas the remaining 6,000,000 will be vested on 31 January 2017. In relation to the 19,550,000 Performance-related share awards, share awards will be vested on 31 January 2017, subject to the satisfaction of the prescribed Performance Target and in accordance with the terms of the share awards.	In relation to the Performance-related share awards, (i) 7,525,000 share awards will be vested on 31 January 2017; (ii) 300,000 share awards will be vested on 31 May 2017; and (iii) 1,925,000 share awards will be vested on 31 January 2018 subject to the satisfaction of the prescribed Performance Target and in accordance with the terms of the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

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24. SHARE CAPITAL (continued)

(a) Employee share award scheme (continued)

Movements in the number of unissued ordinary shares under share awards at the end of the financial year and their fair value prices are as follows:

		No. of ordinary shares under share awards					
Group and Company	Fair value price $	Beginning of financial year	Granted During the year	Forfeited/ expired during financial year	Allotted and issued during financial Year	End of financial year	Vesting date
2016							
Date of grant							
Non performance-related share awards with no vesting period							
13.11.2015	0.060	–	11,200,000	–	(11,200,000)	–	–
Non performance-related share awards with vesting period							
13.11.2015	0.060	–	6,000,000	–	–	6,000,000	31.01.2017
Performance-related share awards with vesting period							
13.11.2015	0.060	–	19,550,000	–	–	19,550,000	31.01.2017
18.12.2015	0.053	–	7,525,000	(625,000)	–	6,900,000	31.01.2017
18.12.2015	0.053	–	300,000	–	–	300,000	31.05.2017
18.12.2015	0.053	–	1,925,000	(625,000)	–	1,300,000	31.01.2018
		–	**46,500,000**	**(1,250,000)**	**(11,200,000)**	**34,050,000**	

The Group charged $1,259,105 to profit or loss for the financial year ended 31 March 2016, based on fair value of the share awards at the grant date.

(b) Renouncement and partially underwritten rights issue

On 3 March 2014, the Company proposed to undertake a renounceable and partially underwritten rights issue of up to 273,435,576 new ordinary shares in the capital of the Company ("**2014 Rights Shares**") at an issue price of $0.02 for each Rights Share, on the basis of two Rights Shares for every five existing ordinary shares in the capital of the Company held by the shareholders of the Company as at 26 March 2014, fractional entitlements to be disregarded ("**Proposed Rights Issue**"). The proceeds received from the Proposed Rights Issue were used for the purpose of working capital. The Proposed Rights Issue was completed on 22 April 2014 and 253,822,476 Rights Shares were allotted and issued. The newly issued shares rank pari passu in all respects with the previously issued shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

24. SHARE CAPITAL (continued)

(c) Share options

The Employee Share Option Plan (the "**Plan**") of Artivision Technologies Ltd. was approved and adopted by its members at an Extraordinary General Meeting on 21 October 2007. The Plan is administered by the Company's remuneration committee, comprising Dr Tan Khee Giap, Soh Sai Kiang Philip, Ng Weng Sui Harry and Wong Chee Meng Lawrence.

The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the five market days immediately preceding the date of grant.

Under the Plan, options will vest as follows:

(a) one year after the date of grant for 25% of the ordinary shares subject to the options;

(b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;

(c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and

(d) four years after the date of grant for an additional 25% of the ordinary shares subject to the options.

All options are settled by physical delivery of shares.

Information regarding the Plan is as follows:

(a) each option entitles the holder to subscribe for one unissued ordinary share of the Company;

(b) the range of exercise price of the options outstanding at the reporting date is set at $0.048 to $0.22 per share (2015: $0.05 to $0.22);

(c) the options can be exercised from 23 June 2012 to 22 April 2019 (2015: 20 July 2011 to 22 April 2019), subject to compliance with the terms of each grant of options; and

(d) all options are settled by physical delivery of shares.

No options were granted prior to 28 November 2007.

During the financial year ended 31 March 2016, no share option was granted under the existing employee share option plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

24. SHARE CAPITAL (continued)

(c) Share options (continued)

Movements in the number of unissued ordinary shares under option at the end of the financial year and their exercise prices are as follows:

	No. of ordinary shares under option						
Group and Company	**Beginning of financial year**	**Granted during the year**	**Forfeited/ expired during financial year**	**Exercised during financial year**	**End of financial year**	**Exercise price $**	**Exercise period**
2016							
Date of grant							
20.07.2010	720,000	–	(720,000)	–	–	0.08	20.07.2011 to 20.07.2015
22.03.2011	2,250,000	–	(2,250,000)	–	–	0.05	22.03.2012 to 22.03.2016
23.06.2011	8,990,000	–	–	–	8,990,000	0.21	23.06.2012 to 23.06.2016
23.12.2011	4,563,000	–	–	–	4,563,000	0.14	23.12.2012 to 23.12.2016
22.08.2012	6,620,000	–	–	–	6,620,000	0.22	22.08.2013 to 22.08.2017
22.04.2014	18,090,000	–	(410,000)	–	17,680,000	0.048	22.04.2015 to 22.04.2019
	41,233,000	**–**	**(3,380,000)**	**–**	**37,853,000**		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

24. SHARE CAPITAL (continued)

(c) Share options (continued)

