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

EMPHASIS OF MATTER BY INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the board of directors (the "**Board**") of Artivision Technologies Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, PricewaterhouseCoopers LLP, had, without qualifying their audit opinion, included in the Independent Auditor's Report, an emphasis of matter in respect of the Group's ability to continue as a going concern on the audited financial statements of the Group for the financial year ended 31 March 2016 (the "**Audited Financial Statements**"). A copy of the Independent Auditor's Report and extract of Note 2 to the Audited Financial Statements are attached to this announcement for information.

Notwithstanding the above, the Board is of the opinion that the Group will continue as a going concern for the following reasons:

1. The Group underwent a rights issue subsequent to the financial year ended 31 March 2016. The net proceeds raised from the rights issue was approximately S$12.93 million. This would bring the Group's equity to a positive position.

2. Shareholder's loan amounting to S$2,750,000 was set off by the proceeds received from the rights issue.

3. The proceeds from the rights issue are sufficient to repay the outstanding bonds due in the financial year ending 31 March 2017 and related interests.

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

   The positive net cashflow from the Group's media solution business for the financial year ending 31 March 2017 is estimated based on management's expectations of market developments with reference to internal and external sources.

   Management has 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 had 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.

The Board is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner and confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

Shareholders of the Company ("**Shareholders**") are advised to read the Audited Financial Statements in its 2016 annual report, which will be despatched to Shareholders in due course.

The Board wishes to advise Shareholders and investors to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
PHILIP SOH
Non-Executive Chairman
21 June 2016

---

*This announcement 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 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.

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.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of Artivision Technologies Ltd. for the financial year ended 31 March 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**") as set out in the 2016 annual report, 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 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 current assets and total assets by $5,027,734 and $1,186,690 respectively. This, along with other matter as described in Note 2, 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.

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

Extracted Note 2 to the Audited Financial Statements of Artivision Technologies Ltd. for the financial year ended 31 March 2016

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:

1. 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 $12.93 million.

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

3. 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.

4. 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.

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.