Company Registration No. 200407031R

ARTIVISION TECHNOLOGIES LTD.

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2015

This announcement 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 announcement.

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

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1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Months		
	1 Apr 2015 to 30 Jun 2015	1 Apr 2014 to 30 Jun 2014	+/-
	(Unaudited)	(Unaudited)	
	S$'000	S$'000	%
Revenue	1,743	1,954	(11)
Cost of sales	(1,451)	(1,227)	18
Gross profit	292	727	(60)
Gross profit margin	17%	37%	
Other losses/expenses - net	(90)	(4)	2,150
Distribution expenses	(349)	(184)	90
Administrative expenses	(1,062)	(950)	12
Other operating expenses (including research and development expenses)	(593)	(402)	48
Loss before income tax	(1,802)	(813)	122
Income tax expense	-	(5)	N.M.
Net loss for the period	(1,802)	(818)	120
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – (Losses)/Gains	(185)	2	N.M.
Total comprehensive loss	(1,987)	(816)	144

N.M. – not meaningful

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

(i) Loss for the period is arrived at after (charging)/crediting the following:

	3 Months		
	1 Apr 2015 to 30 Jun 2015	1 Apr 2014 to 30 Jun 2014	+/-
	(Unaudited)	(Unaudited)	
	S$'000	S$'000	%
Depreciation of property, plant and equipment	(162)	(119)	36
Amortisation of intangible assets	(64)	(63)	2
Allowance for inventories obsolescence	(1)	-	N.M.
Loss on disposal of property, plant and equipment	(-*)	-	N.M.
Other losses/expenses – net			
Interest income from bank deposits	2	4	(50)
Interest expenses on convertible loan	(165)	-	N.M.
Foreign exchange gains/(losses) - net	70	(15)	N.M.
Other operating income	3	7	(57)
	(90)	(4)	2,150

N.M. – not meaningful
** - Amount less than S$1,000*

1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2015 (Unaudited) S$'000	31 Mar 2015 (Audited) S$'000	30 Jun 2015 (Unaudited) S$'000	31 Mar 2015 (Audited) S$'000
ASSETS				
Current assets				
Cash and cash equivalents	2,596	1,945	1,628	1,268
Available-for-sale financial asset	613	613	613	613
Trade and other receivables	1,333	874	4,349	4,226
Other current assets	3,726	734	79	105
Inventories	461	447	11	11
	8,729	**4,613**	**6,680**	**6,223**
Non-current assets				
Other receivables	-	-	4,771	-
Available-for-sale financial asset	-*	-*	-*	-*
Investments in subsidiaries	-	-	1,316	1,316
Investment in a joint venture	-	-	-	-
Property, plant and equipment	3,668	3,995	22	28
Intangible assets	865	927	-	-
	4,533	**4,922**	**6,109**	**1,344**
Total assets	**13,262**	**9,535**	**12,789**	**7,567**
LIABILITIES				
Current liability				
Trade payables and other liabilities	1,357	1,119	527	367
Non-current liabilities				
Loans from shareholder	2,750	2,750	2,750	2,750
Convertible loan	5,402	-	5,402	-
	8,152	2,750	8,152	2,750
Total liabilities	**9,509**	**3,869**	**8,679**	**3,117**
NET ASSETS	**3,753**	**5,666**	**4,110**	**4,450**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	50,731	50,731	50,731	50,731
Other reserves	2,507	2,618	2,616	2,542
Accumulated losses	(49,485)	(47,683)	(49,237)	(48,823)
Total equity	**3,753**	**5,666**	**4,110**	**4,450**

** - Amount less than S$1,000*

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

Amount repayable in one (1) year or less, or on demand

	As at 30 Jun 2015 (Unaudited)		As at 31 Mar 2015 (Audited)	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Bank borrowings	-	-	-	-
Loans from shareholder	-	-	-	-
Convertible loan	-	-	-	-

Amount repayable after one (1) year

	As at 30 Jun 2015 (Unaudited)		As at 31 Mar 2015 (Audited)	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Bank borrowings	-	-	-	-
Loans from shareholder	-	2,750	-	2,750
Convertible loan	-	5,402	-	-

Details of any collateral

Not applicable, as there are no collateral on the Group's borrowings.