	No. of ordinary shares under option						
Group and Company	Beginning of financial year	Granted during the year	Forfeited/ expired during financial year	Exercised during financial year	End of financial year	Exercise price	Exercise period
2015							
Date of grant							
02.07.2009	4,379,250	–	(4,379,250)	–	–	0.12	02.07.2010 to 02.07.2014
20.07.2010	849,250	–	(80,000)	(49,250)	720,000	0.08	20.07.2011 to 20.07.2015
22.03.2011	2,250,000	–	–	–	2,250,000	0.05	22.03.2012 to 22.03.2016
23.06.2011	9,080,000	–	(90,000)	–	8,990,000	0.21	23.06.2012 to 23.06.2016
23.12.2011	4,613,000	–	(50,000)	–	4,563,000	0.14	23.12.2012 to 23.12.2016
22.08.2012	7,580,000	–	(960,000)	–	6,620,000	0.22	22.08.2013 to 22.08.2017
22.04.2014	–	19,450,000	(1,360,000)	–	18,090,000	0.048	22.04.2015 to 22.04.2019
	28,751,500	19,450,000	(6,919,250)	(49,250)	41,233,000		

Out of the unexercised options for 37,853,000 (2015: 41,233,000) shares, options for 22,938,000 (2015: 15,898,000) shares are exercisable at the reporting date. There is no share option exercised in 2016. The weighted average share price at the date of exercise for share options exercised in 2015 was $0.08 per share.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes Options Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The Group write-back $38,144 (2015: charged $431,943) to profit or loss for the financial year ended 31 March 2016, based on fair value of the share options at the grant date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

24. SHARE CAPITAL (continued)

(c) Share options (continued)

Fair value of share options and assumptions

Date of grant of options	20.07.2010	22.03.2011	23.06.2011
Fair value at measurement date	$0.0166 – $0.0424	$0.0092 -$0.0255	$0.0369 – $0.1065
Share price	$0.09	$0.055	$0.23
Exercise price	$0.08	$0.05	$0.21
Expected volatility	31.62% – 70.33%	30.25% – 60.20%	28.75% – 59.53%
Expected option life	1 – 5 years	1 – 5 years	1 – 5 years
Expected dividends	–	–	–
Risk-free interest rate	0.35% – 0.65%	0.36% – 0.77%	0.41% – 0.80%

Date of grant of options	23.12.2011	22.08.2012	22.04.2014
Fair value at measurement date	$0.0225 – $0.0618	$0.0641 – $0.1682	$0.0164 -$0.0272
Share price	$0.14	$0.215	$0.041
Exercise price	$0.14	$0.22	$0.048
Expected volatility	39.12% – 56.84%	78.53% – 123.54%	92.62% – 117.60%
Expected option life	1 – 5 years	1 – 5 years	1 – 5 years
Expected dividends	–	–	–
Risk-free interest rate	0.35% – 0.52%	0.24% – 0.35%	0.32% – 1.12%

The Group has assumed that all options granted will be exercised upon vesting (immediate upon vesting at 1st, 2nd, 3rd and 4th anniversaries).

The expected volatility is based on the historical volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There is no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

(d) Option shares

(i) 2013 Call option shares

On 28 September 2013, the Company entered into subscription agreements ("**Subscription Agreements**") to allot and issue 35,700,000 new ordinary shares at a price of $0.12222 per share to provide funds for the settlement of all unpaid construction costs for CAT's existing factory situated in Thailand and the balance thereof for its working capital. The placement was completed on 16 October 2013. The newly issued shares rank pari passu in all respects with the previously issued shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

24. SHARE CAPITAL (continued)

(d) Option shares (continued)

(i) 2013 Call option shares (continued)

Pursuant to the Subscription Agreements dated 28 September 2013, the Company had granted options to each subscriber to subscribe an aggregate of 35,700,000 additional shares in the share capital of the Company at $0.12222 per option share (the "**2013 Call Options**") (Note 20(f)). The value of the 2013 Call Option has been recognised within the share capital. As at 31 March 2016, none of the 2013 Call Options were exercised and the 2013 Call Options were expired on 27 September 2015.

(ii) Conversion shares and April option shares

Pursuant to the Loan Agreement signed on 17 April 2015, the US$4.00 million outstanding Convertible Loan is convertible into 42,462,845 Conversion Shares at conversion price of US$0.0942. In connection with the Loan Agreement, the Company had granted the Lender, Convertible Option, which is exercisable into an aggregate of 21,231,422 April option shares at exercise price of US$0.0942. Refer to note 21 for more information.

(iii) September option shares

Pursuant to the September option deed signed on 22 September 2015, 30,000,000 outstanding September Options are exercisable into 30,000,000 September option shares. Refer to note 22(a) for more information.

(iv) December option shares

Pursuant to the December option deed signed on 31 December 2015, 33,750,000 outstanding December Options are exercisable into 33,750,000 December option shares. Refer to note 22(b) for more information.

The total number of the shares in the capital of the Company that may be issued on conversion of all the outstanding convertibles of the Company as at 31 March 2016 was 199,347,267 (31 March 2015: 76,933,000).

25. OTHER RESERVES

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Composition:				
Share-based compensation reserve	**3,090,706**	2,541,745	**3,090,706**	2,541,745
Currency translation reserve	**(189,946)**	76,350	**–**	–
Capital reserve	**11**	11	**11**	11
	2,900,771	2,618,106	**3,090,717**	2,541,756

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

25. OTHER RESERVES (continued)

(i) Share-based compensation reserve

The share-based compensation reserve comprises the cumulative value of employee services received for the issue of share options and share awards.

