Company Registration No. 200407031R

ARTIVISION TECHNOLOGIES LTD.

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited (formerly known as 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 2016 to 30 Jun 2016	1 Apr 2015 to 30 Jun 2015	+/-
	(Unaudited)	(Unaudited)	
	S$'000	S$'000	%
Revenue	4,328	1,743	148
Cost of sales	(3,584)	(1,451)	147
Gross profit	744	292	155
Gross profit margin	17%	17%	
Other gains - net	-*	75	N.M.
Expenses			
- Distribution	(599)	(349)	72
- Administrative	(2,420)	(1,655)	46
- Finance	(1,208)	(165)	632
Loss before income tax	(3,483)	(1,802)	93
Income tax expense	-	-	-
Net loss for the period	(3,483)	(1,802)	93
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	190	(185)	N.M.
Total comprehensive loss	(3,293)	(1,987)	66

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

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 2016 to 30 Jun 2016	1 Apr 2015 to 30 Jun 2015	+/-
	(Unaudited)	(Unaudited)	
	S$'000	S$'000	%
Depreciation of property, plant and equipment	(154)	(162)	(5)
Amortisation of intangible assets	(67)	(64)	5
Allowance for inventories obsolescence	-	(1)	N.M.
Loss on disposal of property, plant and equipment	(3)	(-*)	N.M.
Other gains/(losses) – net			
Currency translation (losses)/gains - net	(315)	70	N.M.
Fair value changes on derivative financial instruments	294	-	N.M.
Interest income from bank and fixed deposits	8	2	300
Others	13	3	333
	-	75	N.M.
Finance expenses			
Interest expense on convertible loan	(573)	(165)	247
Interest expense on bonds	(635)	-	N.M.
	(1,208)	(165)	632

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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 Jun 2016 (Unaudited) S$'000	31 Mar 2016 (Audited) S$'000	30 Jun 2016 (Unaudited) S$'000	31 Mar 2016 (Audited) S$'000
ASSETS				
Current assets				
Cash and cash equivalents	12,280	3,469	7,047	974
Available-for-sale financial asset	613	613	613	613
Trade and other receivables	7,738	8,242	4,221	4,433
Other current assets	365	394	97	120
Inventories	341	288	-	-
	21,337	**13,006**	**11,978**	**6,140**
Non-current assets				
Other receivables	-	-	16,070	11,986
Available-for-sale financial asset	-*	-*	-*	-*
Investments in subsidiaries	-	-	1,316	1,316
Investment in a joint venture	-	-	-	-
Property, plant and equipment	3,017	3,136	4	9
Intangible assets	641	705	1	2
	3,658	**3,841**	**17,391**	**13,313**
Total assets	**24,995**	**16,847**	**29,369**	**19,453**
LIABILITIES				
Current liabilities				
Trade payables and other liabilities	3,893	3,609	732	875
Derivative financial instruments	32	327	32	327
Convertible loan	4,220	3,852	4,220	3,852
Bonds payable	7,963	7,496	7,963	7,496
Loans from shareholder	-	2,750	-	2,750
	16,108	**18,034**	**12,947**	**15,300**
Total liabilities	**16,108**	**18,034**	**12,947**	**15,300**
NET ASSETS/(LIABILITIES)	**8,887**	**(1,187)**	**16,422**	**4,153**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	64,339	51,402	64,339	51,402
Other reserves	3,521	2,901	3,521	3,091
Accumulated losses	(58,973)	(55,490)	(51,438)	(50,340)
Total equity	**8,887**	**(1,187)**	**16,422**	**4,153**

** - 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 2016 (Unaudited)		As at 31 Mar 2016 (Audited)	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Loans from shareholder	-	-	-	2,750
Convertible loan	-	4,220	-	3,852
Bonds payable	-	7,963	-	7,496

Amount repayable after one (1) year
Nil

Details of any collateral

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

The loans from shareholder are interest-free and unsecured. As announced on 18 March 2016, the shareholder, Algotech Holdings Ltd ("**Algotech**"), had agreed that the entire amount of S$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 was completed on 17 May 2016.

The convertible loan bears interest at 15% per annum and is unsecured and repayable in one lump sum on 16 April 2017. The convertible loan can be converted into a maximum of 42,462,845 shares (the "**Conversion Shares**") in the capital of the Company at a conversion price of US$0.0942 per Conversion Share between 17 April 2015 and 16 April 2017.

Bonds payable refer to bonds comprising the following:

a) an aggregate principal amount of S$4,000,000, which is interest-free, unsecured and repayable in one lump sum on 21 September 2016; and
b) an aggregate principal amount of S$4,500,000, which bears interest at 15% per annum, is unsecured and repayable in one lump sum on 30 December 2016.