The loans from shareholder are interest-free and unsecured. The settlement of the amount is at the discretion of the Company and is not likely to occur within the next twelve (12) months.

Convertible loan bears interest at 15% per annum and is unsecured and repayable on 16 April 2017.

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30 Jun 2015 (Unaudited) S$'000	3 months ended 30 Jun 2014 (Unaudited) S$'000
Cash flows from operating activities		
Net loss	(1,802)	(818)
Adjustments for		
- Income tax expense	-	5
- Amortisation of intangible assets	64	63
- Depreciation of property, plant and equipment	162	119
- Unrealised currency translation losses/(gains)	1	(5)
- Interest income	(2)	(4)
- Interest expense on convertible loan	165	-
- Loss on disposal of property, plant and equipment	-*	-
- Allowance for inventories obsolescence	1	-
- Employee share option expenses	74	133
	(1,337)	(507)
Change in working capital:		
- Inventories	(38)	(41)
- Trade and other receivables	(545)	(57)
- Other current assets	(2,854)	75
- Trade payables and other liabilities	77	(55)
Cash used in operations	(4,697)	(585)
Interest received	2	4
Income tax paid	-	(3)
Net cash used in operating activities	(4,695)	(584)
Cash flows used in investing activities		
Additions to property, plant and equipment	(48)	(277)
Additions to intangible assets	(3)	-
Sales proceeds on disposal of property, plant and equipment	-*	-
Net cash used in investing activities	(51)	(277)
Cash flows from financing activities		
Proceeds from new share options granted	-	-*
Proceeds from the renounceable and partially underwritten Rights Shares	-	3,303
Share issue expenses	-	(315)
Proceeds from convertible loan	5,402	-
Net cash from financing activities	5,402	2,988
Net increase in cash and cash equivalents	**656**	**2,127**
Cash and cash equivalents		
Beginning of financial year	1,945	2,931
Effects of currency translation on cash and cash equivalents	(5)	4
End of financial period	**2,596**	**5,062**

** Amount less than S$1,000*

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Currency translation reserve	Share option reserve	Capital reserve	Accumulated losses	Total attributable to equity holders of the Company
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
(Unaudited)						
Balance as at 1 April 2014	45,964	(12)	2,112	-*	(42,083)	5,981
Total comprehensive loss for the period	-	2	-	-	(818)	(816)
Value of employee services received for issue of share options	-	-	133	-	-	133
Renounceable and partially underwritten Rights Issue	5,076	-	-	-	-	5,076
Share issue expenses	(315)	-	-	-	-	(315)
Proceeds from new share options granted	-	-	-*	-	-	-*
Balance as at 30 June 2014	50,725	(10)	2,245	-*	(42,901)	10,059
(Unaudited)						
Balance as at 1 April 2015	50,731	76	2,542	-*	(47,683)	5,666
Total comprehensive loss for the period	-	(185)	-	-	(1,802)	(1,987)
Value of employee services received for issue of share options	-	-	74	-	-	74
Balance as at 30 June 2015	50,731	(109)	2,616	-*	(49,485)	3,753

* *Amount less than S$1,000*

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

STATEMENT OF CHANGES IN EQUITY

Company	Share capital	Share option reserve	Capital reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000
(Unaudited)					
Balance as at 1 April 2014	45,964	2,112	-*	(37,440)	10,636
Total comprehensive loss for the period	-	-	-	(404)	(404)
Value of employee services received for issue of share options	-	133	-	-	133
Renounceable and partially underwritten Rights Issue	5,076	-	-	-	5,076
Share issue expenses	(315)	-	-	-	(315)
Proceeds from new share options granted	-	-*	-	-	-*
Balance as at 30 June 2014	50,725	2,245	-*	(37,844)	15,126
(Unaudited)					
Balance as at 1 April 2015	50,731	2,542	-*	(48,823)	4,450
Total comprehensive loss for the period	-	-	-	(414)	(414)
Value of employee services received for issue of share options	-	74	-	-	74
Balance as at 30 June 2015	50,731	2,616	-*	(49,237)	4,110

* *Amount less than S$1,000*

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as, the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	Share Capital
		S$'000
Issued and fully paid ordinary shares		
Balance at 1 April 2015	888,427,918	50,731
Changes in issued share capital	-	-
Balance at 30 June 2015	888,427,918	50,731

As at 30 June 2015, the total number of employee share options outstanding was 41,053,000 (30 June 2014: 47,761,500).