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Movements:				
Beginning of financial year	**2,541,745**	2,111,736	**2,541,745**	2,111,736
– Value of employee services (Note 5)	**1,220,961**	431,943	**1,220,961**	431,943
– Share awards allotted	**(672,000)**	–	**(672,000)**	–
– Share options exercised	**–**	(1,957)	**–**	(1,957)
– Proceeds from new share options granted	**–**	23	**–**	23
End of financial year	**3,090,706**	2,541,745	**3,090,706**	2,541,745

Share-based compensation reserve is non-distributable

(ii) Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the subsidiaries and joint venture whose functional currency are different from that of the Company.

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Movements:				
Beginning of financial year	**76,350**	(12,602)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**(266,296)**	88,952	**–**	–
End of financial year	**(189,946)**	76,350	**–**	–

Currency translation reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

25. OTHER RESERVES (continued)

(iii) Capital reserve

The capital reserve comprises the call option included in the converted loan.

	Group		Company	
	2016 $	2015 $	**2016 $**	2015 $
Beginning and end of financial year	**11**	11	**11**	11

Capital reserve is non-distributable.

26. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

	Group	
	2016 $	2015 $
Purchase of video viewerships*	**7,144,200**	12,283,425

* On 12 March 2015, the Company contracted with Walla Communications Ltd. ("**Walla**") for a three-year period commencing June 2015, whereby the Company irrevocably purchases from Walla a substantial part of video viewerships of its site, in exchange for guaranteed minimum payments plus a participation in profits above a determined calculated threshold. On 1 March 2015, the Company contracted with Globes Publisher Itonut (1983) Ltd ("**Globes**") for a one-year period, to use all publisher advertising video viewerships, in exchange for guaranteed minimum payments plus a participation in profits.

(b) Operating lease commitments – where the Group is a lessee

The Group leases land, factory, office premises, equipment and motor vehicle from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2016 $	2015 $
Not later than one year	**623,478**	657,073
Between one and five years	**330,026**	709,153
	953,504	1,366,226

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Financial risk management is integral to the business of the Group. The Group has a system of controls and policies such as authority levels and oversight responsibilities to manage risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee and Board of Directors oversee how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Market risk

(i) Currency risk

Entities in the Group are exposed to foreign currency risk on transactions and balances that are denominated currencies other than their respective functional currencies. Currencies risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("**SGD**"), Israeli Shekel Dollar ("**ILS**"), United States Dollar ("**USD**"), Euro ("**EUR**") and Thai Baht ("**THB**"). To manage the currency risk, individual Group entities use natural hedging for cash foreign currency exposure risk in connection with the foreign currency. The Group does not enter into transactions to hedge against its foreign currency risk.

In respect of other monetary assets and liabilities held in currencies other than SGD, the Group ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations in Israel and Thailand. Currency exposure to the net assets of the Group's foreign operations in Israel and Thailand is minimal as it maintains minimal capital in Israel and Thailand respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $	ILS $	USD $	THB $	Total $
At 31 March 2016					
Financial assets					
Cash and cash equivalents	577,644	1,524,588	1,005,034	361,605	3,468,871
Trade and other receivables	6,741	3,397,651	493,037	21,524	3,918,953
Receivables from subsidiaries	14,741,480	–	14,623,987	–	29,365,467
Other current assets	53,226	134,548	–	58,628	246,402
Available-for-sale financial asset	612,584	–	–	–	612,584
	15,991,675	5,056,787	16,122,058	441,757	37,612,277
Financial liabilities					
Trade payables and other liabilities	(423,309)	(2,405,330)	(393,105)	(280,358)	(3,502,102)
Loans from shareholder	(2,750,000)	–	–	–	(2,750,000)
Convertible loan	–	–	(3,851,929)	–	(3,851,929)
Bonds payable	(7,495,819)	–	–	–	(7,495,819)
Payables by subsidiaries	(14,741,480)	–	(14,623,987)	–	(29,365,467)
Derivative financial instruments	(241,875)	–	(85,016)	–	(326,891)
	(25,652,483)	(2,405,330)	(18,954,037)	(280,358)	(47,292,208)
Net financial (liabilities)/assets	(9,660,808)	2,651,457	(2,831,979)	161,399	(9,679,931)
Financial liabilities/ (assets) denominated in the respective entities' functional currencies	7,992,056	(2,651,457)	–	(161,399)	5,179,200
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	(1,668,752)	–	(2,831,979)	–	(4,500,731)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD $	ILS $	USD $	EUR $	THB $	Total $
At 31 March 2015						
Financial assets						
Cash and cash equivalents	1,044,196	348,294	404,830	6,359	141,700	1,945,379
Trade and other receivables	3,702	174,935	581,269	–	114,203	874,109
Receivables from subsidiaries	4,224,946	–	–	–	–	4,224,946
Other current assets	50,425	130,411	–	–	62,912	243,748
Available-for-sale financial asset	612,584	–	–	–	–	612,584
	5,935,853	653,640	986,099	6,359	318,815	7,900,766
Financial liabilities						
Trade payables and other liabilities	(251,689)	(265,946)	(67,044)	–	(397,233)	(981,912)
Loans from shareholder	(2,750,000)	–	–	–	–	(2,750,000)
Payables by subsidiaries	(4,224,946)	–	–	–	–	(4,224,946)
	(7,226,635)	(265,946)	(67,044)	–	(397,233)	(7,956,858)
Net financial (liabilities)/assets	(1,290,782)	387,694	919,055	6,359	(78,418)	(56,092)
Financial liabilities/ (assets) denominated in the respective entities' functional currencies	(1,396,176)	(387,694)	–	–	78,418	(1,705,452)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	(2,686,958)	–	919,055	6,359	–	(1,761,544)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $	USD $	EUR $	Total $
At 31 March 2016				
Financial assets				
Cash and cash equivalents	536,070	437,603	–	973,673
Trade and other receivables	4,756,531	11,662,704	–	16,419,235
Other current assets	53,226	–	–	53,226
Available-for-sale financial asset	612,584	–	–	612,584
	5,958,411	12,100,307	–	18,058,718
Financial liabilities				
Trade payables and other liabilities	(393,626)	(380,504)	–	(774,130)
Loans from shareholder	(2,750,000)	–	–	(2,750,000)
Convertible loan	–	(3,851,929)	–	(3,851,929)
Bonds payable	(7,495,819)	–	–	(7,495,819)
Derivative financial instruments	(241,875)	(85,016)	–	(326,891)
	(10,881,320)	(4,317,449)	–	(15,198,769)
Net financial (liabilities)/assets	(4,922,909)	7,782,858	–	2,859,949
Financial liabilities denominated in the Company's functional currency	4,922,909	–	–	4,992,909
Currency exposure of financial liabilities	–	7,782,858	–	7,782,858