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 2016 (Unaudited) S$'000	3 months ended 30 Jun 2015 (Unaudited) S$'000
Cash flows from operating activities		
Net loss	(3,483)	(1,802)
Adjustments for		
- Amortisation of intangible assets	67	64
- Depreciation of property, plant and equipment	154	162
- Unrealised currency translation losses	(22)	1
- Interest income	(8)	(2)
- Interest expense on convertible loan	573	165
- Interest expense on bonds	635	-
- Fair value changes on derivative financial instruments	(294)	-
- Loss on disposal of property, plant and equipment	3	-*
- Allowance for inventories obsolescence	-	1
- Share-based compensation expenses	430	74
	(1,945)	(1,337)
Change in working capital:		
- Inventories	(49)	(38)
- Trade and other receivables	(261)	(545)
- Other current assets	642	(2,854)
- Trade payables and other liabilities	762	77
Cash used in operations	(851)	(4,697)
Interest received	7	2
Net cash used in operating activities	(844)	(4,695)
Cash flows used in investing activities		
Additions to property, plant and equipment	(4)	(48)
Additions to intangible assets	(39)	(3)
Sales proceeds on disposal of property, plant and equipment	-	-*
Net cash used in investing activities	(43)	(51)
Cash flows from financing activities		
Proceeds from the renounceable and non-underwritten Rights Shares	10,307	-
Interest paid	(409)	-
Share issue expenses	(120)	-
Proceeds from convertible loan	-	5,402
Net cash from financing activities	9,778	5,402
Net increase in cash and cash equivalents	**8,891**	**656**
Cash and cash equivalents		
Beginning of financial year	3,469	1,945
Effects of currency translation on cash and cash equivalents	(80)	(5)
End of financial period	**12,280**	**2,596**

**- 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-based compensation 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 2015	50,731	76	2,542	-*	(47,683)	5,666
Loss for the period	-	(185)	-	-	-	(185)
Other comprehensive loss for the period	-	-	-	-	(1,802)	(1,802)
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
(Unaudited)						
Balance as at 1 April 2016	51,402	(190)	3,091	-*	(55,490)	(1,187)
Loss for the period	-	190	-	-	-	190
Other comprehensive loss for the period	-	-	-	-	(3,483)	(3,483)
Total comprehensive loss for the period	-	190	-	-	(3,483)	(3,293)
Value of employee services received for issue of share options and share awards	-	-	430	-	-	430
Renounceable and non-underwritten Rights Issue	13,057	-	-	-	-	13,057
Share issue expenses	(120)	-	-	-	-	(120)
Balance as at 30 June 2016	64,339	-*	3,521	-*	(58,973)	8,887

**- 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-based compensation reserve	Capital reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000
(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
(Unaudited)					
Balance as at 1 April 2016	51,402	3,091	-*	(50,340)	4,153
Total comprehensive loss for the period	-	-	-	(1,098)	(1,098)
Value of employee services received for issue of share options and share awards	-	430	-	-	430
Renounceable and non-underwritten Rights Issue	13,057	-	-	-	13,057
Share issue expenses	(120)	-	-	-	(120)
Balance as at 30 June 2016	64,339	3,521	-*	(51,438)	16,422

**- 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-up ordinary shares		
Balance at 1 April 2016	899,627,918	51,402
Renounceable and non-underwritten Rights Issue	435,202,106	13,057
Share issue expenses	-	(120)
Balance at 30 June 2016	1,334,830,024	64,339

The total number of shares in the capital of the Company ("**Shares**") that may be issued on conversion of all the outstanding convertibles of the Company as at 30 June 2016 was 190,107,267 (30 June 2015: 140,447,267), comprising the following:-

(a) Employee share options and employee share awards

As at 30 June 2016, the total number of outstanding employee share options and employee share awards were 28,863,000 and 33,800,000 respectively (30 June 2015: 41,053,000 and NIL respectively).

(b) Conversion Shares and APRIL Option Shares

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$4.00 million in principal amount (the "**Convertible Loan**"), convertible into 42,462,845 new Shares (the "**Convertible Shares**") at a conversion price of US$0.0942 per Convertible Share at any time after the first drawdown date. The Convertible Loan was fully drawn down in April 2015.

As at 30 June 2016, none of the Convertible Loan was converted. The Convertible Loan will mature on 16 April 2017.

Pursuant to the Loan Agreement, the Company has granted the Lender the right to subscribe for 21,231,422 new 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 30 June 2016, none of the APRIL Options was exercised. The APRIL Options will expire on 16 April 2017.