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 S$0.12222 per share to provide funds for the settlement of all unpaid construction costs for Colibri Assembly (Thailand) Co., Ltd ("**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. Pursuant to the Subscription Agreements, 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 S$0.12222 per option share (the "**2013 Call Options**"). The value of the 2013 Call Options has been recognised within the share capital. As at 30 June 2015, none of the 2013 Call Options were exercised and the 2013 Call Options will expire on 27 September 2015.

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 principle amount (the "**Convertible Loan**"), convertible into such number of new ordinary shares in the share capital of the Company (the "**Convertible Shares**") at a conversion price of US$0.0942 for each Conversion Share. The Convertible Loan has been fully drawn down on 17 April 2015 and 27 April 2015. Pursuant to the Loan Agreement, the Company has granted the Lender the right to subscribe for such number of shares in the share capital of the Company (the "**Option Shares**") at an exercise price of US$0.0942 for each Option Share, subject to a maximum subscription amount of approximately US$2,000,000 (the "**2015 Call Options**"). As at 30 June 2015, none of the 2015 Call Options were exercised and the 2015 Call Options will expire on 16 April 2017.

The total number of the 2013 Call Options and the 2015 Call Options outstanding as at 30 June 2015 was 56,931,422 (30 June 2014: 35,700,000).

The Company did not have any treasury shares as at 30 June 2015 and 30 June 2014.

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

	As at 30 June 2015	As at 31 March 2015
Number of issued shares	888,427,918	888,427,918

The Company did not have any treasury shares as at 30 June 2015 and 31 March 2015.

1 (d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements for the financial year ended 31 March 2015.

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

Not applicable.

6. Loss per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

(a) Basic loss per share based on the weighted average number of ordinary shares on issue; and

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 period.

	3 Months	
	1 Apr 2015 to 30 Jun 2015	**1 Apr 2014 to 30 Jun 2014**
Net loss attributable to equity holders of the Company (S$'000)	1,802	818
Weighted average number of ordinary shares outstanding to compute basic loss per share	888,427,918	829,804,250
Basic loss per share (S$ cents)	0.20	0.10

(b) Diluted loss per share on a fully diluted basis (detailing any adjustments made to the earnings)

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 share issues.

The Company has two categories of potential dilutive ordinary shares, which are share options and call options as at 30 June 2015 and 31 March 2015.

6. Loss per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

(b) **Diluted loss per share on a fully diluted basis (detailing any adjustments made to the earnings)** (continued)

For share options, the weighted average number of shares in issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options 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:

	3 Months	
	1 Apr 2015 to 30 Jun 2015	**1 Apr 2014 to 30 Jun 2014**
Net loss used to determine diluted loss per share (S$'000)	1,802	818
Weighted average number of ordinary shares outstanding for basic loss per share	888,427,918	829,804,250
Adjustment for		
- Share options	3,819,876	112,665
	892,247,794^	829,916,915^

The following share options were excluded from the diluted weighted average number of ordinary share calculation as their effect would have been anti-dilutive:

Date of grant of options	As at 30 June 2015	As at 31 March 2015
20 July 2010	720,000	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	35,700,000	35,700,000
22 April 2014	Nil	Nil
17 April 2015	21,231,422	Nil

^ In the current financial period, although the options granted were dilutive in nature, the diluted loss per share was computed based on the weighted average number of shares of 888,427,918 shares (30 June 2014: 829,804,250) for the 3 months ended 30 June 2015 as the Group had incurred losses.