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $	USD $	EUR $	Total $
At 31 March 2015				
Financial asset				
Cash and cash equivalents	1,011,108	250,924	6,359	1,268,391
Trade and other receivables	4,224,946	–	–	4,224,946
Other current assets	50,424	–	–	50,424
Available-for-sale financial asset	612,584	–	–	612,584
	5,899,062	250,924	6,359	6,156,345
Financial liability				
Trade payables and other liabilities	(225,435)	(10,397)	–	(235,832)
Loans from shareholder	(2,750,000)	–	–	(2,750,000)
	(2,975,435)	(10,397)	–	(2,985,832)
Net financial assets	2,923,627	240,527	6,359	3,170,513
Financial liabilities denominated in the Company's functional currency	(2,923,627)	–	–	(2,923,627)
Currency exposure of financial assets	–	240,527	6,359	246,886

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the THB, USD and EUR change against the SGD by 10% (2015: 10%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	← Increase/(decrease) →	
	Loss after tax 2016 $	Loss after tax 2015 $
Group		
SGD against THB		
– strengthened	**166,875**	268,696
– weakened	**(166,875)**	(268,696)
USD against SGD		
– strengthened	**283,198**	(91,906)
– weakened	**(283,198)**	91,906
EUR against SGD		
– strengthened	**–**	(636)
– weakened	**–**	636
Company		
USD against SGD		
– strengthened	**(778,286)**	(24,053)
– weakened	**778,286**	24,053
EUR against SGD		
– strengthened	**–**	(636)
– weakened	**–**	636

(ii) Interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing asset that is based on floating rate, the Group's income is substantially independent of changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. Bank deposits are placed with banks with high credit-ratings assigned by international credit-rating agencies. For trade receivables, the Group adopts a credit policy, which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Otherwise, the credit quality of customers is assessed after taking into account its financial position and past experience with the customers. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The trade receivables of the Group comprise 5 debtors (2015: 1 debtor) that individually represented more than 5% (2015: 98%) of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
By geographical areas				
Thailand and Singapore	**518,840**	623,000	**–**	–
Israel	**3,397,651**	174,935	**–**	–
	3,916,491	797,935	**–**	–
By operating segments				
Video management solutions	**4,397**	3,702	**–**	–
Media solutions	**3,397,651**	174,935	**–**	–
Contract manufacturing business	**514,443**	619,298	**–**	–
	3,916,491	797,935	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

The impaired trade receivables arise mainly from trade receivables from non-related party, amount due from the subsidiaries and a joint venture, which have suffered significant losses in its operations.

The carrying amount of trade and other receivables individually determined to be impaired are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade receivables				
– non-related party	**19,441**	19,441	**19,441**	19,441
– subsidiaries	**–**	–	**647,286**	647,286
Loan to a subsidiary	**–**	–	**699,600**	699,600
Other receivables from a subsidiary	**–**	–	**8,640,913**	8,640,913
	19,441	19,441	**10,007,240**	10,007,240
Less: Allowance for impairment				
– amounts due from non-related parties	**(19,441)**	(19,441)	**(19,441)**	(19,441)
– amounts due from a subsidiary (trade)	**–**	–	**(647,286)**	(647,286)
– loan to a subsidiary	**–**	–	**(699,600)**	(699,600)
– other receivables from a subsidiary	**–**	–	**(8,640,913)**	(8,640,913)
	–	–	**–**	–
Loans to a joint venture	**1,418,073**	1,418,073	**–**	–
Less: Share of loss of a joint venture	**(572,805)**	(530,093)	**–**	–
Less: Currency translation difference	**(32,047)**	(44,994)	**–**	–
	813,221	842,986	**–**	–
Less: Allowance for impairment	**(813,221)**	(842,986)	**–**	–
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

Movement in the allowance for impairment on the trade and other receivables is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Beginning of financial year	**(862,427)**	(856,288)	**(10,007,240)**	(2,319,939)
Allowance made	**–**	(6,139)	**–**	(7,687,301)
Allowance write-back	**29,765**	–	**–**	–
End of financial year	**(832,662)**	(862,427)	**(10,007,240)**	(10,007,240)

There is no other class of financial assets that is past due and/or impaired.