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. (continued)

(c) SEPTEMBER Option Shares

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 S$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 SEPTEMBER Bonds are interest-free.

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 SEPTEMBER Options were granted to the First Subscriber and 7,500,000 SEPTEMBER Options are granted to the Second Subscriber), with each SEPTEMBER Option carrying the right to subscribe for one new Share ("**SEPTEMBER Option Share**") at the exercise price of S$0.10 for each SEPTEMBER Option Share.

As at 30 June 2016, none of the SEPTEMBER Options was exercised. The SEPTEMBER Options will expire on 21 September 2017.

(d) DECEMBER Option Shares

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 S$4.50 million to be issued by the Company ("**DECEMBER Bonds**") at a subscription price of 100% of the principal amount of the DECEMBER Bonds ("**DECEMBER Issuance of Bonds**"). The DECEMBER Bonds have an interest rate of 15% per annum, payable when the DECEMBER Bonds mature.

In connection with the DECEMBER Issuance of Bonds, the Company had, on the same day, entered into an 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 DECEMBER Options were granted to Mr Low and 15,000,000 DECEMBER Options were granted to Ms Poh), with each DECEMBER Option carrying the right to subscribe for one new Share ("**DECEMBER Option Share**") at the exercise price of S$0.10 for each DECEMBER Option Share.

As at 30 June 2016, none of the DECEMBER Options was exercised. The DECEMBER Options will expire on 30 December 2017.

The Company did not have any treasury shares as at 30 June 2016 and 30 June 2015.

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 2016	As at 31 March 2016
Number of issued shares	1,334,830,024	899,627,918

The Company did not have any treasury shares as at 30 June 2016 and 31 March 2016.

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 2016.

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 2016 to 30 Jun 2016	1 Apr 2015 to 30 Jun 2015
Net loss attributable to equity holders of the Company (S$'000)	3,483	1,802
Weighted average number of ordinary shares outstanding for basic loss per share	1,114,837,751	888,427,918
Basic loss per share (S$ cents)	0.31	0.20

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: (continued)

(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 had four categories of potentially dilutive ordinary shares, namely share options, share awards, convertible loan and call options as at 30 June 2016 and 31 March 2016.

For share options, the weighted average number of shares in issue has 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:

	3 Months	
	1 Apr 2016 to 30 Jun 2016	**1 Apr 2015 to 30 Jun 2015**
Net loss used to determine diluted loss per share (S$'000)	3,483	1,802
Weighted average number of ordinary shares outstanding for basic loss per share	1,114,837,751	888,427,918
Adjustment for		
- Share options	-	3,819,876
	1,114,837,751^	892,247,794^

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 30 June 2016	As at 30 June 2015
20 July 2010	Expired	720,000
23 June 2011	Expired	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	17,680,000	NIL
17 April 2015	63,694,267	21,231,422
22 September 2015	30,000,000	N.A.
31 December 2015	33,750,000	N.A.

^ 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 1,114,837,751 (30 June 2015: 888,427,918) shares for the 3 months ended 30 June 2016 as the Group had incurred losses.

	3 Months	
	1 Apr 2016 to 30 Jun 2016	**1 Apr 2015 to 30 Jun 2015**
Diluted loss per share (S$ cents)	0.31	0.20

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 2016	As at 31 March 2016	As at 30 June 2016	As at 31 March 2016
Net asset/(liability) value per ordinary share (S$ cents)	0.67	(0.13)	1.23	0.46

Net asset/(liability) value per ordinary share is calculated based on 1,334,830,024 shares in issue as at 30 June 2016 (899,627,918 shares in issue as at 31 March 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.

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

Revenue for the first quarter ended 30 June 2016 ("**Q1 2017**") increased to S$4.33 million from S$1.74 million for the previous corresponding quarter ended 30 June 2015 ("**Q1 2016**"). This was driven mainly by the Group's Media Solutions business, where revenue rose to S$2.67 million in Q1 2017 from S$0.16 million in Q1 2016. The Media Solutions business accounted for approximately 62% of the Group's total revenue for Q1 2017, up from a corresponding 9% share of the Group's total revenue for Q1 2016.

The Group's Contract Manufacturing subsidiary, Colibri Assembly (Thailand) Co., Ltd ("**CAT**"), generated S$1.66 million in revenue in Q1 2017, compared to S$1.58 million in Q1 2016. It accounted for approximately 38% of the Group's total revenue for Q1 2017.