	3 Months	
	1 Apr 2015 to 30 Jun 2015	**1 Apr 2014 to 30 Jun 2014**
Diluted loss per share (S$ cents)	0.20	0.10

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 period during which the options were outstanding.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year:

	Group		Company	
	As at 30 June 2015	As at 31 March 2015	As at 30 June 2015	As at 31 March 2015
Net asset value per ordinary share (S$ cents)	0.42	0.64	0.46	0.50

Net asset value per ordinary share is calculated based on 888,427,918 shares in issue as at 30 June 2015 (888,427,918 shares in issue as at 31 March 2015).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

Revenue for the first quarter ended 30 June 2015 ("**Q1 2016**") decreased to S$1.74 million from S$1.95 million for the previous corresponding quarter ended 30 June 2014 ("**Q1 2015**"). This was mainly attributable to lower revenue from the Group's Contract Manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("**CAT**") due to lower demand by CAT's end customers. The Group's revenue was mainly contributed by CAT that represented approximately 91% of the Group's total revenue in Q1 2016 as compared to 99% in Q1 2015. The Group's revenue from Media Solutions business had increased to S$105K in Q1 2016 from S$10K in Q1 2015.

Gross profit margin has decreased to 17% in Q1 2016 from 37% in Q1 2015. The decrease was mainly due to the following:

1. Lower revenue from CAT resulted in lower economy of scale.
2. Higher cost of sales of CAT due to increase in depreciation arising from construction of new clean room.
3. Sale of less profitable products in CAT due to changes in product mix from the customer.
4. Gross loss in Media Solution business at the initial stage.

The aggregate distribution, administrative and other operating expenses for Q1 2016 increased by S$0.47 million as compared to Q1 2015. This was mainly due to the following:-

1. Increase in overall payroll of S$0.36 million due to an increase in headcount in view of increase in activities of the Media Solutions business.
2. Increase in professional fees of approximately S$0.10 million relating to legal fees and software sub-contractors.
3. Increase in advertising, marketing and media promotion expenses for Media Solutions business on Advision of approximately S$0.03 million.
4. Increase in office expenses of S$0.02 million due to the expanding of office space for Artimedia Technologies Ltd. ("**Artimedia**").
5. Increase in test run expenses due to testing of new products for Contract Manufacturing business of approximately S$0.01 million.
6. Increase in depreciation of property, plant and equipment and amortisation of intangible assets of S$0.01 million.

The increase in distribution, administrative and other operating expenses in Q1 2016 was partially offset by the decrease in share option expenses of approximately S$0.06 million, as some of the employee share options granted by the Group had been fully vested in financial year ended 31 March 2014.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (continued)

The other expenses increased to S$0.09 million in Q1 2016 from S$4K in Q1 2015. This was mainly due to the interest expenses incurred from the Convertible Loan of S$0.17 million. This was partially offset by foreign exchange gain in Q1 2016 of S$0.07 million compared to foreign exchange loss in Q1 2015 of S$0.02 million mainly due to strengthening of USD against SGD as some of the inter-company loans are in USD.

Statement of Financial Position

Current assets increased from S$4.61 million as at 31 March 2015 to S$8.73 million as at 30 June 2015, mainly due to increase in cash and cash equivalents of S$0.65 million, trade and other receivables of S$0.46 million, other current assets of S$3.00 million and inventories of S$0.01 million.

Cash and cash equivalents increased from S$1.95 million as at 31 March 2015 to S$2.60 million as at 30 June 2015. This was mainly due to the proceeds received in April 2015 pursuant to the Loan Agreement of US$4.00 million. The increase was partially offset by the advance payment for purchase of media video viewership from publishers in Israel and fund used for working capital purposes.

Trade and other receivables increased from S$0.87 million as at 31 March 2015 to S$1.33 million as at 30 June 2015, mainly due to an increase in trade receivables of S$0.89 million from the Media Solutions business which is in line with the increase in revenue for Media Solutions business. This was partially offset by a decrease in trade receivables of S$0.48 million from the Contract Manufacturing business due to decrease in contract manufacturing's revenue. The increase in other receivables of S$0.05 million was contributed by the Contract Manufacturing business.

Other current assets increased from S$0.73 million as at 31 March 2015 to S$3.73 million as at 30 June 2015, mainly due to an increase in prepayments from the Media Solutions business of S$3.02 million as advance payment to publishers for purchase of media video viewership. This was partially offset by a decrease in other current assets of S$0.02 million.

Non-current assets decreased from S$4.92 million as at 31 March 2015 to S$4.53 million as at 30 June 2015, mainly due to decrease in property, plant and equipment of S$0.33 million and intangible assets of S$0.06 million.