(iii) Financial assets that are past due but not impaired

There is no class of financial assets that is past due but not impaired.

(c) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 10. The Group has no overdraft facility as at the reporting date.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year $	More than 1 year $
Group		
At 31 March 2016		
Trade payables and other liabilities	**3,502,103**	**–**
Bonds payable	**9,175,000**	**–**
Convertible loan *	**808,944**	**5,797,432**
Loans from shareholder ^	**2,750,000**	**–**
At 31 March 2015		
Trade payables and other liabilities	981,912	–
Loans from shareholder	–	2,750,000
Company		
At 31 March 2016		
Trade payables and other liabilities	**774,130**	**–**
Bonds payable	**9,175,000**	**–**
Convertible loan *	**808,944**	**5,797,432**
Loans from shareholder ^	**2,750,000**	**–**
At 31 March 2015		
Trade payables and other liabilities	235,832	–
Loans from shareholder	–	2,750,000

* The convertible loan will mature on 16 April 2017, and is convertible into 42,462,845 shares at any time from the first draw down date (Note 21). The convertible loan is classified as current liability pursuant to the Loan Agreement, the Lender is able to convert the Convertible Loan into Convertible Shares once the Convertible Loan has been fully drawn down till the maturity date on 16 April 2017.

^ The settlement of the loans from Algotech (the "**shareholder**") will occur within the next 12 months from the reporting date as the agreement with Algotech is that the entire amount shall be set off against the entire subscription monies payable by Algotech for an aggregate of 83,208,066 Rights Shares and a portion of the subscription monies payable by Mr Soh Sai Kiang Philip for an aggregate of 27,181,666 Rights Shares, as announced on 18 March 2016. The Rights Issue was completed on 18 May 2016 and the proceeds due from Algotech and a portion of the proceeds due from Mr Soh Sai Kiang Philip has been set off against the shareholder loan (Note 30).

(d) Capital risk

The Group defines "Capital" to include share capital, other reserves and accumulated losses.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain or achieve an optimal capital structure so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. However, the Board recognises the nature of the Group's business and therefore operates its policy in the context of the Group's operating requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

The Board monitors the working capital requirements of the Group periodically to ensure that there are sufficient financial resources available to meet the needs of the business. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or obtain new borrowings.

There were no changes in the Group's approach to capital management during the financial year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements for the financial years ended 31 March 2016 and 2015.

(e) Fair value measurements

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade payables and other liabilities) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Group and Company

	Level 1 $	Level 2 $	Level 3 $	Total $
2016				
Asset				
Available-for-sale financial asset	–	**612,583**	–	**612,583**
Liabilities				
Derivative financial instruments	–	**326,891**	–	**326,891**
2015				
Asset				
Available-for-sale financial asset	–	612,583	–	612,583

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

27. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

Available-for-sale financial assets

The Group's investment that is classified as Level 2 comprises convertible preferred shares of a publicly traded company. The fair value of the convertible preferred shares is estimated by making reference to the quoted market price of the investee company's ordinary shares. The date of conversion is determined based on the projected share price, estimated using the historical daily stock price of the underlying common stock.

Derivative financial instruments

The Group's derivative financial instruments that is classified as Level 2 comprises own shares listed in the Singapore stock exchange. The fair value of the derivative instruments is calculated using trinomial tree option. The expected volatility is based on the historical volatility (calculated based on the weighted average expected life of the options), adjusted for any expected changes to future volatility due to publicly available information. There is no market condition associated with the option grants.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Note 14 and Note 20 to the financial statements, except for the following:

	Group		Company	
	2016	2015	**2016**	2015
	$	$	**$**	$
Loans and receivables	**7,634,226**	3,063,236	**17,446,134**	5,543,761
Financial liabilities at amortised cost	**17,599,850**	3,731,912	**14,871,878**	2,985,832

28. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Key management personnel compensation is as follows:

	Group	
	2016	2015
	$	$
Directors' fees (Note 5)	**60,000**	60,000
Wages and salaries (including allowances)	**1,243,437**	1,012,202
Employer's contribution to defined contribution plans, including Central Provident Fund	**91,573**	34,735
Share-based compensation expense at fair value charged to profit or loss during the financial year	**1,323,373**	368,753
Other benefits	**63,808**	61,925
	2,782,191	1,537,615

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

29. SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The reportable segments are the same as operating segments. No aggregation is performed when the segment reporting is prepared. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chairman and Executive Directors (the chief operating decision maker) review internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Video Management Solutions: includes supply of intelligent monitoring system, software licensing and maintenance.

(b) Media Solutions: includes rendering of video monetisation services to advertisers and publishers, whereby advertisement are delivered in and around video content.