The Group recorded foreign exchange losses of S$0.32 million in Q1 2017 compared to foreign exchange gains of S$0.07 million in Q1 2016 and a fair-value gain of S$0.29 million (recorded as "**other gains**") on derivative financial instruments for Q1 2017, arising from foreign currency convertible loan and bonds. The foreign exchange losses were mainly due to the strengthening of USD against Israel Shekel where Artimedia funding was in USD.

The aggregate distribution, administrative and finance expenses for Q1 2017 increased by S$2.06 million as compared to Q1 2016. This was mainly due to increases in:

1. overall payroll of S$0.33 million mainly due to an increase in headcount resulting from increased activities for the Media Solutions business;
2. professional fees of approximately S$0.23 million mainly relating to legal fees and software sub-contractors for the Media Solutions business;
3. share-based compensation expenses of S$0.36 million due to the grant of share awards under the Artivision Share Award Scheme on 13 November 2015 and 18 December 2015; and
4. interest expenses of S$1.04 million incurred from the Convertible Loan, SEPTEMBER Bonds and DECEMBER Bonds.

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 Comprehensive Income (continued)

Gross profit increased to S$0.74 million in Q1 2017 from S$0.29 million in Q1 2016, due mainly to the following:

1. higher gross profit of S$0.57 million in Q1 2017 as compared to S$0.34 million in Q1 2016 from the Contract Manufacturing business; and
2. gross profit of S$0.17 million in Q1 2017 as compared to a gross loss of S$0.04 million in Q1 2016 for the Media Solutions business.

Due to the factors above, the Group incurred a net loss of S$3.48 million in Q1 2017, as compared to a net loss of S$1.80 million in Q1 2016.

Statement of Financial Position

Current assets increased to S$21.34 million as at 30 June 2016 from S$13.01 million as at 31 March 2016, mainly due to increases of S$8.81 million in cash and cash equivalents and S$0.05 million in inventories. The overall increase was partially offset by decreases of S$0.50 million in trade and other receivables and S$0.03 million in other current assets.

Cash and cash equivalents increased to S$12.28 million as at 30 June 2016 from S$3.47 million as at 31 March 2016. This was mainly due to the aggregate proceeds of S$10.31 million from the renounceable and non-underwritten Rights Issue, partially offset by the use of S$0.84 million in funds for the Group's operating activities, payment of S$0.41 million in interest, share issued expenses of S$0.12 million and purchase of property, plant and equipment and intangible assets of S$0.04 million.

Trade and other receivables decreased to S$7.74 million as at 30 June 2016 from S$8.24 million as at 31 March 2016, mainly due to a decrease of S$0.61 million in prepayments from the Media Solutions business as advance payments to publishers for the purchase of media video viewership and a decrease of S$0.10 million in trade receivables and S$0.02 million in other receivables for the Contract Manufacturing business. The decrease was partially offset by an increase of S$0.56 million in trade receivables for the Media Solutions business. The increase in trade receivables for the Media Solutions business was in line with its higher revenue.

Other current assets decreased to S$0.36 million as at 30 June 2016 from S$0.39 million as at 31 March 2016, mainly due to the utilisation of prepayments of S$0.03 million.

Inventories increased to S$0.34 million as at 30 June 2016 from S$0.29 million as at 31 March 2016.

Non-current assets decreased to S$3.66 million as at 30 June 2016 from S$3.84 million as at 31 March 2016, mainly due to a decrease of S$0.12 million in property, plant and equipment and S$0.06 million in intangible assets arising from the purchase of computer software licenses for operation and partially offset by depreciation and amortisation charged for the period.

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)

Statement of Financial Position (continued)

Property, plant and equipment decreased to S$3.02 million as at 30 June 2016 from S$3.14 million as at 31 March 2016, mainly due to depreciation charges of S$0.15 million. The decrease was partially offset by the addition of office equipment, furniture and fittings by CAT and Artimedia Technologies Ltd. ("**Artimedia**").

Intangible assets decreased to S$0.64 million as at 30 June 2016 from S$0.70 million as at 31 March 2016, mainly due to amortisation charges of S$0.67 million, which were partially offset by the addition of computer software licenses by Artimedia.

Current liabilities decreased to S$16.11 million as at 30 June 2016 from S$18.03 million as at 31 March 2016, mainly due to a decrease in loans of S$2.75 million from a shareholder and derivative financial instruments of S$0.30 million. The decrease was partially offset by an increase of S$0.28 million in trade payables and accruals, a convertible loan of S$0.37 million, bonds payable of S$0.47 million due to the amortisation of the interest component for the convertible loan and bonds payables.