Property, plant and equipment decreased from S$3.99 million as at 31 March 2015 to S$3.66 million as at 30 June 2015, mainly due to the depreciation charges incurred during the period, which was partially offset by the additions in office equipments and furniture and fittings by the subsidiaries, CAT and Artimedia.

Intangible assets decreased from S$0.92 million as at 31 March 2015 to S$0.86 million as at 30 June 2015, mainly due to the amortisation charges incurred during the period.

Current liabilities increased from S$1.12 million as at 31 March 2015 to S$1.36 million as at 30 June 2015. This was mainly due to an increase in trade payables and accruals of approximately S$0.24 million.

Non-current liabilities increased from S$2.75 million as at 31 March 2015 and to S$8.15 million as at 30 June 2015, mainly due to the convertible loan of approximately S$5.40 million.

Loans from shareholder remained unchanged at S$2.75 million as at 31 March 2015 and 30 June 2015.

Convertible loan stood at S$5.40 million arising from the Convertible Loan amounting to a total of US$4.00 million pursuant to the Loan Agreement which had been drawn down in April 2015.

Total equity decreased from S$5.67 million as at 31 March 2015 to S$3.75 million as at 30 June 2015, is mainly due to losses in Q1 2016.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (continued)

Consolidated Statement of Cash Flows

Net cash used in operating activities for Q1 2016 was S$4.70 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 Media Solutions business. Net cash used in investing activities for Q1 2016 was S$0.05 million that is due to the additions of property, plant and equipment and intangible assets for CAT and Artimedia. Net cash from financing activities for Q1 2016 was S$5.40 million due to the proceeds from the Convertible Loan.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

(i) Media Solutions Business

To-date, the Company's wholly-owned subsidiary, Artimedia, had signed exclusive business contracts with the following publishers in Israel:

- Yediot Internet ("**Ynet**"), an Israeli news and general content website (including websites under Ynet group such as One, xnet, fxp, ynet-news, mynet, frogy, Channel 8 mini sites, Hot and Channel 20);
- Walla! Communications Ltd. ("**Walla**"), a leading internet portal;
- Globes Publisher Itonut (1983) Ltd ("**Globes**"), a leading business news site;
- The Sports Channel Ltd ("**Sport 5**"), a leading sports channel;
- Israel Hayom, ("**Israel Today**"), a leading daily news publication;
- NRG, a leading daily news publication and subsidiary of Israel Today;
- Channel 7, a internet news and religious website for the religious community in Israeli; and
- CTV Media Israel Ltd ("**CTV**"), a foremost company in the field of digital signage.

Artimedia had also signed several contracts (including memorandum of understanding) with leading advertising agencies in Israel such as (i) a subsidiary of one of the world's largest advertising agency which is a leader in professional web marketing; and (ii) Lapam, Israel's Government Advertising Agency. Barring any unforeseen circumstances, we are cautiously optimistic on the positive business outlook of the Media Solutions business.

(ii) Contract Manufacturing Business

Although we had a lower revenue from CAT in Q1 2016 due to a decrease in demand from the end-customers as compared to Q1 2015, we are cautiously optimistic that, barring unforeseen circumstances, the Contract Manufacturing Business will positively contribute to the Group's results for the financial year ending 31 March 2016.

11. Dividends.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended.

13. Use of proceeds from the Convertible Loan

US$2.7 million of the Convertible Loan was drawn down on 17 April 2015 and the balance US$1.3 million was drawn on 27 April 2015 pursuant to the Loan Agreement.

As at 30 June 2015, the Convertible Loan proceeds of US$4 million have been partially utilised as follows:

Utilisation of Convertible Loan Proceeds

	US$'million
Advance payment for purchase of media video viewership from Publishers in Israel	2.75
Purchase of office equipments and office furniture	0.02
As working capital for the first quarter ended 30 June 2015	
- Distribution expenses	0.22
- Administrative expenses	0.18
- Other operating expenses	0.27
Total Utilised	3.44
Balance unutilised	0.56

14. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

15. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Listing Manual.

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the interim financial results for the first quarter ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Philip Soh
Non-Executive Chairman
29 July 2015

Kenneth Goh
Executive Director and Chief Executive Officer