(c) Contract Manufacturing Business: includes contract manufacturing of disk drive technology products.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Chairman and Executive Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

29. SEGMENT INFORMATION (continued)

Business segments

The segment information provided to the Chairman and Executive Directors for the reportable segments are as follows:

	Video management solutions		Media solutions		Contract manufacturing business		Total	
	2016 $	2015 $	**2016 $**	2015 $	**2016 $**	2015 $	**2016 $**	2015 $
Segment revenue	**1,350**	15,813	**3,656,068**	105,207	**7,691,384**	7,926,556	**11,348,802**	8,047,576
Reportable segment (loss)/profit before income tax	**(502,413)**	(435,645)	**(5,803,180)**	(2,939,374)	**411,599**	902,432	**(5,893,994)**	(2,472,587)
Other material non-cash items:								
Depreciation of property, plant and equipment	**311**	2,620	**41,252**	26,581	**585,655**	501,451	**627,218**	530,652
Amortisation of intangible assets	**–**	–	**5,568**	5,714	**256,647**	255,232	**262,215**	260,946
Assets and liabilities:								
Reportable segment assets	**29,324**	31,615	**9,566,245**	1,139,169	**5,538,732**	6,350,225	**15,134,301**	7,521,009
Reportable segment liabilities	**128,276**	154,224	**2,452,081**	343,196	**294,617**	419,592	**2,874,974**	917,012
Other segment information:								
Capital expenditure of property, plant and equipment	**–**	–	**84,021**	36,664	**80,961**	1,232,345	**164,982**	1,269,009
Capital expenditure of intangible assets	**–**	–	**30,145**	797	**9,404**	38,591	**39,549**	39,388

(a) Reconciliations

(i) Segment loss

A reconciliation of reportable segment revenues and profit or loss is as follows:

	2016 $	2015 $
Revenues		
Total revenue for reportable segments	**11,348,802**	8,047,576
Consolidated revenue	**11,348,802**	8,047,576
Profit or loss		
Total loss for reportable segments	**(5,893,994)**	(2,472,587)
Unallocated amounts:		
– Distribution expenses	**(8,212)**	(3,708)
– Administrative expenses	**(2,385,940)**	(1,368,700)
– Other gains/(losses) – net	**3,814,391**	(1,755,959)
– Finance expenses	**(3,333,011)**	–
Consolidated loss before income tax	**(7,806,766)**	(5,600,954)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

29. SEGMENT INFORMATION (continued)

(a) Reconciliations (continued)

(ii) Segment assets

The amounts provided to the Chairman and Executive Directors with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than cash and cash equivalents, available-for-sale financial assets, other receivables such as interest receivables and corporate services and other current assets such as prepayments and deposits.

Segment assets are reconciled to total assets as follows:

	2016 **$**	2015 $
Segment assets for reportable segments	**15,134,301**	7,521,009
Unallocated:		
Cash and cash equivalents	**973,673**	1,268,391
Other current assets	**118,054**	105,336
Property, plant and equipment	**8,468**	27,723
Available-for-sale financial assets	**612,584**	612,584
	16,847,080	9,535,043

(iii) Segment liabilities

The amounts provided to the Chairman and Executive Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than accrued professional fees such as audit fees, tax fees, secretarial fees, accrued shared payroll expenses, advance payments from share option holders and directors' fees payable.

Segment liabilities are reconciled to total liabilities as follows:

	2016 **$**	2015 $
Segment liabilities for reportable segments	**2,874,974**	917,012
Unallocated:		
Trade and other payables	**734,157**	202,620
Loans from shareholder	**2,750,000**	2,750,000
Convertible loan	**3,851,929**	–
Bonds payable	**7,495,819**	–
Derivative instruments	**326,891**	–
	18,033,770	3,869,632

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

29. SEGMENT INFORMATION (continued)

(b) Geographical information

The Group's three business segments operate primarily in three main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally video management solutions;
- Thailand – the operations in this area are principally contract manufacturing business.
- Israel – the operations in this area are principally media solutions.

	Segment revenue		Non-current assets	
	2016	2015	**2016**	2015
	$	$	**$**	$
Singapore	**1,350**	15,813	**10,865**	28,032
Thailand	**7,691,384**	7,926,556	**3,712,440**	4,845,002
Israel	**3,656,068**	105,207	**117,739**	48,808
	11,348,802	8,047,576	**3,841,044**	4,921,842

The total amount of revenues from transactions with each external customer which individually amounts to 10% or more of the Group's revenues are as follows:

	2016	2015
	$	$
Contract Manufacturing Business		
Customer 1	**7,691,384**	7,926,556
Media Solutions		
Customer 1	**990,087**	–
Customer 2	**366,006**	–
Customer 3	**355,128**	–

30. EVENTS OCCURRING AFTER REPORTING DATE

On 18 April 2016, the Company proposed to undertake a renounceable non-underwritten rights issue of up to 875,008,487 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of $0.03 for each Rights Share, on the basis of five Rights Shares for every six existing ordinary shares in the capital of the Company held by the shareholders of the Company ("**Shareholders**") as at 20 April 2016, fractional entitlements to be disregarded ("**Proposed Rights Issue**"). The proceeds received from the Proposed Rights Issue will be used for the purpose of working capital and purchase of video viewerships.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

30. EVENTS OCCURRING AFTER REPORTING DATE (continued)

The Proposed Rights Issue was completed on 18 May 2016. The Group issued 435,202,106 new shares under the Rights Issue and received total proceeds of approximately $12.93 million. The amount includes proceeds of $2.75 million that was set off against the loans from shareholder (Note 23). The newly issued shares rank pari passu in all respects with the previously issued shares.

31. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning on or after 1 April 2016 and which the Group has not early adopted:

* FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2017*)

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This amendment is not expected to have any significant impact on the financial statements of the Group.

* *(The effective date of IFRS 15 Revenue from contracts with customers has been deferred from 1 January 2017 to 1 January 2018. No such deferral has been made for FRS 115 Revenue from contracts with customers as at 31 October 2015).*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

31. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

These standards may have an impact on the financial statements when they becomes effective. The Group is in the process of evaluating the impact of these standards on the financial statements.

32. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Artivision Technologies Ltd. on 10 June 2016.

STATISTICS OF SHAREHOLDINGS

As at 15 June 2016

SHAREHOLDERS' INFORMATION

Class of Equity Securities	Number of Equity Securities	Voting Rights
Ordinary Shares	1,334,830,024	One vote per share (excluding treasury shares)
Treasury Shares	Nil	Nil

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	6	0.36	264	0.00
100 – 1,000	70	4.24	61,706	0.01
1,001 – 10,000	147	8.89	949,600	0.07
10,001 – 1,000,000	1,306	79.01	223,604,105	16.75
1,000,001 and above	124	7.50	1,110,214,349	83.17
	1,653	100.00	1,334,830,024	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Algotech Holdings Ltd[1]	183,057,746	13.71	–	–
Ching Chiat Kwong	148,155,331	11.10	–	–
Dr Ofer Miller	109,111,244	8.17	–	–
Soh Sai Kiang Philip[2]	59,799,666	4.48	183,057,746	13.71

The percentage of shareholding above is computed based on the total issued shares of the Company of 1,334,830,024.

(1) Algotech Holdings Ltd is an investment holding company incorporated in the British Virgin Islands. The shareholder of Algotech Holdings Ltd is Soh Sai Kiang Philip.

(2) Pursuant to Section 7 of the Companies Act (Chapter 50) of Singapore, Soh Sai Kiang Philip is deemed to be interested in the 183,057,746 ordinary shares held by Algotech Holdings Ltd.

STATISTICS OF SHAREHOLDINGS

As at 15 June 2016

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Algotech Holdings Ltd	183,057,746	13.71
2	Dr Ofer Miller	109,111,224	8.17
3	DB Nominees (S) Pte Ltd	107,656,266	8.07
4	Maybank Kim Eng Securities Pte Ltd	89,206,666	6.68
5	Raffles Nominees (Pte) Ltd	60,982,931	4.57
6	Soh Sai Kiang Philip	59,799,666	4.48
7	OCBC Securities Private Ltd	51,893,099	3.89
8	Kuang Eng Kong @ Kuan Yong Kuan	26,294,033	1.97
9	UOB Kay Hian Pte Ltd	25,856,998	1.94
10	Chia Kee Neo Elsie	16,442,000	1.23
11	Phillip Securities Pte Ltd	16,196,432	1.21
12	Quahe Cheng Bok Ian	12,800,000	0.96
13	Lee Kuan Kheng Candy (Li Guangqing)	11,017,947	0.83
14	Bank of Singapore Nominees Pte Ltd	10,023,666	0.75
15	Yao Hsiao Tung	10,000,000	0.75
16	Goh Tzu Seoh Kenneth	9,698,333	0.73
17	Lau Yeow Tai	9,386,666	0.70
18	Ching Chiat Kwong	9,166,666	0.69
19	Seow Kheng Yong (Xiao Qingrong)	8,870,900	0.66
20	Citibank Nominees Singapore Pte Ltd	8,736,000	0.65
		836,197,259	62.64

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 15 June 2016, approximately 60.18% of the Company's shares listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ARTIVISION TECHNOLOGIES LTD. (the "**Company**") will be held at 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961 on Friday, 29 July 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to the Company's Constitution and who, being eligible, offer themselves for re-election, as a Director of the Company:

Mr Soh Sai Kiang Philip	(Retiring under Article 91)	**(Resolution 2)**
Dr Tan Khee Giap	(Retiring under Article 91)	**(Resolution 3)**
Dr Ofer Miller	(Retiring under Article 91)	**(Resolution 4)**
Mr Low See Ching Eric	(Retiring under Article 97)	**(Resolution 5)**
Mr Yang Tse Pin	(Retiring under Article 97)	**(Resolution 6)**

[See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$60,000 for the financial year ended 31 March 2016 (2015: S$60,000). **(Resolution 7)**

4. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "***Share Issue Mandate***")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of the aggregate number of shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 9)**

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to issue shares under the Artivision Technologies Employee Share Option Plan and Artivision Technologies Employee Share Award Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to offer and grant options under the Artivision Technologies Employee Share Option Plan (the "**Plan**") and to offer and grant share awards under the Artivision Technologies Employee Share Award Scheme (the "**Scheme**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Plan and the vesting of awards granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan and the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 10)**

[See Explanatory Note (iii)]

By Order of the Board



Mr Lau Yan Wai
Company Secretary
Singapore, 7 July 2016

Explanatory Notes:

(i) Mr Soh Sai Kiang Philip will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Company and a member of the Audit, Nominating and Remuneration Committees. Mr Soh Sai Kiang Philip has a direct interest of 4.48% and a deemed interest (through Algotech Holdings Ltd, a substantial shareholder of the Company) of 13.71% in the Company. Mr Soh Sai Kiang Philip also has 4,000,000 share options and 6,000,000 share awards in the Company. Save for the abovementioned relationship, there are no relationships (including immediate family relationships) between Mr Soh Sai Kiang Philip and the other Directors of the Company, the Company or its 10% shareholders. The Board considers Mr Soh Sai Kiang Philip to be non-independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.