Trade payables and accruals rose to S$3.89 million as at 30 June 2016 from S$3.61 million as at 31 March 2016, mainly due to an increase in trade payables and accruals for the Media Solutions business.

The loans from shareholder of S$2.75 million decreased due to the agreement with Algotech that the entire amount 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 17 May 2016.

The Convertible Loan of S$4.22 million and its corresponding fair-value derivative financial instruments, which are embedded in the Convertible Shares and APRIL Option Shares, are accounted for in the Group's current liabilities. 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 and the Lender has the right to subscribe for APRIL Option Shares before the maturity date on or before 16 April 2017.

Bonds payable of S$7.96 million and their corresponding derivative financial instruments of S$0.03 million are option shares and are recorded as current liabilities. Pursuant to the subscription agreements, the subscribers of the SEPTEMBER Bonds and the DECEMBER Bonds have the right to subscribe for the option shares before the respective 21 September 2017 and 30 December 2017 maturity dates.

The Group had positive equity of S$8.89 million as at 30 June 2016, as compared to negative equity of S$1.19 million as at 31 March 2016, mainly due to an increase in share capital from the Rights Issue of S$12.94 million. This was partially offset by the losses recorded for Q1 2017.

Consolidated Statement of Cash Flows

Net cash used in operating activities for Q1 2017 was S$0.84 million, mainly due to losses incurred by the Group. Net cash used in investing activities for Q1 2017 was S$0.04 million due to the addition of property, plant and equipment and intangible assets for CAT and Artimedia. Net cash from financing activities for Q1 2017 was S$9.78 million due to the proceeds from the Rights Issue of S$10.31 million, and partially offset by share issue expenses of S$0.12 million incurred for the Rights Issue and payment of interest of S$0.41 million.

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

Artimedia's progress in the digital advertising market in Israel is increasingly evident, as seen from the notable increase in its revenue in Q1 2017 as compared to Q1 2016. Its technology helps brand owners reach specific demographics by enabling them to serve advertisements ("**ads**") to consumers based on their behavioural profile and Internet-usage habits. Demand for Artimedia's advertising services is growing as brand owners have found that they are able to reach their targeted audience more effectively while publishers of premium-content online videos are able to increase their advertising revenue at no extra cost.

Artimedia started out buying video inventories from publishers in order to market their videos to advertisers. This required substantial cash. Now that 16 of the leading digital publishers in Israel are on its advertising network – they collectively account for the vast majority of the country's online premium-content video market – Artimedia will gradually shift its business model to one that is asset-light and based on revenue-sharing with publishers. This will substantially reduce Artimedia's operating costs and is expected to aid the Group's return to profitability.

Artimedia is also making its technology available for TV advertising. As announced on 15 April 2016, it has initiated a pilot programme with a global advertising agency to develop a system that allows brand owners to use specific audience data for TV advertising campaigns. Three of Israel's leading TV network operators – Keshet Broadcasting Ltd, Reshet and Channel 10 Ltd – are participating in the pilot programme, which is also designed to enable brand owners to synchronise ads across TV, desktop computers and mobile devices in order to reach consumers who are accustomed to using multiple devices at the same time.

(ii) Contract Manufacturing Business

CAT remains cashflow-positive and will continue to contribute to the Group's revenue. The Group will continue to streamline its operations at CAT to contain costs and increase its productivity.

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

Net Proceeds pursuant to the renounceable non-underwritten rights issue ("Rights Issue")

Net proceeds received by the Company of approximately S$12.94 million ("**Net Proceeds**") from the Rights Issue, as announced by the Company on 18 March 2016, have been partially utilised. The following is a summary of the use of the Net Proceeds:

	S$'million
Net Proceeds received pursuant to the Rights Issue	12.94
Use of the Net Proceeds[(1)]:	
As announced by the Company on 16 May 2016, 4 July 2016 and 15 July 2016	
Set off against shareholder's loans owing by the Company	(2.75)
Amount utilised as advance payments to a publisher for purchase of media video viewerships	(2.85)
Amount utilised as payment to publishers for purchase of media video viewerships	(0.17)
Amount utilised for working capital purposes	
- Distribution expenses	(0.11)
- Administrative expenses	(1.40)
As at the date of this announcement	
Administrative expenses for working capital purposes	(0.09)
Balance	5.57

Note:
(1) The use of the Net Proceeds is in accordance with the Offer Information Statement.

The Company will make periodic announcements as and when the balance of the Net Proceeds is materially disbursed.

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 2016 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD

Philip Soh
Non-Executive Chairman
29 July 2016

Kenneth Goh
Executive Director and Chief Executive Officer