Dr Tan Khee Giap will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Dr Tan Khee Giap has a direct interest of 0.24% in the Company and 450,000 share options in the Company. Save for the abovementioned relationship, there are no relationships (including immediate family relationships) between Dr Tan Khee Giap and the other Directors of the Company, the Company or its 10% shareholders. The Board considers Dr Tan Khee Giap to be independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.

Dr Ofer Miller will, upon re-election as a Director of the Company, remain as an Executive Director of the Company. Dr Ofer Miller has a direct interest of 8.17% in the Company. Dr Ofer Miller also has 4,000,000 share options and 6,000,000 share awards in the Company. Save for the abovementioned relationship, there are no relationships (including immediate family relationships) between Dr Ofer Miller and the other Directors of the Company, the Company or its 10% shareholders.

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Mr Low See Ching Eric will, upon re-election as a Director of the Company, remain as a Non-Executive Director of the Company. Mr Low See Ching Eric has 18,750,000 share options in the Company, with each share option carrying the right to subscribe for one new share in the Company at the exercise price of S$0.10 for each share option. Save for the abovementioned relationship, there are no relationships (including immediate family relationships) between Mr Low See Ching Eric and the other Directors of the Company, the Company or its 10% shareholders.

Mr Yang Tse Pin will, upon re-election as a Director of the Company, remain as an Independent Director of the Company. Mr Yang Tse Pin has a direct interest of 0.51% and a deemed interest (through Kingpin Investment Pte Ltd) of 0.04% in the Company. Save for the abovementioned relationship, there are no relationships (including immediate family relationships) between Mr Yang Tse Pin and the other Directors of the Company, the Company or its 10% shareholders.

Further detailed information on the abovementioned Directors who are proposed to be re-appointed at the Annual General Meeting of the Company can be found under the sections entitled "**Profile of Directors & Key Management Personnel**" and "**Corporate Governance Report**" of the Company's Annual Report 2016.

(ii) The Ordinary Resolution 9 above, if passed, will authorise and empower the Directors of the Company from the date of this Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares and Instruments that may be issued, the percentage of the aggregate number of shares and Instruments will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 10 above, if passed, will authorise and empower the Directors of the Company, from the date of this Annual General Meeting of the Company until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is the earliest, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Plan and the vesting of share awards granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Plan and the Scheme) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A member of the Company (other than a Relevant Intermediary as defined below) entitled to attend and vote at the Annual General Meeting of the Company (the "**Meeting**") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. A member who is a Relevant Intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant Intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

NOTICE OF ANNUAL GENERAL MEETING

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its duly authorised officer or attorney.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 67 Ubi Avenue 1 #06-02/03 Starhub Green Singapore 408942 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal Data Privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is Ms Goh Mei Xian, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

ARTIVISION TECHNOLOGIES LTD.

(Company Registration No. 200407031R)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing the Proxy Form)

I/We, _____ (Name) NRIC/Passport No.* _____

of _____

being a member/members* of Artivision Technologies Ltd. (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us on my/our behalf at the Annual General Meeting of the Company (the "**Meeting**") to be held at 16 Arumugam Road, Lion Building D, #05-01, Seminar Room, Singapore 409961 on Friday, 29 July 2016 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her* discretion.

☐ Please tick here if more than two (2) proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

NOTE: The Chairman of the Meeting will be exercising his right under Article 61 of the Company's Constitution to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the Meeting and at any adjournment thereof. Accordingly, each resolution at the Meeting will be voted on by way of a poll.

No.	Resolutions relating to:	Number of votes	
		For**	Against**
1	The Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2016 together with the Auditors' Report thereon		
2	Re-election of Mr Soh Sai Kiang Philip as a Director of the Company		
3	Re-election of Dr Tan Khee Giap as a Director of the Company		
4	Re-election of Dr Ofer Miller as a Director of the Company		
5	Re-election of Mr Low See Ching Eric as a Director of the Company		
6	Re-election of Mr Yang Tse Pin as a Director of the Company		
7	Approval of the payment of Directors' fees of S$60,000 for the financial year ended 31 March 2016 (2015: S$60,000)		
8	Re-appointment of PricewaterhouseCoopers LLP as Auditors of the Company		
9	Authority to issue shares in the capital of the Company		
10	Authority to issue shares under the Artivision Technologies Employee Share Option Plan and Artivision Technologies Employee Share Award Scheme		

** If you wish to exercise all your votes "For" or "Against", please indicate with a "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total No. of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

_____

Signature of Shareholder(s)
Of Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and shares registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), a member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified. If the proportion of shareholding is not specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and the entire number of shares registered in his/her name in the Register of Members, and any second named proxy as an alternate to the first named proxy.
4. Pursuant to Section 181(6) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote instead of the member at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the members. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 67 Ubi Avenue 1 #06-02/03 Starhub Green Singapore 408942 not less than forty-eight (48) hours before the time appointed for the holding the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 July 2016.